

PROCESSING AND MARKETING AGREEMENT

BY AND BETWEEN

THE REPUBLIC OF EQUATORIAL GUINEA

AND

ALBA PLANT LLC

JANUARY 22, 1996

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PROCESSING AND MARKETING AGREEMENT

This Processing and Marketing Agreement made and entered into this 22nd day of January, 1996 by and between the Republic of Equatorial Guinea (the "State"), duly represented by the Honorable Juan Olo Mba Nseng, Minister of the Ministry of Mines and Energy, and Alba Plant LLC, an exempted limited liability company limited by shares organized in the Cayman Islands with a branch office located in the Republic of Equatorial Guinea (the "Company"), duly represented by Mr. T. Rodney Dykes.

WITNESSETH:

WHEREAS, the State wishes to accelerate the continued economic development of the hydrocarbon industry of the Republic of Equatorial Guinea; and

WHEREAS, the Parties agree, through this Agreement, to establish the legal framework and the terms of governmental support for the construction, ownership and operation of the Alba LPG Plant;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties mutually agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. When used in this Agreement, the following words and terms shall have the following respective definitions (and such definitions shall be equally applicable to the singular and plural forms, and all grammatical variations, of such terms):

(a) "Affiliate" means with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Person. For the purposes of this definition of Affiliate, "control" shall mean the possession, direct or indirect, of the power to direct or cause direction of the management or policies of such Person and, without limitation, a Person shall be deemed to have such power if it owns 50% of such other Person's voting securities.

(b) "Agreement" means this Processing and Marketing Agreement and the exhibits attached hereto, which may be modified in writing from time to time.

(c) "Alba LPG Plant" means a natural gas processing plant to be constructed by the Company at or near Punta Europa together with related facilities that will (i) further process the natural gas produced under the Alba Production Sharing Contract after separation of condensate, (ii) have the option to process all other associated and nonassociated natural gas

production that hereafter may be available in the Republic of Equatorial Guinea after separation of condensate, (iii) recover additional condensate through further processing, if possible, (iv) separate butane, propane and other hydrocarbon components from natural gas and process them into gas liquids, (v) store the liquid hydrocarbons processed and (vi) export and sell all of the liquid hydrocarbons (including additional condensate recovered, if any) produced by the plant.

(d) "Alba Production Sharing Contract" means that certain production sharing contract entered into on the 10th day of April, 1990 by and between the Republic of Equatorial Guinea and CMS NOMECO International, Inc., a corporation organized and existing under the laws of the State of Texas and formerly known as Walter International Equatorial Guinea, Inc.

(e) "Centre" has the meaning ascribed thereto in Section 15.1.

(f) "Company" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

(g) "Convention" has the meaning ascribed thereto in Section 15.1.

(h) "Corporate Income Tax" means the tax set forth in the Second Title, Fourth Chapter of Decree-Law 1/1986, dated 10 February 1986, as amended, and as in force at the date of this Agreement.

(i) "Enterprise" means construction, ownership, operation and maintenance of the Alba LPG Plant, and the processing, treatment and sale by the Company of butane, propane and other liquids (including condensate) processed from natural gas, as well as any other activities by the Company undertaken in connection with this Agreement.

(j) "Expatriate Personnel" means persons who are not citizens or permanent residents of the Republic of Equatorial Guinea.

(k) "Franc CFA" means the national currency of the Republic of Equatorial Guinea.

(l) "Home State" has the meaning ascribed thereto in Section 15.1.

(m) "Host State" has the meaning ascribed thereto in Section 15.1.

(n) "Hydrocarbon Law" means Decree-Law No. 7/1981, dated 16 June 1981, concerning hydrocarbons, as such Decree-Law is in effect on the date of this Agreement.

(o) "Minister" means the Minister of the Ministry.

(p) "Ministry" means the Ministry of Mines and Energy or any other agency, authority or instrumentality of the State which, at a specific time, has jurisdiction over natural gas processing plants and related activities.

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(q) "National Personnel" means persons who are citizens or permanent residents of the Republic of Equatorial Guinea.

(r) "Net Profits" means the net profits of the Company, as determined in accordance with the Net Profits Procedure.

(s) "Net Profits Procedure" means that certain Net Profits Procedure attached hereto as Exhibit 1 and incorporated herein by reference for all purposes.

(t) "Party" means any, and "Parties" means all, of the State and the Company.

(u) "Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

(v) "State" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

(w) "U.S. Dollar" means the currency that is legal tender in the United States of America.

Section 1.2 *Definitions Appearing Elsewhere in this Agreement.* The terms used in this Agreement which are defined in the introductory paragraph, the recitals, and the further Sections of this Agreement shall have the respective definitions therein ascribed to them.

Section 1.3 *Accounting Principles and Terms.* The reference to generally accepted accounting principles in this Agreement, and any other accounting terms not specifically defined herein, shall, to the extent not inconsistent with specific definitions herein, be construed in accordance with generally accepted accounting principles in the United States, consistently applied, as such principles are in effect from time to time, including, without limitation, applicable statements, bulletins, and interpretations issued by the Financial Accounting Standards Board and bulletins, opinions, interpretations, and statements issued by the American Institute of Certified Public Accounts or its committees. If, however, any changes in accounting principles from those presently in effect are hereafter occasioned by the promulgation of rules, regulations, pronouncements, or opinions of or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), or there shall occur any change in the Company's fiscal or tax years and, as a result of any such changes, there shall be a change in the meaning or effect of any terms or conditions found in this Agreement, then the Parties agree to enter into negotiations in order to amend such provisions so as equitably to reflect such changes, with the desired result that the criteria for evaluating events or conditions shall be the same after such changes as if such changes had not been made. The accounting principles, as so changed, may be referenced in this Agreement as "generally accepted accounting principles".

Section 1.4 *Definitions Not Appearing in this Agreement.* Any terms used in Article XV of this Agreement which are not defined herein but which are defined in the Convention shall

have the same meanings in this Agreement as provided in the Convention. Any other terms used in this Agreement which are not defined herein but which are defined in the Hydrocarbon Law or the Alba Production Sharing Contract shall have the same meanings in this Agreement as provided in such laws or documents, unless the context otherwise requires.

ARTICLE II

PURPOSE OF THIS AGREEMENT

Section 2.1 Purpose. The purpose of this Agreement is to establish the legal framework and terms of governmental support for the ownership, construction, operation and maintenance of the Alba LPG Plant in an economic manner.

Section 2.2 Authorization. The State authorizes the Company to own, construct, operate and maintain the Alba LPG Plant for the term of this Agreement as set forth in Section 2.3 below. The State also authorizes the Company (a) to further process the natural gas produced under the Alba Production Sharing Contract after separation of condensate, (b) to recover additional condensate through such further processing, if possible, (c) to separate butane, propane and other hydrocarbon components from the natural gas and process them into gas liquids, (d) to store the liquid hydrocarbons, (e) to sell and export all liquid hydrocarbons produced by such processing, (f) to finance the Enterprise on such terms the Company determines to be appropriate and (g) to exercise the rights and privileges set forth in this Agreement. In addition, the State grants to the Company an irrevocable right of first refusal to perform the foregoing with respect to all other associated and nonassociated gas produced in the Republic of Equatorial Guinea after separation of condensate.

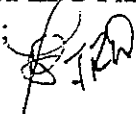
Section 2.3 Term. The Company shall have the right to operate the Alba LPG Plant for the length of time that natural gas, from the Alba Production Sharing Contract or elsewhere, is available to the Company, provided that in no event shall such term be less than that stipulated under Section II, Article 2.6 of the Alba Production Sharing Contract.

ARTICLE III

OBLIGATIONS AND RIGHTS

Section 3.1 Company's Obligations. In consideration of the agreements, undertakings and commitments of the State as set forth in this Agreement, the Company agrees, undertakes and commits:

- (a) to construct the Alba LPG Plant;
- (b) to operate and maintain the Alba LPG Plant in accordance with customary practices in the international gas processing industry;



(c) to construct, operate and maintain the Alba LPG Plant with due regard to ecological and environmental standards in accordance with customary practices in the international gas processing industry; and

(d) to reinvest in the State 1% of the Net Profits before distributions to the State and derived from the Alba LPG Plant, in an amount not to exceed \$25,000 per year, with the type and extent of such investment to be determined by the Company, subject to the approval of the Ministry, which approval shall not be unreasonably withheld, and to be paid by the Company in the following calendar year.

Section 3.2 *Company's Rights.* In consideration of the agreements, undertakings and commitments of the Company as set forth in this Agreement, the State grants to the Company, without any duties, fees, tariffs or other charges, the following rights, privileges, exemptions and concessions:

(a) freedom to obtain loans outside the Republic of Equatorial Guinea to finance the Enterprise, and to secure the repayment of any such loans with a lien, mortgage or charge against the Company's assets and properties, including the Alba LPG Plant;

(b) freedom to open foreign bank accounts in foreign currency;

(c) freedom to transfer currency between the Republic of Equatorial Guinea and other countries, without the imposition of taxes, surcharges, or duties levied by agencies or entities of the State, in accordance with official published standards and legal procedures;

(d) freedom to export and sell all butane, propane, condensate and other liquid hydrocarbons processed at the Alba LPG Plant;

(e) freedom to import any necessary materials and equipment;

(f) freedom to reexport any unnecessary materials and equipment imported under the rules of temporary import;

(g) freedom of entry and exit in the Republic of Equatorial Guinea for all Expatriate Personnel in connection with the ownership, construction, operation or maintenance of the Alba LPG Plant;

(h) freedom of ingress and egress to the site of the Alba LPG Plant and other work areas, including docks, terminals, wharfs and the like;

(i) freedom to select subcontractors, to hire and train personnel (skilled and labor), as well as to determine their compensation and work schedule, in accordance with international gas processing industry practices and the Labor Law, Decree No. 2/1990 dated 4 January 1990;

(j) the right of subcontractors and Expatriate Personnel to receive all or part of their compensation outside the Republic of Equatorial Guinea, provided that they comply with their obligations in the Republic of Equatorial Guinea;

(k) freedom to use, without restriction and without additional payment, any land owned or leased by the State in the Punta Europa area as specified in Decree No. 10/1991 dated 4 March 1991;

(l) freedom to make direct payments for goods and services abroad and to receive payment abroad for goods and services provided or sold with no obligation to repatriate such funds received;

(m) freedom to operate the Alba LPG Plant in the most efficient manner, as determined by the Company, in accordance with international gas processing industry practice;

(n) freedom to transfer an interest or rights in the Alba LPG Plant or in the Company upon notice to the Ministry, without taxes or duties, and without any consent or restriction, provided that the transferee is an entity of proven professional experience, of good prestige and economic solvency;

(o) freedom to report on activities and communicate only with the Ministry and other departments specified by the Ministry;

(p) freedom to use subsurface and surface fresh water without cost as required for plant operations with prior authorization from the Ministry, which shall not be unreasonably withheld;

(q) freedom to recover additional condensate from gas processed by the Alba LPG Plant, without any obligation for royalty payments on such additional condensate; and

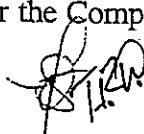
(r) freedom to process volumes of natural gas produced under the Alba Production Sharing Contract through the Alba Plant LPG. (The Company shall only pay for the BTU value of the natural gas products produced, saved and sold at the rate provided in Section 7.1(b).)

