

FINAL DOCUMENT

In the city of Quito, on the 30th day of the month of September of nineteen hundred ninety-eight, did appear the party of the first part, the Government of the Republic of Ecuador, represented by Mr. Patricio Ribadeneira García, Minister of Energy and Mines, which shall hereinafter be called "the Government"; Empresa Estatal Petróleos del Ecuador – Petroecuador - represented by its Executive Chairman, Dr. Ramiro Gordillo, which shall hereinafter be called "PETROECUADOR"; and Empresa Estatal de Exploración y Producción de Petróleos – Petroproducción – represented by its Manager, Mr. Luis F. Albán Granizo, which shall hereinafter be called "PETROPRODUCCION"; and the party of the second part, Texaco Petroleum Company, represented by Messrs. Ricardo Reis Veiga, Vice President, and Dr. Rodrigo Pérez Pallares, the Company's Legal Representative in Ecuador, which shall hereinafter be called "TEXPET," in order to:

- Execute the present Final Compliance Document of the Contract for Implementing of Environmental Remedial Work and Release from Obligations, Liability and Claims, entered into between the Government of Ecuador, represented by the Ministry of Energy and Mines (GOVERNMENT) and Empresa Estatal Petróleos del Ecuador (PETROECUADOR), the party of the first part; and the party of the second part, Texaco Petroleum Company (TEXPET), a Delaware corporation. A copy of the Contract signed on May 4, 1995 is attached; and,
- To document the transfer of equipment and property which TEXPET makes in favor of PETROPRODUCCION, an affiliate of PETROECUADOR, free of charge, for the equipment and facilities in the so-called "TEXPET SACHA 1 PLANT."

I. BACKGROUND

1. On May 4, 1995, the Government, PETROECUADOR and TEXPET entered into a Contract for Implementing of Environmental Remedial Work and Release from Obligations, Liability and Claims, which shall hereinafter be called the "Contract," whose Appendix "A" — Scope of the Environmental Repair Work — sets forth TEXPET's obligations, which have been completely performed, under the supervision of the Supervisors designated by the Government and PETROECUADOR, as is evidenced in the corresponding acceptance documents.
2. For the treatment and injection of weathered crude recovered from the remediated pits, TEXPET acquired and installed the equipment for the Treatment and Injection Plant, a project performed in addition to the Contract as per to the Government's request. This equipment and these facilities are of

interest to PETROPRODUCCION for the better operation of the petroleum exploration and production activities it performs.

3. The equipment and facilities cited are currently found in the so-called "TEXPET SACHA 1 PLANT," located in the northern part of PETROPRODUCCION's Sacha Central Station and Camp, in the jurisdiction of Canton de la Joya de los Sachas, Province of Orellana.

II. PERFORMANCE OF THE CONTRACT

1. **Environmental Remediation and Mitigation, Technical Works and Equipment.**

The performance of the Contract has been analyzed once again by the Inter-Institutional Commission comprised of delegates of the Undersecretariat of the Environment of the Ministry of Energy and Mines, National Department of Hydrocarbons and PETROPRODUCCION, Contract Supervisors. This commission signed DOCUMENT No. 052-RAT-98, dated September 24, 1998, which constitutes a "Summary Document of the works which were performed in the Ecuadorian Amazon within the framework of the Environmental Remediation Agreement signed by the Ecuadorian Government and the Texaco Company in May 1995." This Document, attached to the present Final Document, sufficiently explains and analyzes all the works undertaken to comply with the Contract in the different areas of action: remediated pits and spills, plugging and abandonment of wells, remediation of contaminated soil in abandoned facilities, well platforms and production stations, the construction of treatment and injection plants for produced water and the provision of equipment for the agreed-upon stations, reseeded and/or reforestation. The Summary Document of the Supervision (copy attached) concludes that "The works stipulated in the Environmental Repair Plan to be performed were almost entirely completed, with only the remediation of the spill adjacent to the Sacha 110 well pit remaining pending, due to the fact that PETROPRODUCCION did not perform within the specified time frame the remediation works on the pit, which is related to the aforementioned spill. It is recommended that TEXACO be requested to designate the corresponding cost when the performance thereof is feasible." This recommendation has been resolved as per the attached document.

