

500 General (4/1)
35/12/11

FOR IMMEDIATE RELEASE
June 14, 1999

EXXON SIGNS PSC FOR DEEPWATER ACREAGE OFF GUYANA;
ADDS TO GLOBAL DEEPWATER PORTFOLIO

IRVING, TX June 14, 1999 -- Exxon Corporation today announced that its Guyana affiliate, Esso Exploration and Production Guyana, Limited, (EEPGL) has signed a Production Sharing Contract (PSC) in Georgetown, Guyana, with Her Excellency President Janet Jagan. The new Production Sharing Contract covers the Stabroek Block, which Exxon was awarded in mid-1998.

The Stabroek Block is located 100-200 miles (160-320 kilometers) offshore Guyana in 650-10,000 feet (200-3,000 meters) of water and covers approximately 15 million acres. This will be the first exploration activity in the deepwater area offshore Guyana. Exxon holds 100 percent interest in the block and will be the operator.

John A. Willott, Vice President, Americas Business Unit, Exxon Exploration Company, who signed the PSC on behalf of EEPGL said, "We are very pleased to be exploring in Guyana and look forward to working with the Guyana Geology and Mines

-- more --

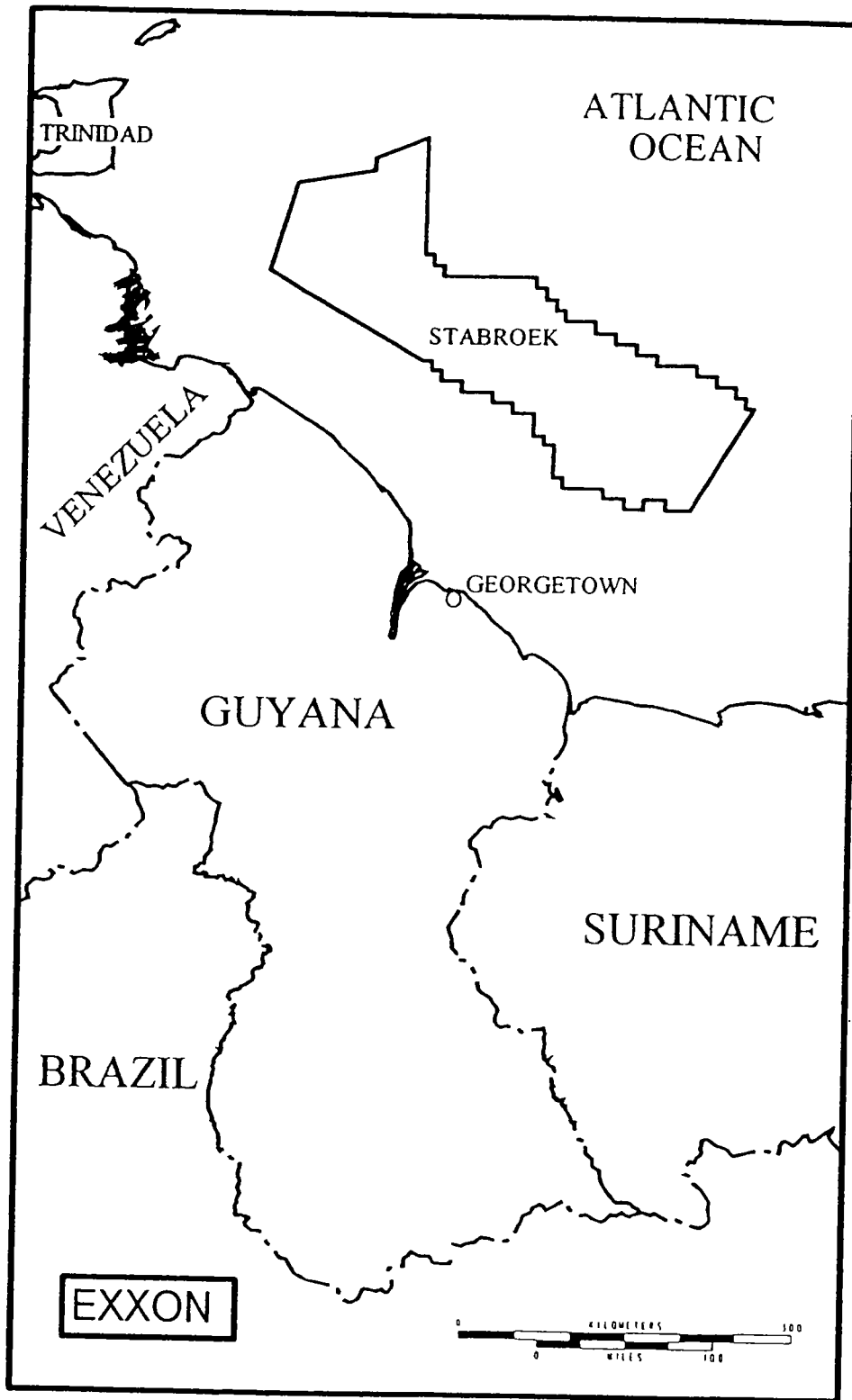
Commission."