Section 3.3 Assurances. The State guarantees the rights, privileges and concessions granted to the Company under this Agreement, including those rights specified in Section 3.2.

ARTICLE IV

PERMITS

Section 4.1 Issuance of Permits. By its execution of this Agreement, the State hereby issues to the Company all permits, licenses, registrations, rights, privileges, approvals or other authorizations necessary for the Company's ownership, construction, operation, maintenance, use



and occupancy of the Alba LPG Plant and for the Company's sale and export of butane, propane and other liquid hydrocarbons (including condensate produced, if any) processed by the Alba LPG Plant and the other activities of the Company in connection therewith (the "Permits"). No fees, taxes, charges or tariffs shall be assessed by the State against the Alba LPG Plant or the Company for the issuance, ownership, renewal or transfer of the Permits.

Section 4.2 *Recordation of Rights.* All Permits granted to the Company by virtue of this Agreement shall be recorded in accordance with law. The State shall provide to the Company appropriate certificates showing the Permits described in Section 4.1 have been issued so that the Company shall be permitted at all times to pursue its activities and exercise its rights without interference or obstacles that would limit the full enjoyment thereof.

Section 4.3 *Location of Alba LPG Plant.* The Alba LPG Plant shall be located at or near Punta Europa, Equatorial Guinea at a site selected by the Company.

ARTICLE V

TAXES

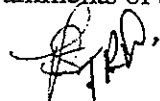
Section 5.1 *Income Tax.* Except as otherwise provided in Article VI, and notwithstanding any provision to the contrary contained in Decree Law 1/1986 dated 10 February 1986, as amended, or any law in lieu thereof, the taxable income (as defined in Section 5.6 below) of the Company shall be subject to income tax at a rate of twenty five percent (25%) for the term of this Agreement. Such tax shall be calculated as provided in Section 5.6.

Section 5.2 *Dividends.* The Company shall not withhold or pay an income or other tax on dividends paid or distributions made to its owners or shareholders.

Section 5.3 *Sales and Use Taxes.* The Company shall not pay a sales, use or value added tax for any natural gas used in the operation of the Alba LPG Plant under this Agreement.

Section 5.4 *Amortization and Depreciation.* Notwithstanding any provision to the contrary contained in Article 62.6.D of Decree Law 1/1986, dated 10 February 1986, the amortization of all capital costs (including planning, design, bidding, inspection, transportation, construction and start-up of the Alba LPG Plant, all expenditures paid for personnel costs, amounts paid to overseas as well as local contractors, and, in general, expenditures deemed necessary for starting the gas processing operation) and depreciation of assets will be over a period of ten years. Such period shall begin with the commencement of Alba LPG Plant production.

Section 5.5 *Payment of Estimated Income Tax.* Beginning with the first tax year following expiration of the period of corporate income tax exoneration described in Section 6.1 of this Agreement, and for each subsequent year, in which there is in force a Decree-Law of the Republic of Equatorial Guinea establishing a procedure (the "Estimated Tax Procedure") for payment of quarterly installments of annual estimated income tax (the "Required Annual Estimated



Payment") by certain participants in a Production Sharing Contract with the Republic of Equatorial Guinea dated April 10, 1990, the Company shall make quarterly installment payments in like manner to the Office of the Public Treasurer, according to the provisions of the Estimated Tax Procedure, in respect of any tax year for which the Company anticipates corporate income tax will be due.

Section 5.6 Calculation of Income Tax. (a) The income tax provided for in Section 5.1 above shall be computed in accordance with the Corporate Income Tax, subject to advance payment of any quarterly installments of any Required Annual Estimated Payment under any Estimated Tax Procedure then in force, as provided in Section 5.5 of this Agreement. The full amount of income tax not paid by such advance quarterly installments shall be paid to the Office of the Public Treasurer not later than the last day of the fourth month following the end of the fiscal year for which such tax is due.

(b) Taxable income will be equal to revenues less all costs, including the deduction of usual charges and expenses incurred (whether before or after the date of this Agreement) and:

(i) the gross amount of interest and financing and related charges due on all loans and credits granted by public or private financial institutions, payable in the Republic of Equatorial Guinea as well as abroad;

(ii) current operating costs, namely, expenditures incurred for processing the natural gas as well as for the transportation and marketing of production, including general and administrative expenses and overhead in the Republic of Equatorial Guinea and abroad;

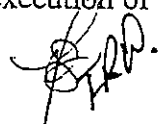
(iii) depreciation;

(iv) insurance, including insurance premiums of the Overseas Private Investment Corporation, if any; and

(v) the amount paid to the State pursuant to the Net Profits Procedure in respect of the immediate prior tax year.

(c) Interest, operating and general and administrative expenses will be deducted from gross profit in calculating taxable income in accordance with Article 62 of the Corporate Income Tax law.

(d) The Parties agree that the tax provisions and the fiscal conditions stipulated in this Article and in Article VI are fundamental to the economic stability of the investment which the Company will make in the Alba LPG Plant. Consequently, the Parties recognize and agree that the stability of these economic conditions constitutes one of the essential conditions necessary for the negotiation and execution of this Agreement and to undertake such investment.



Section 5.7 National Personnel. (a) National Personnel shall pay:

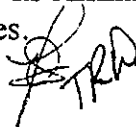
- (i) the normal income tax rate on their salary;
- (ii) the social security tax and social welfare fees required by the law in effect; and
- (iii) the worker's share of the professional occupational training contributions as required by Decree-Law 137/1980, dated June 4, 1980, as in effect on the date of this Agreement.

(b) With respect to such National Personnel, his employer shall pay:

- (i) the employer's portion of the social security tax, as stipulated under the current law, on a timely basis; and
- (ii) on behalf of National Personnel
 - (A) the seniority payments as required under Chapter VII, Article 75 of Labor Law No. 2, dated 4 January 1990, as in effect on the date of this Agreement, as well as the Labor Protection Fund; and
 - (B) contribution for occupational training attributable to the Company, as required under Decree-Law 137/1980, dated June 4, 1980, as in effect on the date of this Agreement.

Section 5.8 Expatriate Personnel. Expatriate Personnel employed by the Company, an Affiliate, or any of their contractors or subcontractors shall be subject to income taxes imposed by the State solely on salaries paid to such persons in the Republic of Equatorial Guinea. Such income taxes will be determined by applying the same income tax rate imposed on individuals in the Republic of Equatorial Guinea who are National Personnel. Compensation paid to Expatriate Personnel shall be free from all social security taxes, social welfare fees, and all other taxes, contributions, deductions or withholdings except income taxes.

Section 5.9 United States Taxes. The Parties agree to modify this Agreement as may be necessary through appropriate amendments to permit income taxes of the Republic of Equatorial Guinea paid or incurred by the Company or its Affiliates under this Agreement as so amended to be creditable for United States tax purposes.



ARTICLE VI

TAX EXONERATIONS

Section 6.1 *Corporate Income Tax Exoneration.* Notwithstanding the provisions of Section 5.1 above, the State hereby waives and exonerates the Company, its members, their Affiliates, whether within or outside the Republic of Equatorial Guinea, and the Alba LPG Plant from any and all income tax liability, including any Corporate Income Tax liability, for the period beginning with the date of this Agreement and ending upon the fifth full tax year following the commencement of Alba LPG Plant production. If, by way of illustration, the first tax year is a period of less than twelve months, the Company shall have no Corporate Income Tax liability until the end of the fifth full tax year following such tax year.

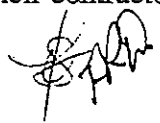
Section 6.2 *Communal Taxes.* The Company, its members and their affiliates are exonerated from all communal, ad valorem, personal property and real property taxes of any kind with regard to the construction, ownership, operation and maintenance of the Alba LPG Plant.

Section 6.3 *Import Duties.* The Company and its contractors shall have the right or the privilege of importing or using in the Republic of Equatorial Guinea, free of import duties, custom duties, other taxes and charges of any type (including, without limitation, consular fees on imports and equalization taxes, and economic liberation tax, but excluding weighing, wharfage, passage and port charges according to rates in force on the applicable date) by any route and by any means of transportation, all capital equipment (including spare parts), investment, materials, supplies, services and products that the Company deems necessary for the conduct of the Enterprise. Without limiting the generality of the foregoing, such exemption shall apply to all types of machines, tools, appliances, trucks, four-wheel-drive vehicles, aircraft, vessels, fuels (including, without limitation, diesel oil, lubricants and tires), medical supplies and equipment, school supplies and equipment, navigational equipment, communication equipment (including, without limitation, telephones, computers, modems, facsimile machines, teletypes, radio-telephones and radios), office equipment and supplies, air-conditioning equipment, electrical power generation and transmission equipment, conduit, pipes, valves, water treatment systems and water distribution equipment, prefabricated structures, construction materials and supplies, structural steel, explosives, and all drilling devices, equipment and material.