It also indicates that "Through action by the Supervision group, the additional environmental remediation of 30 pits and 5 spills was also performed," which were accepted and performed by TEXPET.

This Summary Document indicates the requirements of the Supervisors (S.P.A., DNH, U.P.A., Petroproducción and Petroindustrial) to supervise and control the works performed and the participation of the Laboratories of Universidad Central

del Ecuador for the physical-chemical analyses of the waters, soil and hydrocarbons.

Finally, the Document cited concludes that “The original documentation with the technical and legal basis for the performance of the different Environmental Repair works which Texaco performed in the Amazon within the framework of the Agreement signed in May, 1995, with the Ecuadorian Government is contained in the files of the Office of the Assistant Secretary of Environmental Protection of the Ministry of Energy and Mines.”

It is worth noting that all the works performed were already approved in the 9 Final Documents (Partial) that were signed by the Ecuadorian Government and TEXPET; the last of these documents was signed on the 16th day of the month of October, 1997. With respect to the equipment delivered by PETROPRODUCCION for the treatment and injection of produced water, 3 documents were signed; the last final delivery/receipt document was signed on March 30, 1998. Copies of all these documents form part of the attachments to the Summary Supervision Document.

2. Socio-Economic Considerations

TEXPET has performed the three socio-economic considerations stipulated in number VII of the Contract, in the following manner:

2.1. Natural Resources

TEXPET provided the funding of US\$ 1,000,000 established for projects to be performed by native and peasant organizations (FOISE and FCUNAE), under the coordination of the Ministry of Energy and Mines (Office of the Assistant Secretary of the Environment) and Petroecuador (Environmental Protection Unit). A copy of the Delivery / Receipt document of US\$ 1,000,000 signed by the Ministry of Energy and Mines on the fifteenth day of the month of November, 1995, by the Minister of Energy and Mines and the Executive Chairman of Petroecuador and the representatives of TEXPET, is attached.

2.2 Community Infrastructure

TEXPET supplied the funds for the construction of four Principal Educational Centers and four Adjacent Medical Dispensaries, with logistic support for two river ambulances in total, and one small plane for aerial logistics for the communities. The Delivery/Receipt Document for US\$ 1,000,000, a sum calculated by UNICEF for this purpose, signed on the thirteenth day of the month of November, 1997, by the Assistant Secretary of Environmental Protection of the Ministry of Energy and Mines and the

representatives of TEXPET, is attached. The One Million Dollars delivered does not cover the agree-upon airplane; TEXPET purchased the agreed-upon airplane, and the purchase/sale Document for the Aircraft, signed in Notary Public Office Fifteen of the city of Quito, on the ninth day of the month of December, 1996, is attached, as well as a copy of the Release signed by the representatives of the Organization of Indigenous Towns of Pastaza (OPIP), duly certified, in which it is stated that TEXPET "has fully performed all the obligations assumed with respect to the delivery and importation of the aircraft, for which reason in the future they have nothing to claim against TEXPET for any item related to said aircraft." This Release was signed on the twenty-fourth day of the month of June, 1998.

2.3 Negotiations with the Municipalities of Lago Agrio (Nueva Loja), Shushufindi, Joya de los Sachas and Francisco de Orellana (Coca)

These negotiations were carried out in accordance with the attached Contract and with the attached Letter of Understanding dated December 14, 1994. TEXPET's participation in the performance of the works based on the potable water and/or sewage and wastewater projects for the corresponding cantonal heads was established in the following manner:

Municipality of Lago Agrio:
S/ 3,000,000,000
Municipality of Shushufindi:
S/ 2,353,000,000
Municipality of Joya de los Sachas:
S/ 2,000,000,000
Municipality of Francisco de Orellana
S/ 3,000,000,000
Provincial Council of Sucumbíos*:
S/ 1,000,000,000

* This donation was not part of the original Contract.

Copies are attached of the documents notarized on May 2, 1996, for each of the aforementioned units and, additionally, the donation made to the Provincial Council of Sucumbíos, notarized on the same date as the others.