Willott further noted that Exxon's acquisition of this new acreage in Guyana is part of a larger story of success in the global deepwater. "This large Guyana block adds to Exxon's already substantial portfolio of deepwater opportunities in some of the most prospective frontier areas in the world," he said. Exxon currently holds interest in more than 300 deepwater blocks around the world.

Willott concluded by noting, "We believe that Exxon's worldwide deepwater experience and leading edge technology, will help to inaugurate a new era in the history of the Guyanese petroleum industry and we look forward to working with the Geology and Mines Commission and the people of Guyana."

#

Approved by HJL May 14, 1999



Oil Concessions
(Guyana)

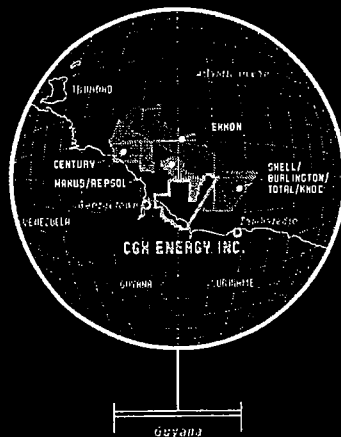


Oil Energy Inc.
Annual Report 1999

GIANTS



WHY?



WHY? Since CGX acquired the 3.8 million acre Corentyne block offshore Guyana in 1998, our concession has been surrounded by a number of major oil companies. Why are we and other companies interested in the Guyana basin? During the first seven years of the 1990s, 12 giant oil fields (greater than 500 million barrels recoverable) were discovered in the world, and all of them were deep-sea turbidite fans. Since then, several more giant fields have been discovered offshore West Africa and Brazil, and in the Gulf of Mexico. CGX's analysis of the vintage seismic data revealed the potential for a number of turbidite fans in the Guyana basin. To enhance these

interpretations, in May 1999, CGX and Maxus/Repsol jointly conducted a seismic acquisition program and shared the resulting data. CGX shot an 1800 kilometre seismic program over our concession, and Maxus/Repsol (partners with ENI/AGIP) conducted a 1700 kilometre program over their adjacent license. In October 1999, a joint venture among Shell, Burlington, Total, and the Korean National Oil Company shot a similar 5700 kilometre seismic program over their concession offshore Suriname, and in March 2000, Exxon completed an aeromagnetic survey of their area, which is in deeper water north of the CGX block and off the edge of the continental shelf.

JAN-24-2000(MON) 16:47 EMEC LAW DEPT HOUSTON TX

(FAX) 281 423 7530

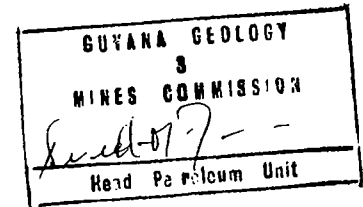
P. 002/004



Esso Exploration and Production Guyana Limited
233 Renmar
Houston, Texas 77060 U.S.A.

January 24, 2000

Stabroek Block



RECEIVED JAN 25 2000

(VIA FACSIMILE - 592-2-53047)

Mr. Newell M. Dennison
Head of Petroleum Unit
Guyana Geology and Mines Commission
Upper Brickdam
P.O. Box 1028
Georgetown, Guyana

Dear Mr. Dennison:

I wish to update you on the planned aeromagnetic survey. Esso Exploration and Production Guyana Ltd. ("Esso") anticipates signing a contract later this week with Geoterrex-Digham to carry out the survey. Attached is some general information regarding the survey and a map showing the intended data acquisition. For further details you may contact Mark Bixby (281-423-5377) who is coordinating the survey for Esso.

Geoterrex representatives will be in Guyana as early as this week to commence advance work. Esso would appreciate the assistance of the GGMC in notifying the Civil Aviation Department, Customs Service, and any other agencies involved.