Section 6.4 *Expatriate Personnel.* (a) Expatriate Personnel employed by the Company, an Affiliate, or any of their contractors or subcontractors shall have the right of importing, within twelve (12) months from their date of entry on business or issuance of a resident visa in the Republic of Equatorial Guinea, their furniture, appliances, kitchen wares and personal effects free of any import and customs duties.

(b) The State shall promptly issue and deliver to Expatriate Personnel employed by the Company, an Affiliate or any of their contractors or subcontractors all necessary work permits and resident visas at no greater cost or expense than that paid by other parties.

Section 6.5 *Exportation.* (a) All equipment, materials and supplies imported by the Company, an Affiliate or their contractors, or by Expatriate Personnel employed by the Company,



an Affiliate, or any of their contractors or subcontractors, to be used in connection with the Enterprise and that are no longer necessary for this use may be exported from the Republic of Equatorial Guinea free of all export duties, customs duties, taxes, excise taxes and other taxes.

(b) All condensate, butane, propane and other liquid hydrocarbons produced by the Alba LPG Plant may be exported free of all export duties, customs duties, taxes, excise taxes and other taxes.

Section 6.6 Foreign Exchange. The State warrants, for the term of this Agreement, to the Company, to all individuals duly employed by it and to all individuals or entities entrusted by it with implementing or financing the Enterprise or with marketing the condensate, butane, propane or other liquid hydrocarbons processed thereby that:

(a) The Company shall at all times have the right to retain and/or to remit or to receive payment abroad, without payment of any transfer, excise or other tax, fee or charge with respect to such retention or remittance, United States Dollars in excess of the amount required to satisfy its obligations in the Republic of Equatorial Guinea, including, without limitation, funds for the repayment of loans and other indebtedness (including interest thereon) and for the payment of dividends.

(b) The State shall not require the Company to repatriate the funds arising from export sales of the condensate, butane, propane or other liquid hydrocarbons processed by the Alba LPG Plant.

(c) Except for local contractors, suppliers and lenders, the Company may pay contractors, suppliers and lenders abroad in foreign currency, using funds maintained abroad by it, in execution of contracts entered into for the performance of the Enterprise.

(d) The Company may borrow abroad all amounts that it may require to carry out the Enterprise.

(e) The Company may repatriate from the State to foreign countries any capital originating from these countries invested in the State within the scope of the Enterprise, and may transfer, under the same conditions, the return on such capital, if any. The State warrants to the Company that it shall obtain the means of payment to countries necessary to carry out the operations contemplated by this Agreement.

(f) The Company may freely export from the State to foreign countries all amounts which it may owe to suppliers, shippers and other entities providing services, as well as to their shareholders residing in foreign countries, and in general, all amounts which the Company may owe in any respect whatsoever during the term of this Agreement.

(g) Expatriate Personnel duly employed by the Company or any of its subcontractors shall be entitled to receive in any currency other than the national currency of the Republic of Equatorial Guinea the whole or any part of their compensation outside the State, and

for any compensation paid within the State, may freely export from the State to foreign countries any portion of their compensation they have saved.

(h) The Company has the right to borrow money outside of the Republic of Equatorial Guinea and to open bank accounts in foreign currencies outside of the Republic of Equatorial Guinea for the deposit of its sales and all other proceeds and to keep, utilize and freely dispose of funds deposited in such bank accounts; funds transfers by the Company between the Republic of Equatorial Guinea and other countries shall not be subject to any charges on remittances abroad, or to any corresponding commissions.

All transactions contemplated by sub-paragraphs 6.6(e), (f), (g) and (h) above shall not be made more onerous for the Company, through the imposition by the State of different rates or special taxes or commissions, than for other purchasers and sellers of currency in commercial transactions.

ARTICLE VII

OPERATING PRINCIPLES AND PROCEDURES

Section 7.1 *Exclusive Right.* (a) The Company shall have the exclusive right to own, construct, operate, management, use and occupy the Alba LPG Plant.

(b) The Company shall have the exclusive right to process all associated and nonassociated natural gas produced under the Alba Production Sharing Contract. The Company shall pay US\$0.25 per million BTU for the BTU value of the natural gas used for products produced, saved and sold by the Alba LPG Plant. All gas exiting the tailgate of the Alba LPG Plant shall be the property of the parties to the Alba Production Sharing Contract. The Company shall also have the exclusive right of first refusal to process all other associated and nonassociated natural gas to be processed in the Republic of Equatorial Guinea upon terms and conditions mutually satisfactory to the Company and the producer of such natural gas.

Section 7.2 *Control and Management.* The Company shall have under its control and management all matters relative to the planning, construction, operation and maintenance of the Alba LPG Plant, the marketing of all condensate, butane, propane and other liquid hydrocarbons produced, saved and sold by the Alba LPG Plant as well as all other activities of the Enterprise and shall assume all responsibility and risks connected with it.

Section 7.3 *Training.* The Company agrees to pay US \$20,000 per year to train Equatorial Guinea technicians and laborers in the operation and maintenance of the Alba LPG Plant.

Section 7.4 *Labor.* The Company agrees to employ or cause the employment of National Personnel to the extent practicable. In the absence of skilled National Personnel, the Company shall be free to retain Expatriate Personnel. Such Expatriate Personnel shall be free to

come and go in the Republic of Equatorial Guinea after having obtained residence permits in accordance with Section 6.4(c).

Section 7.5 Management. The Company and its shareholders may retain at all times foreign individuals for its management committee and corporate offices, including the positions of managing director, manager and comptroller.

Section 7.6 Currency. All payments which under the terms of this Agreement must be made by one Party to the other shall be made in U.S. Dollars, except that taxes owing to the State and wages owing to National Personnel (and any related tax, withholding or social security obligations) may be made in Franc CFA's or such other currency that is legal tender in the Republic of Equatorial Guinea.

ARTICLE VIII

ENVIRONMENTAL PROTECTION

Section 8.1 Environmental Matters. The Company agrees to study and take all steps economically consistent with this Agreement to conduct the Enterprise in a manner consistent with protecting the environment in accordance with customary practices in the international gas processing industry. The Company shall consult with the Ministry and the public agencies concerned.

ARTICLE IX

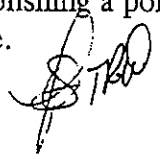
EXPORTATION

Section 9.1 General. The Company shall have the right to export freely all condensate, butane, propane and other liquid hydrocarbons processed by the Alba LPG Plant.

Section 9.2 Export Duty or Tax. As provided in Section 6.5(b), all condensate, butane, propane and other liquid hydrocarbons produced by the Alba LPG Plant shall not be subject to any exportation duty or tax, except wharfage and weighing charges established by customs legislation and as applied to exports in general.

Section 9.3 Expeditious Processing. All importation of the articles, materials and supplies described in Section 6.3 and the exportation of all condensate, butane, propane and other liquid hydrocarbons produced by the Alba LPG Plant will be carried out simply and expeditiously, and the State will, at the request of the Company, cooperate with such request in making appropriate arrangements with the customs authorities.

Section 9.4 Port. The State shall take into consideration any request made by the Company with a view to establishing a port of entry, for customs control and other requirements, as the Company may indicate.



ARTICLE X

COOPERATION BETWEEN THE STATE AND THE COMPANY

Section 10.1 Cooperation. The State and the Company agree to carry out at all times the provisions of this Agreement in order that the Enterprise may always be managed most efficiently and for the greatest mutual benefit.

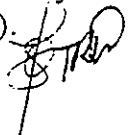
Section 10.2 State Cooperation. The State agrees:

(a) not to take any steps inconsistent with the satisfactory progress of the Enterprise, in accordance with the provisions of this Agreement; and

(b) to cooperate at all times, in order to take all necessary steps and administrative decisions relative to the Enterprise in the most expeditious manner, consistent with normal established procedures.

Section 10.3 Company Cooperation. In carrying out the Enterprise, the Company shall give preference to Equatorial Guinea companies in the acquisition of goods and services where such companies offer quality, quantity, terms of sale, conditions of delivery and related services equal to those available for the acquisition of goods and services abroad.

Section 10.4 Financing. The Company shall have sole responsibility for financing the Enterprise, determining whether financing shall be obtained and, if so, its terms. The State, as well as any entity organized by the State to own an equity interest in the Company as provided in Article XI hereof, will cooperate with the Company to facilitate the financing of the Enterprise particularly insofar as the terms of the financing arrangements require consents, approvals or other actions or participation by the State. In the event that guarantees and/or insurance should be sought from Overseas Private Investment Corporation (or any successor institution), this Agreement shall constitute the State's approval required for such guarantees and the State will execute such documents as may be required by the Overseas Private Investment Corporation (or such successor institution).



ARTICLE XI

PARTICIPATION OF THE STATE

Section 11.1 Authorization. The Minister is authorized and empowered by and on behalf of the State to cause an entity owned by the State to be chartered and organized under the laws of the Republic of Equatorial Guinea for the limited purpose of owning an equity interest in and being a member of Alba Plant LLC. The Minister is also authorized and empowered to negotiate, prepare, execute and deliver all documents, agreements, contracts, instruments or certificates as may be necessary, proper or convenient in the judgment of the Minister to evidence the terms and conditions upon which the State will own an equity interest in and be a member of Alba Plant LLC.

Section 11.2 Participation. Through its organization and formation of the entity provided for in Section 11.1, the State will be a member and own twenty percent (20%) of the share capital of the Company. The ownership of such interest will be on the terms and subject to the conditions set forth in the Memorandum of Association, the Articles of Association and the Members' Agreement of Alba Plant LLC and such other documents and agreements as its members may enter into.