III. TREATMENT AND UNDERGROUND INJECTION OF THE WEATHERED CRUDE IN THE SACHA 1 TEXPET PLANT. DELIVERY/RECEIPT OF THE PLANT'S EQUIPMENT, MATERIALS AND FACILITIES.

A. Project Description

This project, which was in addition to the Contract and the Environmental Remediation Plan (RAP), has been completed and is detailed on pages 4 and 5 of the Contract Summary Document, attached, dated September 24, 1998, signed by the Governmental Supervisors and Document No. 051-RAT-98, copy attached, signed by the Supervisors in the Sacha Field on the twenty-ninth day of the month of August, 1998. In accordance with Official Document No. 0161-SPA-97, dated June 21, 1997, attached, from the Office of the Assistant Secretary of Environmental Protection, TEXPET paid by delivering the equipment the consideration set at ONE HUNDRED FIFTY-THOUSAND UNITED STATES DOLLARS (US\$ 150,000) for the difference in quality of the products provided by PETROECUADOR (Sacha and JP-1 crude from the Amazon Refinery) and for processing the water to be re-injected (delivery/receipt documents attached).

B. Delivery/Receipt

In accordance with numbers 2 and 3 of the Background section, TEXPET is delivering and transferring, free of charge, to PETROPRODUCCION, the title to and ownership the equipment, materials and facilities contained on the attached list, and this Company receives them on the site and in the state in which they are currently found; for which reason, from now, the purpose, use and operation of the equipment and materials which it receives are the exclusive responsibility of PETROPRODUCCION, without TEXPET's having therefor any obligation or liability.

The property indicated in the attached list is delivered in the condition in which it is currently found, which is fully known by the Government, PETROECUADOR and PETROPRODUCCION. TEXPET assumes no current or future liability for the condition, purpose, use and operation of said property.

None of the terms or stipulations of the present Document shall, under any circumstance whatsoever, be understood to mean that TEXPET grants the Government or PETROPRODUCCION any guarantee whatsoever, express or implied, on the condition or state in which said donated property is found.

Any cost, payment or expenses required for the importation and operation of the donated property shall be borne exclusively by PETROPRODUCCION, without TEXPET having to assume for any reason whatsoever other costs or expenses with respect to such equipment and materials, either now or in the future.

C. Assistance

At PETROPRODUCCION's request, TEXPET may present recommendations on the use and operation of the donated property, without this commitment meaning that it assumes any other obligation or commitment in this regard.

IV. RELEASE FROM OBLIGATIONS, LIABILITIES AND CLAIMS

In accordance with that agreed in the Contract for Implementing of Environmental Remedial Work and Release from Obligations, Liability and Claims, specified above, the Government and PETROECUADOR proceed to release, absolve and discharge TEXPET, Texas Petroleum Company, Compañía Texaco de Petróleos del Ecuador, S.A., Texaco Inc. and all their respective agents, servants, employees, officers, attorneys, indemnitors, guarantors, heirs, administrators, executors, beneficiaries, successors, predecessors, principals and subsidiaries, forever, from any liability and claims by the Government of the Republic of Ecuador, PETROECUADOR and its Affiliates, for items related to the obligations assumed by TEXPET in the aforementioned Contract, which has been fully performed by TEXPET, within the framework of that agreed with the Government and PETROECUADOR; for which reasons the parties declare the Contract dated May 4, 1995, and all its supplementary documents, scope, acts, etc., fully performed and concluded.

In witness whereof and in conformance with that stated, the present Final Document is signed in one original and five copies of the same text and content, at the place and on the date cited above.

[signature]

Patricio Ribadeneira G.
MINISTER OF ENERGY AND MINES

[signature]

Dr. Ramiro Gordillo
Executive Chairman of
PETROECUADOR

[signature]

Luis Albán Granizo
Manager of
PETROPRODUCCION

[signature]

Ricardo Reis Veiga
Vice President of
TEXPET

[signature]

Dr. Rodrigo Pérez P.
Legal Representative of
TEXPET