Esso has received consent from Century Guyana, Ltd. and CGX Resources Inc. to collect data from their respective shelf blocks. We await a response from Repsol/YPF but hope to receive consent shortly.

In addition to the shelf blocks, Esso also seeks to collect data over open acreage (onshore, shallow water, and deepwater), as indicated in the attached map, for onshore calibration and to establish regional gradients outside the limits of the Stabroek Block. Esso would appreciate the consent of the GGMC to collect this data so as to maximize the utility of the survey.

Sincerely,

Michael J. Silver

OK

2000-01-24-2000(MON)

16:45 EXEC LAW DEPT HOUSTON TX

(FAX) 401 423 7730

P. 963/004

35/821*

AEROMAGNETIC SURVEY PROGRAM

7

Projected Start Date: 13-20 February, 2000

Expected Duration: 4-6 weeks

Sub-contractor: ~~Geotrex-Digheem, a division of CGG Canada~~

Crew: 5-6 people (project manager, 1-2 pilots, aircraft mechanic, instrument technician, data processor)

Aircraft: Cessna 404; Tail number C-GGTA

Scientific Equipment: (Aboard Aircraft)
Cesium vapor magnetometer
Digital data acquisition system
GPS navigation and positioning equipment
Barometric altimeter
Radar altimeter
Video flight-path recording system

Scientific Equipment: (On Ground)
Base GPS receiver
Base station recording magnetometer

Office Equipment: Laptop PC computer(s)
Computer printer and plotter

Mark Bixby from Houston 423-5377

35/821?