Section 11.3 Transfer. (a) In accordance with the terms and subject to the provisions of the Members' Agreement of Alba Plant LLC, the State may transfer, assign and convey to any ministry, department or other political subdivision of the State or to an entity owned by the State (i) its right to participate in the ownership of the Company or (ii) any shares held by it in the Company; however, the effectiveness of any such transfer is conditioned upon the transferee's execution of such assumption documents as the Company may reasonably request. The State will remain liable for its obligations under this Agreement following any such transfer.

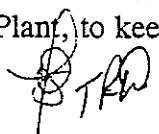
(b) Except as otherwise provided in Section 11.3(a), the State shall not transfer, assign or convey all or a portion of its rights to participate in the ownership of the Company or any shares held by it in the Company.

ARTICLE XII

BOOKS AND RECORDS

Section 12.1 Books and Records. The Company shall keep its books and records in English and in accordance with generally accepted accounting principles. The books and records of the Company shall be maintained at a location designated by the Company. The Company, at the request of the Ministry, shall provide summary reports relating to such books and reports to the Ministry.

Section 12.2 Financial Information. The Company agrees, at all times after the start-up of the Alba LPG Plant, to keep the State fully informed regarding the financial condition of the Alba LPG Plant.



Section 12.3 Assistance. The Company shall give to the Ministry's representatives the assistance they need for carrying out, at any time during normal working hours, inspections of the Alba LPG Plant in conformity with this Agreement.

ARTICLE XIII

NET PROFITS INTEREST

Section 13.1 Net Profits Interest. The State is hereby granted a net profits interest equal to ten percent (10%) of Net Profits to be calculated and paid in accordance with the terms and subject to the conditions of the Net Profits Procedure.

ARTICLE XIV

FORCE MAJEURE

Section 14.1 Force Majeure. (a) Except as otherwise provided in this Article XIV, each Party shall be excused from complying with the terms of this Agreement, except for the payment of monies then due, if any, for so long as a Force Majeure exists.

(b) If a Force Majeure is occasioned by a governmental law, rule, regulation, disposition or order of the State and the Company is operating in accordance with international gas processing industry practice and is making reasonable efforts to comply with such law, rule, regulation, disposition or order, the matter shall be deemed beyond the control of the Company.

(c) If the Company is unable to perform its obligations under this Agreement or if any activity of the Company is delayed, curtailed or prevented because of a Force Majeure, the Company shall inform the State in writing, indicating the nature of the Force Majeure, and both Parties shall then take all such action as may reasonably be within their power to remove such Force Majeure.

(d) In the event that either Party is rendered unable, wholly or in part, by a Force Majeure to carry out its obligations under this Agreement, it is agreed that such Party shall give notice and details of Force Majeure in writing to the other Party within seven (7) calendar days after its occurrence. In such cases, the obligations of the Party giving the notice shall be suspended during the continuance of any inability so caused. Both Parties shall do all things reasonably within their power to remove such cause.

(e) As used in this Agreement, the term "Force Majeure" means, among other things:

(i) riots, strikes, wars (declared or undeclared), insurrections, rebellions, terrorists acts, civil disturbances, dispositions or orders of governmental authority (whether such authority be actual or assumed) acts of God, inability to obtain

labor, equipment, supplies or fuel, shortages of or delays in transportation, by act or cause that is reasonably beyond the control of such Party or from the action of a hostile foreign power;

(ii) action, on the order or the direction of, or interference by any state or instrumentality or subdivision thereof (legally or in actual fact) including, without limitation, any steps taken by any government that would be inconsistent with, or the failure of the State to take any action necessary to a satisfactory operation of the Enterprise;

(iii) breakdown or destruction of facilities or equipment;

(iv) shortages, or delay or interruption in deliveries of materials or supplies, of cargo space or other transportation facilities; or

(v) any other event or circumstances beyond the normal control of the Company and which is of such a nature as to delay, limit or prevent timely action by the Company.

ARTICLE XV

ARBITRATION

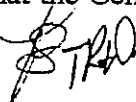
Section 15.1 *Submission of Disputes.* The Government of the Republic of Equatorial Guinea (the "Host State") and the Company, a national of the United Kingdom of Great Britain and Northern Ireland (the "Home State"), hereby consent to submit to the International Centre for Settlement of Investment Disputes (the "Centre") any dispute arising out of or relating to this Agreement for settlement by arbitration pursuant to:

(a) the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the "Convention") if the Host State and the Home State have both become Parties to the Convention at the time when any proceeding hereunder is instituted, or

(b) the Arbitration (Additional Facility) Rules of the Centre if the jurisdiction requirements *ratione personae* of Article 25 of the Convention remain unfulfilled at the time specified in (a) above.

Section 15.2 *Investment.* It is hereby stipulated that the transaction to which this Agreement relates is an investment.

Section 15.3 *Successors.* It is hereby agreed that the consent to the jurisdiction of the Centre expressed above in Section 15.1 shall equally bind any successor in interest to the present Government of the State and to the Company to the extent that the Centre can assume jurisdiction over a dispute between such successor and the other Party.



Section 15.4 Partial Compensation. It is hereby agreed that the right of the Company to request the settlement of a dispute by the Centre or to take any step as a Party to a proceeding pursuant to this Agreement shall not be affected by the fact that the Company has received partial compensation on the conditional or an absolute basis from any third Party (whether a private person, a state, a government agency or an international organization) with respect to any loss or injury that is the subject of the dispute; provided that the State may require evidence that such third Party agrees to the exercise of those rights by the Company.

Section 15.5 Appointment of Arbitrators. Any Arbitral Tribunal constituted in relation to a dispute submitted to the Centre pursuant to this Article shall consist of one arbitrator appointed by each Party, and a third arbitrator appointed by the Chairman of the Administrative Council of the Centre, which arbitrator shall be the President of the Tribunal. The arbitration shall be conducted in the English language and this Agreement shall be construed according to the English language text, but at the request and expense of a Party, documents and testimony shall be translated into the language specified by such Party.

Section 15.6 Choice of Law. Any Arbitral Tribunal constituted pursuant to this Agreement shall apply the law of England. Such Arbitral Tribunal constituted pursuant to this Agreement shall have the power to decide a dispute *ex aequo et bono*.

Section 15.7 Waiver of Immunity. The State hereby waives any right of sovereign immunity as to it and its property in respect of the enforcement and execution of any award rendered by an Arbitral Tribunal constituted pursuant to this Agreement.

Section 15.8 Procedure. An arbitration proceeding pursuant to this Agreement shall be conducted in accordance with the Arbitration Rules of the Centre in effect on the date on which the proceeding is instituted.

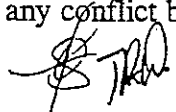
Section 15.9 Costs. In any arbitration proceeding conducted pursuant to this Agreement, the fees and expenses of the members of the Arbitral Tribunal as well as the charges for the use of the facilities of the Centre shall be borne by the Parties as determined by the Arbitral Tribunal.

Section 15.10 Location. The Parties agree on the holding of any arbitration proceeding conducted pursuant to this Agreement at the Centre in Washington, D.C.

ARTICLE XVI

MISCELLANEOUS

Section 16.1 Legal Effect. (a) This Agreement has the force of law and applies notwithstanding anything to the contrary in any other law in force in the Republic of Equatorial Guinea and no law at any time in force in the Republic of Equatorial Guinea made after the date of this Agreement shall affect this Agreement without the prior written agreement of the Company. In the event of any conflict between the terms of this Agreement and the terms of any



existing or subsequently enacted law, decree, regulation, rule, or ordinance of the Republic of Equatorial Guinea, the terms of this Agreement shall prevail.

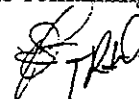
(b) The State agrees that, from and after the effective date of this Agreement, it shall not adopt, approve or enact any law, decree, regulation, rule or ordinance which shall adversely affect the terms of this Agreement, or the rights of Alba Plant LLC under this Agreement, it being the intention of the State that the rights and obligations of the Parties shall be governed by this Agreement and, to the extent not inconsistent with this Agreement, the other laws, decrees, regulations, rules and ordinances currently in existence in the Republic of Equatorial Guinea.

(c) Notwithstanding anything to the contrary in any other law in force in the State at any time (whether before or after the effective date of this Agreement), the Minister has the power and authority and is hereby empowered and authorized, on behalf of the State, to execute all agreements, to issue all grants, permits and authorizations, and to take all such other actions as are required or advisable in order to implement the terms of this Agreement in accordance with its respective terms, without the need of any further approval or consent from any other governmental authority.

(d) This Agreement has been duly executed and delivered by the Minister, who is duly authorized and empowered to execute and deliver this Agreement on behalf of and in the name of the State. The State promises and agrees that this Agreement shall be ratified by the President in accordance with the requirements of law and, upon such ratification, shall be effective as of the date first written above.

Section 16.2 Notices. Unless otherwise specified in this Agreement, all notices, demands, requests, certificates or other communications which a Party may desire or be required to give hereunder (herein referred to collectively as "Notices") shall be in writing and shall be given by (a) personal delivery to the Party to whom addressed, (b) first-class registered or certified mail (return receipt requested), postage prepaid or (c) electronic facsimile addressed to the State or to the Company at their respective addresses and numbers set forth below, or at such other address and number as may be designated by the State or the Company by like notice. Notices sent by mail in compliance with the provisions of this Section 16.2 shall be deemed given on the fifth (5th) business day succeeding the day on which they are placed in the mail. Notices sent by personal delivery or fax in compliance with the provisions of this Section 16.2 shall be deemed given when personally delivered to the addressee.

Section 16.3 Severability. If any provision of this Agreement shall be or be determined to be unenforceable, void or otherwise contrary to law, such condition shall in no manner operate to render any other provision of this Agreement unenforceable, void or contrary to law, and this Agreement shall continue to be operative and enforceable in accordance with the remaining terms and provisions hereof.



Section 16.4 *Successors and Assigns.*

(a) Except as otherwise provided in Sections 3.2(n) and 11.3 of this Agreement, no rights, benefits or obligations under this Agreement may be assigned by any Party without the prior written consent of the other Party, which shall not be unreasonably withheld.

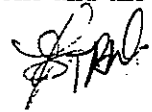
(b) This Agreement shall be binding upon the Parties and their respective permitted successors, assigns and transferees, and shall inure to the benefit of the Parties and, except as otherwise provided herein, to their respective successors, assigns and transferees.

Section 16.5 *Entire Agreement.* This Agreement contains the entire agreement among the Parties relating to the subject matter hereof. Amendments, variations, modifications or changes herein may be effective and binding upon the Parties by, and only by, setting forth the same in a document duly adopted and executed in accordance with the terms of this Agreement by each Party, or its duly authorized agent, and any alleged amendment, variation, modification or change herein which is not so documented shall not be so effective as to any Party.

Section 16.6 *Captions.* Captions and headings of articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement, and shall not be used for the interpretation or determination of the conditions of this Agreement or any provision hereof.

Section 16.7 *Number and Gender.* Unless the context clearly indicates otherwise, where appropriate in this Agreement, the singular shall include the plural and the masculine shall include the feminine and the neuter, and *vice versa*, to the extent necessary to give the terms defined and used in this Agreement their proper meanings. In this Agreement, each has been generally referred to as though singular in number and neuter in gender regardless of the actual number or gender of such Party.

Section 16.8 *Counterparts.* This Agreement may be signed in several counterparts, each of which shall be deemed an original, and all of which shall together constitute but one and the same Agreement.



IN WITNESS WHEREOF the have entered into this Agreement as of the date first written above.

FOR THE STATE OF THE REPUBLIC OF EQUATORIAL GUINEA



Ministry of Mines and Hydrocarbons

By: [Signature]
Title: Ministro Minas y Energía

Address for Notice:

Attention: _____
Facsimile: _____

ALBA PLANT LLC

By: [Signature]
Title: Chairman

Address for Notice:

Attention: _____
Facsimile: _____

See 2nd
amendment

EXHIBIT 1

Attached to and made a part of that certain Processing and Marketing Agreement (the "Agreement") made and entered into the 22nd day of January, 1996, between Alba Plant LLC, an exempted limited liability company limited by shares organized under the laws of the Cayman Islands (the "Company"), and the Republic of Equatorial Guinea, represented by the Ministry of Mines and Energy of the Republic of Equatorial Guinea (the "State").

NET PROFITS PROCEDURE

ARTICLE I

DEFINITIONS

Unless otherwise defined herein, capitalized terms shall have the meaning ascribed thereto in the Agreement.

1.1 "Cumulative Project Costs" shall mean, as of the end of any calendar year referenced herein for calculation, all costs incurred by the Company in connection with the financing, construction, start-up, operation, and maintenance of the Alba LPG Plant, including (without limitation) the costs set forth in the Accounting Schedule attached hereto as Exhibit A and made a part hereof for all purposes. Those elements of Cumulative Project Costs that are depreciable assets or capital costs shall be depreciated or amortized over 10 years as provided in Section 5.4 of the Agreement, and Cumulative Project Costs shall be reduced by the aggregate amortization and depreciation so taken in each calendar reference year.

1.2 "Cumulative Project Revenues" shall mean, as of the end of any calendar year referenced herein for calculation, the amount of proceeds actually received by the Company from the sale of products processed by the Alba LPG Plant.

1.3 "Net Profits" shall mean the amount, if any, by which Cumulative Project Revenues exceed Cumulative Project Costs.

1.4 "Net Profits Payment" shall mean the payment of Net Profits by the Company to the State in respect of any calendar year of reference, to be calculated in accordance with the procedures set forth herein.



ARTICLE II

Net Profits Procedure

2.1 The Company agrees to pay to the State any Net Profits Payment determined to be payable with respect to each calendar year of reference, as calculated in this Article.

2.2 (a) For the first calendar year of reference, Net Profits shall be calculated by subtracting Cumulative Project Costs from Cumulative Project Revenues. If for such first year Cumulative Project Costs equal or exceed Cumulative Project Revenues no Net Profits Payment shall be due or payable to the State with respect to such year. If for such first year Cumulative Project Revenues exceed Cumulative Project Costs, the amount of such excess shall be the Net Profits for such year and ten percent (10%) of such Net Profits shall be the Net Profits Payment for such year payable to the State as provided in Article IV below.

(b) For each succeeding calendar reference year, the corresponding Net Profits Payment shall be calculated by subtracting from Cumulative Project Revenues the sum of (i) Cumulative Project Costs and (ii) the aggregate total of prior years' Net Profits. If the sum of (i) and (ii) above equal or exceed Cumulative Project Revenues, no Net Profits Payment shall be due or payable with respect to such calendar reference year. If Cumulative Project Revenues exceed the sum of (i) and (ii) above, the amount of such excess shall be the Net Profits for such year and ten percent (10%) of such Net Profits shall be the Net Profits Payment payable to the State as provided in Article IV below.

2.3 Notwithstanding any other provision of this Net Profits Procedure, the obligation of the Company to make any Net Profits Payment in respect of any reference year shall be suspended during the existence of:

(a) any unresolved dispute arising out of any event, act, or omission by the State claimed in good faith by the Company to constitute a material breach of any of the State's obligations under the Agreement; or

(b) any event of Force Majeure pursuant to Article XIV of the Agreement.

ARTICLE III

ANNUAL STATEMENTS

3.1 No later than four months following the end of each calendar year during the term of this Net Profits Procedure, the Company shall prepare and deliver to the State a summarized annual statement showing the basis for the calculation of the Net Profits Payment for the calendar year ended, which shall set forth the following:

(a) Cumulative Project Revenues;

(b) Cumulative Project Costs; and



- (c) the excess of Cumulative Project Revenues over the sum of Cumulative Project Costs and prior Net Profits, if any.

3.2 The State or its auditors shall be given a reasonable opportunity during the period of six months from the receipt of an annual statement to verify the calculation of the Net Profits Payment and the information set forth in the annual statement. After the expiration of such six (6) months period, the calculation of the Net Profits Payment as set forth in the applicable annual statement, shall be final and binding on both Parties.

ARTICLE IV

PAYMENT PROCEDURES

At the time of the submission of any annual statement which shows the Net Profits Payment is due and payable, the Company shall pay to the State the amount due to the State in U.S. Dollars by check or wire transfer of immediately available funds to the Office of the Public Treasurer.

ARTICLE V

MISCELLANEOUS

5.1 It is agreed that the rights created by this Net Profits Procedure are contractual in nature and nothing herein shall create any real property or other ownership interest, directly or indirectly, in the Alba LPG Plant.

5.2 (a) Except as otherwise provided in the Agreement, no rights, benefits or obligations under this Net Profits Procedure may be assigned by any Party without the prior written consent of the other Party.

(b) This Net Profits Procedure shall be binding upon the Parties and their respective permitted successors, assigns and transferees, and shall inure to the benefit of the Parties and except as otherwise provided herein, to their respective successors, assigns and transferees.

5.3 This Net Profits Procedure contains the entire agreement among the Parties relating to the subject matter hereof and expressly supersedes any prior agreement or understanding of the Parties, whether written or verbal, with respect to the subject matter hereof. Amendments, variations, modifications or changes herein may be effective and binding upon the Parties by, and only by, setting forth the same in a document duly adopted and executed in accordance with the terms of this Net Profits Procedure by each Party, or its duly authorized agent, and any alleged amendment, variation, modification or change herein which is not so documented shall not be so effective as to any Party.

5.4 This Net Profits Procedure shall become effective on the date hereof and shall remain in full force and effect for so long as the Agreement remains in full force and effect.



5.5 Any dispute arising under this Net Profits Procedure shall be resolved in accordance with Article XV of the Agreement.

A handwritten signature in black ink, appearing to be "STP" or similar, written over the end of the sentence.

EXHIBIT A

ACCOUNTING SCHEDULE

A. The Cumulative Project Costs shall consist of and shall be increased year to year to reflect (without limitation) the following:

1. *Construction Costs*

All costs associated with planning, design, bidding, inspection, transportation, construction, start-up, ownership, operation and maintenance of the Alba LPG Plant, including but not necessarily limited to all such costs incurred prior to execution of the Agreement.

2. *Labor*

- A. Salaries and wages of the Company's employees whether permanent or temporary, employed in connection with the construction, start-up, operation and maintenance of the Alba LPG Plant (the "Alba Employees").
- B. The Company's costs of holiday, vacation, sickness and disability benefits and other customary allowances paid to the Company Employees.
- C. Expenditures or contributions made pursuant to assessments imposed by any governmental authority which are applicable to the Company's costs chargeable under Paragraphs 2A and 2B above.
- D. Travel and other reasonable expenses of the Company Employees.
- E. The Company's costs of established plans for employees' group life insurance, hospitalization, pension, retirement, thrift, bonus and other benefit plans of a like nature applicable to the Company Employees.

3. *Equipment and Material*

The cost of all equipment and material purchased, leased or furnished by the Company for use in connection with the operation of the Alba LPG Plant.



4. *Damages and Losses*

All costs and expense necessary for the repair or replacement of property needed in connection with the operation of the Alba LPG Plant arising as a result of damages or losses incurred by fire, flood, storm, theft, accident, or other cause.

5. *Consultants*

All payments by the Company with respect to fees and expenses for services by consultants, including legal, accounting and technical consultants, relating to the Alba LPG Plant.

6. *Dispute Resolution*

All the expenses and costs related to the handling, review and conclusion of litigation, arbitration or other dispute resolution of claims under any theory of recovery relating to or arising from the Alba LPG Plant, and the amounts (net of any recovery) paid to resolve or settle contractual and other commercial claims not addressed in Paragraph 8 below.