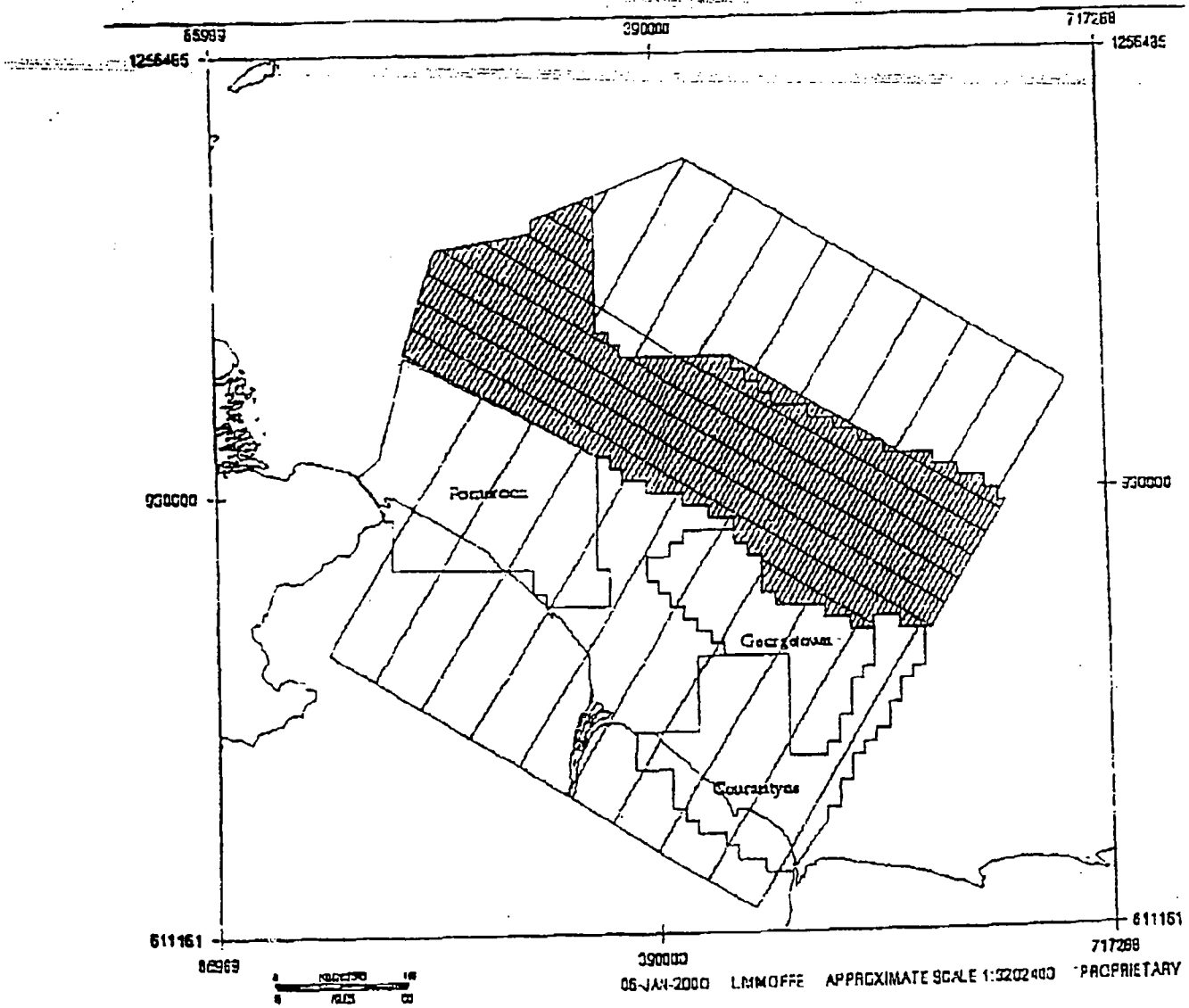
work reports

JAN-24-2000 MON 16:48 EMEC LAW DEPT HOURS

FAX 281 423 1330

P. 004/004

Stabroek Block, Guyana Aeromagnetic Survey Program



CGX MORNING REPORT

RIG No. C. E. THORNTON
PRESENT OPERATION PREPARING TO JACK DOWN & LEAVE THE LOCATION
WELL NAME & No. EAGLE #1
DEPTH FOOTAGE HOURS ROP 0