7. *Taxes and Fees*

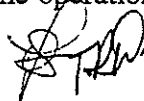
All taxes (including income taxes), fees, customs duties, charges or other payments or every kind and nature paid by the Company which are assessed or levied upon or in connection with the construction, ownership, operation and maintenance of the Alba LPG Plant.

8. *Insurance and Claims*

All costs, including premiums paid for political risk insurance and other policies of insurance normally required to be carried for the operations relating to the Company's obligations conducted under the Agreement and all expenditures incurred and paid by Company (other than for contractual and other commercial claims addressed in Paragraph 6 above) in settlement of any and all losses, claims, damages, judgments and other expenses, including monies related to Company's obligations less any costs recovered by Company by way of insurance settlement, provided that such expenditures do not arise or result from Company's gross negligence.

9. *Communications*

Costs of acquiring, leasing, installing, operating, repairing and maintaining communications systems required for the operation of the Alba LPG Plant.



10. *Interest*

All interest and other charges paid by the Company relating to financing of the construction or operation of the Alba LPG Plant, including interest on loans from third parties and/or owners of the Company to the Company.

11. *Rental Payments*

Any payment for the lease or use of land used in connection with the operation of the Alba LPG Plant.

12. *Other Expenditures*

Any other expenditures not covered or dealt with in the foregoing provisions of this Schedule which are incurred by the Company in connection with the planning, design, bidding, inspection, transportation, construction, start-up, ownership, operation and maintenance of the Alba LPG Plant.

13. *Company Expenditures*

Other operating and maintenance costs of running the Company, including cost of purchase of volumes of natural gas and overhead and fees paid to providers of administrative, managerial, technical and transportation services furnished to the Company.

14. *Marketing Costs*

All costs arising in connection with the sale of hydrocarbon products produced by the Alba LPG Plant, including transportation fees, loading/unloading fees, and similar costs.

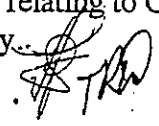
15. *Local Investment*

Cost of reinvesting any share of net profits in the State.

16. *Inventory*

The cost of all items purchased for inventory will be recoverable in the year in which the items have been landed in the Republic of Equatorial Guinea.

B. Books and records of the Company recording all transactions relating to Cumulative Project Costs shall be maintained at a location designated by the Company.



VUG -
TRD -
GLW -
File (2) -
AMS -

TRANSLATION

SEAL

OBIANG NGUEMA MBASOGO
Chief of State
President of the Republic of Equatorial Guinea

Instrument of Ratification
of the
Processing and Marketing Agreement
executed by
The Republic of Equatorial Guinea
and
Alba Plant LLC

WHEREAS the Plenipotentiary of the Republic of Equatorial Guinea signed in Malabo, on January 22 of the current year, along with the Legal Representative of the mentioned company, the Processing and Agreement executed by the Republic of Equatorial Guinea and Alba Plant LLC, duly authorized for this purpose;

READ AND EXAMINED the sixteen articles which are part of it, as well as the annexes enclosed;

According to the terms of article 39, paragraph j) of the Fundamental Law of Equatorial Guinea;

I APPROVE AND RATIFY its terms and agree to its full enforcement, and for the purpose of giving it more strength, I decree this INSTRUMENT OF RATIFICATION, signed and endorsed by Me and duly sealed.

In Malabo, Capital of the Republic of Equatorial Guinea, on this sixth day of the month of February of 1996.

FOR A BETTER GUINEA
SIGNATURE (ILLEGIBLE)

AMS



OBIANG NGUEMA MBASOGO

Jefe de Estado.

Presidente de la República de Guinea Ecuatorial.

INSTRUMENTO DE RATIFICACION
DEL
CONVENIO DE PROCESAMIENTO Y MERCADEO
CELEBRADO ENTRE
REPUBLICA DE GUINEA ECUATORIAL
Y
ALBA PLANT LLC

-----oOo-----

POR CUANTO el Plenipotenciario de la República de Guinea Ecuatorial, firmó en Malabo, el 22 de enero del presente año 1.996, - juntamente con el Representante Legal de la indicada firma, el Convenio de Procesamiento y Mercadeo celebrado entre República de Guinea Ecuatorial y Alba Plant Llc, nombrados en buena y debida forma para tal efecto;

VISTOS Y EXAMINADOS los dieciseis artículos que lo integran, - así como los Documentos de Prueba adjuntos al presente;

DE CONFORMIDAD con lo dispuesto en el artículo 39, inciso j) - de la Ley Fundamental de Guinea Ecuatorial;

Vengo en APROBAR Y RATIFICAR cuanto en él se dispone y hacer - que se cumpla y observe puntualmente en todas sus partes, a cuyo fin, para su mayor validez y firmeza, expido el presente INSTRUMENTO DE RATIFICACION, firmado y rubricado por Mí y debidamente sellado.

HECHO en Malabo, Capital de la República de Guinea Ecuatorial, a seis días del mes de febrero del año mil novecientos noventa y - seis.

FOR UNA GUINEA MEJOR,

1

AMENDMENT
TO
PROCESSING AND MARKETING AGREEMENT
BETWEEN
THE REPUBLIC OF EQUATORIAL GUINEA
AND
ALBA PLANT LLC

This Amendment Agreement (the "Amendment") is made and entered into this 23rd day of April 1997 by and between the Republic of Equatorial Guinea (the "STATE"), duly represented by His Excellency Juan Olo Mba Nseng, Minister of Mines and Energy, and Alba Plant LLC, an exempted limited liability company limited by shares, organized in the Cayman Islands, British West Indies ("Alba LLC"), and duly represented by Mr. T. Rodney Dykes, Chairman. The STATE and Alba LLC may sometimes hereinafter be referred to individually as a "Party" and collectively as the "Parties".

WITNESSETH:

WHEREAS, the Parties have entered into a Processing and Marketing Agreement (the "Agreement") dated 22 January 1996; and

WHEREAS, the Parties have entered into a Heads of Agreement dated 23 April 1997 along with the Contractor (as such term is defined therein) relating to the construction of an electrical power generating facility on the Isle of Bioko, Republic of Equatorial Guinea; and

WHEREAS, the second tier shareholders of Alba LLC are affiliated entities of the Contractor and derived their interests in Alba LLC from the Contractor; and

WHEREAS, the STATE in exchange for the undertakings and covenants of the Contractor set forth in the Heads of Agreement agreed to amend the Contract as indicated below.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties mutually agree as follows:



ARTICLE I - ELECTRICAL POWER GENERATING FACILITY

- 1.1 The electrical power generating facilities on the Isle of Bioko in the Republic of Equatorial Guinea recently suffered severe fire damage. The STATE requested that the Contractor construct a new electrical power generating facility to replace the damaged one.
- 1.2 The Contractor, Alba LLC and the STATE executed a Heads of Agreement wherein it was agreed that an electrical power generating facility (the "Project") would be constructed for the STATE in exchange, *inter alia*, for a certain modification to the Agreement as set forth herein.

ARTICLE II - MODIFICATION OF THE AGREEMENT

- 2.1 In exchange for the undertakings and covenants set forth in the Heads of Agreement, the STATE hereby deletes the text of Section 5.4 in its entirety and substitutes the following therefor:

"Notwithstanding any provision to the contrary contained in Article 62.6.D of Decree Law 1/1986, dated 10 February 1986, the amortization of all capital costs (including planning, design, bidding, inspection, transportation, construction and start-up of the Alba LPG Plant, all expenditures paid for personnel costs, amounts paid to overseas as well as local contractors, and, in general, expenditures deemed necessary for starting the gas processing operation) and depreciation of assets will be over a period of five years (twenty percent per year). Such period shall begin five full tax years following the commencement of production of the Alba LPG Plant which shall coincide with the termination of the tax holiday granted by the State pursuant to Article VI hereof and with the corresponding return to taxation by Alba Plant LLC."

ARTICLE III - MISCELLANEOUS

- 3.1 Any terms used in this Amendment which are not defined herein but which are defined in the Agreement shall have the same meanings herein as provided in the Agreement.
- 3.2 The Parties agree to cooperate each with the other to carry out the provisions of this Amendment. The STATE shall not take any steps inconsistent with the provisions of this Amendment and shall take all necessary steps to enforce the terms hereof.

- 3.3 Any disputes shall be settled in accordance with the pertinent provisions of the Agreement.
- 3.4 This Amendment contains the entire agreement among the Parties relating to the subject matter hereof and can only be amended in writing by the Parties.
- 3.5 This Amendment shall be binding upon the Parties and their respective permitted successors, assigns and transferees and shall inure to the benefit of the Parties and their respective successors, assigns and transferees.
- 3.6 Notwithstanding anything to the contrary in any other law in force in the Republic of Equatorial Guinea at any time, whether before or after the date hereof, the Minister of Mines and Energy represents that he is empowered and authorized on behalf of the STATE, to execute this Amendment; to modify the terms of the Agreement, and to take all such other actions as are or may be required to implement the terms hereof without the need of any further approval or consent from any other authority of the STATE having jurisdiction thereof.

IN WITNESS WHEREOF, the Parties have entered into this Amendment which has been executed by their authorized representatives on this 23rd day of April, 1997.

STATE:



MINISTRY OF MINES AND ENERGY OF THE
REPUBLIC OF EQUATORIAL GUINEA

By: _____

Name: OLO MBA NFO NG JUAN

Title: MINISTRO MINAS Y ENERGIA

ALBA LLC:

ALBA PLANT LLC

By: _____

Name: T. Rodney Dykes

Title: Chairman

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By _____

**Amendment
to
Processing and Marketing Agreement
Between
The Republic of Equatorial Guinea
and
Alba Plant LLC**

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JVC
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This Amendment Agreement (the "Amendment") is entered into this 11th day of October, 1997 by and between the Republic of Equatorial Guinea (the "State"), duly represented by His Excellency Juan Olo Mba Nseng, Minister of Mines and Energy, and Alba Plant LLC, an exempted limited liability company limited by shares, organized in the Cayman Islands, British West Indies ("Alba LLC"), duly represented by T.Rodney Dykes, Chairman. The State and Alba LLC may sometimes hereinafter be referred to individually as "Party" and collectively as the "Parties."

WITNESSETH:

Whereas, the Parties have entered into a Processing and Marketing Agreement (the "Agreement") dated 22 January, 1996, pursuant to the terms of that certain Heads of Agreement dated 14 May 1993 relating to the construction and operation of a liquified petroleum gas plant ("Alba LPG Plant"); and,

Whereas, it has come to the attention of the Parties that the terms of Exhibit 1, together with Schedule A attached thereto, of the Agreement do not correctly reflect the intent of the Parties; and

Whereas, pursuant to the terms of that certain Heads of Agreement dated 23 April 1997 between the State, Alba LLC, and Contractor (as such term is defined therein) the State agreed to amend Section 5.4 of the Agreement; and

Whereas, the Parties desire to amend the Agreement in accordance with the foregoing.

Now, Therefore, for and in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

- 1. Section 5.4 of the Agreement is hereby deleted and is superceded and replaced by the following:

"5.4 Amortization and Depreciation. Notwithstanding any provision to the contrary contained in Article 62.6.D of Decree Law 1/1986, dated 10 February 1986 and solely for the purposes of calculating income taxes

TRD
JVC

relating to Alba Plant LLC, the amortization of all capital costs (including the planning, design, bidding, inspection, transportation, construction, start-up of all components, all expenditures made for personnel costs, amounts paid to overseas as well as local contractors, and, in general, expenditures deemed necessary for starting the gas processing operation) and the depreciation of all assets relating to the Alba LPG Plant acquired through the end of the fifth full tax year thereof shall be deducted in arriving at taxable income over a period of five years (twenty percent per year). Such period shall begin in the sixth full tax year following the commencement of production of the Alba LPG Plant which shall coincide with the termination of the tax holiday granted by the State pursuant to Article VI hereof and with the corresponding commencement of taxation of Alba Plant LLC. Subject to the foregoing, the amortization of all other capital costs and the depreciation of all other assets acquired after the end of the fifth full tax year shall be deducted over a ten year period (ten percent per year). Such ten year period shall begin with the year in which such assets are placed in service.”

2. Exhibit 1, together with Exhibit A thereto, of the Agreement is hereby deleted in its entirety and is superceded and replaced by the Exhibit 1 and Schedule A attached hereto.
3. A new Section 16.9 is added to the Agreement as follows:

“16.9 Heads of Agreement. This Agreement fulfills the purpose and objectives of that certain Heads of Agreement dated 14 May 1993; therefore, as of the date hereof said Heads of Agreement shall no longer be of any force and effect and is superceded and replaced by this Agreement.

This Amendment supercedes and replaces Section 2.1 of the Amendment to Processing and Marketing Agreement dated 23 April 1997 by and between the Parties.

This Amendment shall be effective as of 22 January 1996 and shall be binding upon the Parties and their respective permitted successors, assigns and transferees and shall inure to the benefit of the Parties and their respective successors, assigns and transferees.

Notwithstanding anything to the contrary in any other law in force in the Republic of Equatorial Guinea at any time, whether before or after the date hereof, the Minister of Mines and Energy represents that he is empowered and authorized on behalf of the State, to execute this Amendment; to modify the terms of the Agreement, and to take all such other actions as are or may be required

to implement the terms hereof without the need of any further approval or consent from any other authority of the State having jurisdiction thereof.

This Agreement shall be ratified by the President of the Republic of Equatorial Guinea according to the terms of Article 39, paragraph j, of Equatorial Guinea's Fundamental Law and the President of the Supreme Court of Justice of the Republic of Equatorial Guinea shall issue a legal certification of the instrument of ratification, all in accordance with existing legislation of the Republic of Equatorial Guinea.

In Witness Whereof, each Party has caused its authorized representative to sign this instrument on the date first herein above mentioned.

STATE:

MINISTRY OF MINES AND ENERGY OF THE
REPUBLIC OF EQUATORIAL GUINEA

By: 

Name: Juan Olo Nba Nseng

Title: Minister of Mines and Energy

ALBA LLC:

ALBA PLANT LLC

By: 

Name: T. Rodney Dykes

Title: Chairman

Exhibit 1

Attached to and made a part of that certain Processing and Marketing Agreement (the "Agreement") made and entered into the 22nd day of January 1996 between the Republic of Equatorial Guinea and Alba Plant LLC.

Net Profits Procedure Article 1 Definitions of Terms and Method of Calculation

(Unless otherwise defined herein, capitalized terms shall have the meaning ascribed thereto in the Agreement.)

- 1.1 "Annual Depreciation Charge" shall mean the sum of the annual straight-line depreciation and amortization charges for each component of the Alba LPG Plant. The depreciation and amortization charges for each component for each calendar reference year shall be computed using the following equation:

$$CC \times N/120 = \text{depreciation charge for each component}$$

Where:

CC equals the Capitalized Cost of each component of the Alba LPG Plant, and
N equals the number of months in each calendar reference year during which the component is In Service.

- 1.2 "Annual Expenses" shall mean the amount of costs incurred by the Company in connection with the operation, repairs, maintenance and other costs and taxes of the Alba LPG Plant, including (without limitation) the costs set forth in the Accounting Schedule attached hereto as Schedule A, which costs are properly chargeable against the income of the Alba LPG Plant for the calendar year. Such term shall not include Capitalized Costs.

- 1.3 "Net Profit" shall mean the result of the following equation:

$$NP = AR - AE - ADC - COD - ITX$$

Where:

NP is the Net Profits for the calendar year of reference,
AR is the Annual Revenues,
AE is the Annual Expenses,
ADC is the Annual Depreciation Charge,
COD is the Carried Over Deficit, and

ITX is the Corporate Income Tax and all other taxes (exclusive of those included in computing Annual Expenses) paid to (or refunds received from) the Republic of Equatorial Guinea by the Company during the calendar year for which the Net Profit is computed.

- 1.4 **“Annual Revenues”** shall mean the amount of proceeds received by the Company for the sale of products processed by the Alba LPG Plant which are properly included in the accounting income of Alba Plant LLC for the calendar year.
- 1.5 **“Capitalized Cost”** shall mean all costs incurred by the Company in connection with the financing, construction and start-up of the components of the Alba LPG Plant, as described in the Accounting Schedule attached hereto as Schedule A, which costs are properly capitalized pursuant to Section 1.1 hereof and in accordance with generally accepted accounting principles. Where additional capital costs are incurred in periods following a component’s In Service date, such costs shall be included in Capitalized Costs and depreciated over ten (10) years .
- 1.6 **“Carried Over Deficit”** shall mean, for any calendar year, the amount by which the Annual Revenues are exceeded by the sum of the Annual Expenses, the Annual Depreciation charge, the income tax of the Republic of Equatorial Guinea, and any previous year’s Carried Over Deficit.
- 1.7 **“In Service”** shall refer to any component of the Alba LPG Plant which is in a condition or state of readiness and installed for its assigned function, regardless of whether it is in fact performing such function.
- 1.8 **“Net Profits Payment”** shall mean the payment of ten (10) percent of the Net Profits by the Company to the State in respect to any calendar year of reference. The Net Profits Payment shall be a deduction in calculating taxable income pursuant to Section 5.6 of the Agreement.

Article II Net Profits Procedure

- 2.1 The Company agrees to pay to the State the Net Profits Payment determined to be payable with respect to each calendar year of reference.
- 2.2 Net Profits shall be calculated for each calendar year in accordance with the formula provided in Section 1.3 hereof.



- 2.3 Notwithstanding any other provision of this Net Profits Procedure, the obligation of the Company to make any Net Profits Payment in respect of any reference year shall be suspended during the existence of:
- (a) any unresolved dispute arising out of any event, act, or omission by the State claimed in good faith by the Company to constitute a material breach of any of the State's obligations under the Agreement; or
 - (b) any event of Force Majeure pursuant to Article XIV of the Agreement.

Article III Annual Statements

- 3.1 No later than four months following the end of each calendar year during the term of the Net Profits Procedure, the Company shall prepare and deliver to the State a summarized annual statement showing the basis for the calculation of the Net Profits Payment for such calendar year, which shall set forth the calculation of Net Profits and the Net Profits Payment.
- 3.2 The State or its auditors shall be given a reasonable opportunity during the period of six months from the receipt of an annual statement to verify the calculation of the Net Profits Payment and the information set forth in the annual statement. After the expiration of such six (6) month period, the calculation of the Net Profits Payment as set forth in the applicable annual statement, shall be final and binding on both Parties.

Article IV Payment Procedures

At the time of submission by the Company to the State of any annual statement which shows that a Net Profits Payment is due and payable, the Company shall pay to the State the amount due to the State in U.S. Dollars by check or wire transfer of immediately available funds to the Office of the Public Treasurer.

Article V Miscellaneous

- 5.1 It is agreed that the rights created by this Net Profits Procedure are contractual in nature and nothing herein shall create any real property or other ownership interest, directly or indirectly, in the Alba LPG Plant.
- 5.2 (a) Except as otherwise provided in the Agreement, no rights, benefits or obligations under this Net Profits Procedure may be assigned by any Party without the prior written consent of the other Party.

- (b) This Net Profits Procedure shall be binding upon the Parties and their respective permitted successors, assigns and transferees, and shall inure to the benefit of the Parties and except as otherwise provided herein, to their respective successors, assigns and transferees.
- 5.3 This Net Profits Procedure contains the entire agreement among the Parties relating to the subject matter hereof and expressly supersedes any prior agreement or understanding of the Parties, whether written or verbal, with respect to the subject matter hereof. Amendments, variations, modifications or changes herein may be effective and binding upon the Parties by, and only by, setting forth the same in a document duly adopted and executed by each Party, or its duly authorized agent, and any alleged amendment, variation, modification or change herein which is not so documented shall not be so effective as to any Party.
- 5.4 This Net Profits Procedure shall become effective on the date hereof and shall remain in full force and effect for so long as the Agreement remains in full force and effect.
- 5.5 Any dispute arising under this Net Profits Procedure shall be resolved in accordance with Article XV of the Agreement.