DATE 03-Jun-00
TOTAL DAYS 2 DSS
OPERATOR CGX
LAST CASING SIZE, DEPTH, TEST
NEXT CASING SIZE, DEPTH

WATER BASE DRILLING FLUID DATA																	
TIME	TEMP	WEIGHT	F. VIS	PV	YP	GELS	API FL	CAKE	P.H.	C ₃₀₀	SOLIDS	CL	SAND	LGS	MBT	GRPM	SRPM
BIT DATA																	
No.	SIZE	MAKE	TYPE	IADC	SERIAL #	JETS /IFA	IN		OUT		FEET		HOURS				
IADC DRILL GRADINGS																	
No.	ICS	DCS	DC	LOC	B/S	GAGE	CCD	REASON PULLED									
PUMPS																	
PUMPS	LINE	SIZE	STROKE	SPM	OFF BTM	ON BTM	CPM	OFF BOTTOM	ON BOTTOM	PUMP HHP	SLOW PUMP RATE @		SPM	PRESSURE			
1	6 1/2	X	10	0			0										
2	6 1/2	X	10	0			0										
FOR PUMPS IN PARALLEL																	
HYDRAULICS																	
BIT No.	BIT HSI	JET VEL	DP	DP	DC	DC	HHP	IMPACT FORCE									
BHA & DRILLING PARAMETERS																	
BHA	FT. STAB SPACING				WT. BELOW JARS				WT. ABOVE JARS								
DESCRIPTION																	
ROP	ROTARY TORQUE	WT OF STRING	DRAG (UP/DOWN) ON JARS														
CUMULATIVE ROTATING HOURS: FOR WELL																	
IN LAST CASING STRING																	
ABNORMAL PRESSURE PARAMETERS																	
DEPTH	BOD	COH GAS	TRIP GAS	MAX DR. GAS				SHALE DENSITY				TEMP	CHLORIDES				
SURVEYS																	
DEPTH	ANGLE	DR	TYD	BUILD	TURN	MAG COORDINATES		EM	VERTICAL SECTION		OLS						
MISCELLANEOUS DATA																	
ACCIDENTS NO NAME / CECULA # TYPE:																	
PERSONNEL ON LOCATION 82 COMPANY & NO. CGX-3, RB-43, BJ-1, NOBLE DENTON-1, MARSCO-3, FUGRO-2, MH-1, CATERING-9, JOLIET-1																	
DIESEL ON LOCATION BBL'S 1409 USED LAST 24 HOURS 23 CASING ON LOCATION																	
CEMENT ON LOCATION (SKS/TYPE) 0 BARITE ON LOCATION 0 DAYS SINCE RUNNING LAST STRING OF CASING																	
DAYS SINCE LAST BOP TEST																	
HOURS	CODE	DESCRIPTION OF WORK PERFORMED															
0800 - 0900	3.0	PRELOADING															
0900 - 0930	0.5	HOLD PRELOAD (25%) FOR 30 MINUTES WITH NO SETTLEMENT															
0930 - 1100	1.5	DUMP PRELOAD AND PREPARE TO SKID OUT AND TAKE CORES															
1100 - 1130	0.5	SKIDDING OUT TO TAKE CORES															
1130 - 1330	2.0	ALL STOP DUE TO GENERATORS OFF LINE, REPAIR SAME, CONTINUE PREPARING FLOOR															
1330 - 1800	2.5	RESUME SKIDDING OUT															
1800 - 0030	0.5	PREPARE RIG FLOOR FOR TAKING CORES, PICKUP 12 JOINTS HEVI-WATE DRILL PIPE AND MARSCO'S CORE BIT, CIRCULATE AND ATTEMPT CORES AT SEA FLOOR LEVEL															
0030 - 0400	5.5	PREPARE RIG TO MOVE OUT OF CONTESTED WATERS, AS OF REPORT TIME WILL MOVE TO THE "HORSESHOE" LOCATION															
THE GUYANESE COAST GUARD TOURED THE AREA AND BOARDED THE TERRY TIDE, (JUST VISITING)																	
A BRIGADIER FROM GUYANA ALONG WITH AN ASSISTANT ARRIVED ON THE RIG @ APPROX. 0900 VIA OUR HELICOPTER ON CONTRACT ALONG WITH RIG MANAGER GRAHAM BARBER. THEY WERE INQUIRING ABOUT WHAT SERVICES WE WOULD BE NEEDING FROM THE GUYANESE GOVERNMENT.																	
A SURINAME AIR FORCE PLANE WAS OBSERVED ON TWO OCCASIONS FLYING NEAR THE RIG OBSERVING.																	
NOTE: AT 00:15 TWO SURINAME NAVY GUN BOATS WERE OBSERVED MANEUVERING ALONGSIDE THE RIG.																	
@ 00:24 HRS THE SUPPORT VESSEL "TERRY TIDE" WAS CONTACTED BY THE NAVY AND ORDERED TO "LEAVE THE AREA IN 12 HOURS OR THE CONSEQUENCES WILL BE YOURS".																	
@ 00:28 HRS THE NAVY VESSEL WAS CONTACTED BY THE RIG AND WE WERE ALSO GIVEN THE SAME ORDERS "LEAVE THE AREA IN 12 HOURS OR THE CONSEQUENCES WILL BE YOURS"																	
CONTACTED SHORE BASE PERSONNEL, R&B LEGAL DEPARTMENT, US EMBASSY SECURITY OFFICER IN GUYANA AND CGX REPRESENTATIVE IN GUYANA, DR. DOOKIE. DECISION WAS MADE ON THE RIG AND CONFIRMED BY ALL INTERESTED PARTIES TO LEAVE THE LOCATION AND TOW TO THE "HORSESHOE" LOCATION																	
DEPTH @																	
CLAY																	
SAND																	
SHALE																	
RIG DOWNTIME																	
HOURS																	
OP ON LOCATION																	
OP ON RACK																	
BHA																	
HELLY																	
TOTAL																	
DRILL WATER	1702	OB	USED	MADE	DAY	2	3.5	91	31								
POT WATER	099	96	MONTH	4													
	24.0	ACCUM	4														

NO SUPERVISOR

NETTERVILLE

OPERATOR: REP.

PAYNE / DEVINE / HARRISON

CGX MORNING REPORT

RIG No. C.E. THORNTON DATE 04-Jun-00
 PRESENT OPERATION UNDER TOW TOTAL DAYS 3 DSS 055
 WELL NAME & No. HORSESHOE OPERATOR CGX
 DEPTH FOOTAGE HOURS ROP 0 LAST CASING SIZE, DEPTH, TEST
 NEXT CASING SIZE, DEPTH