A handwritten signature in black ink, appearing to be "TRW" with a stylized flourish below it.

Schedule A

Attached to and made a part of Exhibit 1 to that certain Marketing and Processing Agreement made and entered into the 22nd day of January 1996 between the Republic of Equatorial Guinea and Alba Plant LLC.

Accounting Schedule

- A. **Capitalized Costs.** All costs (including legal and tax) associated with planning, design, bidding, inspection, transportation, construction, and start-up of each component of the Alba LPG Plant, including but not necessarily limited to all such costs incurred prior to the execution of the Agreement.
- B. **The Annual Expenses shall consist of:**
1. **Employees and Contract Labor**
 - A. Salaries, wages and other compensation of company's employees, whether permanent or temporary, and contract laborers, employed in connection with the operation and maintenance of the Alba LPG Plant.
 - B. The Company's costs of holiday, vacation, sickness and disability benefits and other customary allowances paid to the company employees and contract laborers.
 - C. Expenditures or contributions made pursuant to assessments imposed by any governmental authority which are applicable to the Company's costs chargeable under Paragraphs 1.A and 1.B above.
 - D. Travel and other reasonable expenses of the company employees and contract laborers.
 - E. The Company's cost of established plans for employees' group life insurance, hospitalization, pension, retirement, thrift bonus and other benefit plans of a like nature applicable to the company employees.
 2. **Equipment and Material**

The cost of all equipment and material purchased, leased or furnished by the Company for use in connection with the operation of the Alba LPG Plant.



3. **Damages and Losses**

All costs and expenses necessary for the repair or replacement of property needed in connection with the operation of the Alba LPG Plant arising as a result of damages or losses incurred by fire, flood, storm, theft, accident, or other cause.

4. **Consultants**

All Payments by the Company with respect to fees and expenses for services by consultants, including legal, accounting and technical consultants, relating to the Alba LPG Plant.

5. **Dispute Resolution**

All expenses and costs related to the handling, review and conclusion of litigation, arbitration or other dispute resolution of claims under any theory of recovery relating to or arising from the Alba LPG Plant, and the amounts (net of any recovery) paid to resolve or settle contractual and other commercial claims not addressed in Paragraph 7 below.

6. **Taxes and Fees**

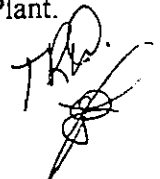
All taxes (including transfer taxes), fees, customs duties, charges or other payments of every kind and nature paid by the Company which are assessed or levied upon or in connection with the construction, ownership, operation and maintenance of the Alba LPG Plant.

7. **Insurance and Claims**

All costs, including premiums paid for political risk insurance and other policies of insurance normally required to be carried for the operations being conducted relating to the Company's obligations under the Agreement, and all losses, claims, damages, judgements and other expenses related to Company's obligations less any costs recovered by Company by way of insurance settlement, provided that such expenditures do not arise or result from Company's gross negligence.

8. **Communications**

Costs of acquiring, leasing, installing, operating, repairing and maintaining communications systems required for the operation of the Alba LPG Plant.



9. **Interest**

All interest and other charges paid by the Company relating to financing of the construction or operation of the Alba LPG Plant, including interest on loans from third parties and/or owners of the Company to the Company.

10. **Rental Payments**

Any payment for the lease or use of land used in connection with the operation of the Alba LPG Plant.

11. **Other Expenditures**

Any other expenditures not covered or dealt with in the foregoing provisions of this Schedule, including but not limited to third party services, which are incurred by the Company in connection with the planning, design, bidding, inspection, transportation, construction, start-up, ownership, operation and maintenance of the Alba LPG Plant.

12. **Company Expenditures**

Other operating and maintenance costs of running the Company, including cost of purchase of volumes of natural gas, administrative costs, overhead and fees paid to providers of managerial, technical and transportation services furnished to the Company.

13. **Marketing Costs**

All costs arising in connection with the sale of hydrocarbon products produced by the Alba LPG Plant, including marketing fees, transportation costs, storage fees, demurrage expenses, lay-time fees, loading/unloading fees, administrative costs and all associated costs.

14. **Local Investment**

Cost of reinvesting any share of net profits in the State.

15. **Inventory**

The cost of all items purchased for inventory will be recoverable in the year in which the items have been landed in the Republic of Equatorial Guinea.

C. **Books and Records.** Books and Records of the Company recording all transactions relating to Annual Net Profits shall be maintained at a location designated by the Company.

**THIRD AMENDMENT TO THE PROCESSING AND MARKETING AGREEMENT
BETWEEN THE REPUBLIC OF EQUATORIAL GUINEA AND ALBA PLANT LLC.**

This third Amendment (hereinafter, the "Amendment") to the Processing and Marketing Agreement (hereinafter, the "Agreement") is entered into this 13th day of November, 2002, by and between the Republic of Equatorial Guinea (hereinafter, the "State"), duly represented by His Excellency Cristobal Manana Ela, Minister of Mines and Energy, and Alba Plant LLC, a company organized in the Cayman Islands, British West Indies ("Alba LLC"), duly represented by M.D. Birley, Chairman of this Company. Hereinafter, reference may be made to the State and Alba LLC individually as a Party, and jointly, as "the Parties".

Each of the Parties, as attested by the signatories, declares and recognizes that it is acting in accordance with its respective laws and by-laws, including all relevant regulations and statutes in force and is authorized to execute the Amendment.

Witnesseth:

Whereas, the Parties have entered into the Agreement, on the 22 of January, 1996, and

Whereas, the Parties have already agreed to first and second amendments, dated April 23, 1997 and October 11, 1997, respectively, each corresponding to the Agreement referenced above; and

Whereas the Parties wish to enter into a third Amendment to the Agreement and agree~~s~~ as follows:

1. Section 1.1 (c) is deleted and replaced by the following:

"(c) "Alba LPG Plant " means a natural gas processing facility located at Punta Europa and consisting of (a) an initial facility (hereinafter, the "Initial Facility") that commenced production in 1997, and (b) an expanded natural gas processing facility (hereinafter, the "Plant Expansion") to be constructed in accordance with a Plan of Development designated as Phase 2B POD, and scheduled for completion in 2004. Alba Plant LLC through its Alba LPG Plant, together with related facilities, (i) further processes the natural gas produced under the Alba Production Sharing Contract after separation of condensate, (ii) has the option to process all other associated and non-associated natural gas production that hereinafter may be available in the Republic of Equatorial Guinea after separation of condensate, (iii) recovers additional condensate through further processing, (iv) separates butane, propane and other hydrocarbon components from natural gas and processes them into gas liquids, (v) stores the liquid hydrocarbons processed and (vi) exports and sells all of the liquid hydrocarbons (including the additional condensate recovered) produced by the facility."

2. Section 5.4, as amended on October 11, 1997, shall apply mutatis mutandis to the Plant Expansion, which for the sake of clarity means that notwithstanding any provision to the contrary contained in the Decree Law 1/1986, dated February 10, 1986, and solely for the purposes of calculating income taxes relating to Alba Plant LLC, the amortization of all capital costs (including the planning, design, bidding, inspection, transportation, construction, start-up of all components, all expenditures made for personnel costs,

amounts paid to overseas as well as local contractors, and, in general, expenditures deemed necessary for starting the gas processing operation) and the depreciation of all assets relating to the Plant Expansion acquired through the end of the tax exoneration period as noted in Article 6.1, shall be deducted in calculating taxable income over a period of ten years (ten percent per year). Such period shall begin at the termination of the tax exoneration granted by the State pursuant to Article 6.1 hereof, as amended herein, and the corresponding commencement of taxation of Alba Plant LLC.

The amortization of all other capital costs and the depreciation of all other assets acquired after the end of the tax exoneration pursuant to Article 6.1 shall be deducted over a ten year period (ten percent per year). Such ten year period shall begin with the year in which such assets are placed in service.

3. Section 6.1 is deleted and replaced by the following:

"6.1 Corporate Income Tax Exoneration. Notwithstanding the provisions of Section 5.1 above, the State hereby waives and exonerates Alba LLC, its members, their Affiliates, whether within or outside the Republic of Equatorial Guinea, and the Alba LPG Plant from any and all income tax liability, including any Corporate Income Tax liability, with respect to the Alba LPG Plant facilities, (i) for the period beginning with the date of this Agreement and ending on December 31, 2002, and (ii) for the period beginning with the commencement of full production from the Plant Expansion and ending two and one half (2.5) years, or thirty (30) months, following the commencement of full production from the Plant Expansion. It is understood and agreed that the income tax waiver and exoneration under (ii) above shall apply to both the Initial Facility and the Plant Expansion of Alba Plant LLC.

For the purpose of the previous paragraph "full production" means production at ninety percent (90%) of nameplate capacity for thirty (30) consecutive days.

4. A new Section 16.10 is added to the Agreement as follow:

16.10: The Company commits to invest in the State a one-time amount of \$1,000,000 (one million US dollars) in community social programs. The type and magnitude of the disbursements allocated to the programs shall be determined by the State and the Company. Such investment will begin in the year 2003.

This Amendment shall be effective as of the date first herein above mentioned and shall be binding upon the Parties and their respective permitted successors, assigns and transferees and shall inure to the benefit of the Parties and their respective successors, assigns and transferees.

Any disputes or disagreements that arise during the term of this Amendment shall be resolved in accordance with the provisions of Article XV of the Agreement regarding Arbitration.

The Parties have signed below, in agreement with the above terms and conditions of this Amendment:

FOR THE STATE OF THE REPUBLIC OF EQUATORIAL GUINEA

Ministry of Mines and Energy

Name: His Excellency Cristobal Manana Ela

Title: Minister of Mines and Energy

FOR Alba Plant LLC

Name: M.D. Birley

Title: Chairman