WATER BASE DRILLING FLUID DATA																	
TIME	TEMP	WEIGHT	F. VIS	PV	YP	GELS	API FL	CAKE	F.M.	Cs**	SOLIDS	OIL	SAND	LGS	SMT	SRPM	SRPM
BIT DATA																	
No.	SIZE	MAKE	TYPE	IADC	SERIAL #	JETS /TFA	IN	OUT	FEET	HOURS	AVG.				0.00		
IADC DUAL GRADING																	
No.	ICS	OCS	DC	LOC	B/S	GAGE	OCG	REASON PULLED									
PUMPS																	
PUMPS	LINER SIZE	STROKE	OFF BTM	ON BTM	GPM	OFF BOTTOM	PUMP HHP	SLOW PUMP RATE @	SPM	PRESSURE							
1	6 1/2	X 10			0												
2	6 1/2	X 10			0												
FOR PUMPS IN PARALLEL BBL/STK 0 0																	
HYDRAULICS																	
BIT No.	BIT HSI	JET VEL	DP	DP	DC	DC	HHP	IMPACT FORCE									
BHA & DRILLING PARAMETERS																	
BHA DESCRIPTION	FT. STAB SPACING	WT. BELOW JARS	WT. ABOVE JARS														
WOB	RPM	ROTARY TORQUE	WT OF STRING	DRAG/UP/DOWN ON JARS													
CUMULATIVE ROTATING HOURS: FOR WELL IN LAST CASING STRING																	
ABNORMAL PRESSURE PARAMETERS																	
DEPTH	SDO	CONV GAS	TRIP GAS	WAS DRG D GAS	SHAL DENSITY	TEMP	CHLORIDES										
SURVEYS																	
DEPTH	ANGLE	DIR	TYD	BUILD	TURN	N/E COORDINATES	VERTICAL SECTION	DLS									
MISCELLANEOUS DATA																	
ACCIDENTS NO NAME/CDULA # TYPE:																	
PERSONNEL ON LOCATION 02 COMPANY & NO. CGX-2, RB-42, BJ-1, NOBLE DENTON-1, MARSCO-2, FUGRO-2, MS-1, CATERING-1, JOLIT-1																	
DIESEL ON LOCATION BBLs 1409 USED LAST 24 HOURS 25 CASING ON LOCATION 0																	
CEMENT ON LOCATION (SR/TYPE) 0 BARITE ON LOCATION 0 DAYS SINCE RUNNING LAST STRING OF CASING																	
DAYS SINCE LAST BOP TEST																	
DESCRIPTION OF WORK PERFORMED																	
HOURS	CODE	DESCRIPTION OF WORK PERFORMED															
0800 - 0830	2.5	PREPARING RIG FOR TOW, TERRY TIDE MADE FAST ON PORT BOW @ 08:30, GULF FLEET 55 ON TOW BRIDLE AS NEVER HAVING BEEN RELEASED															
0830 - 1000	1.5	START LOWERING RIG INTO WATER, INSPECT FOR INTEGRITY OK, CONTINUE RAISING LEGS, ALL FREE @ 09:08, TOWING OFF OF "EAGLE" LOCATION, 1 NAUTICAL MILE FROM LOCATION @ 10:00 HRS 3-JUNE-2000															
1000 - 2100	11.0	UNDER TOW TO "HORSESHOE" LOCATION, Legs @ 27', REPAIRING JET LINES, TUGS @ 60% POWER															
2100 - 0600	9.0	RESUME FULL POWER @ 2100, LEGS JACKED TO 110' TOG. RIG UNDER TOW TO "HORSESHOE" LOCATION.															
POSITION @ 0600																	
LAT 07°53.3N																	
LONG 57°06.7W																	
SPEED 2.4																	
GONE 42																	
TO GO 10																	
ETA @ 2.4 KNOTS 10:30 AM																	
NOTE: WHILE UNDER TOW AT APPROX 2 MILES N-NW OF EAGLE LOCATION A SURINAM AIR FORCE PLANE CIRCLED THE RIG FOR APPROXIMATELY 15 MINUTES.																	
NOTE: AT 14:15 HRS THE SURINAM NAVY VESSEL RSS GRAMORGU CAME ALONGSIDE AND CIRCLED THE RIG AND TOW VESSELS. NAVAL OFFICIAL ADVISED US TO BEAR A COURSE OF 27° FOR 30 MILES TO CLEAR THE SURINAM BORDER. AFTER 1 HOUR OF ESCORTING US NAVAL OFFICIALS ADVISED US THEY WERE RETURNING BUT THAT THE AIR FORCE WOULD RETURN TO CHECK ON OUR PROGRESS.																	
NOTE: WHILE THE NAVAL VESSEL WAS ESCORTING US OUT OF TROUBLED WATERS THERE WAS A SECOND VESSEL THAT APPEARED TO BE THE SAME TYPE FOLLOWING APPROXIMATELY 2 MILES BEHIND US.																	
FUEL ON BOARD TERRY TIDE @ 0600 3-JUNE-2000 28,380 GALLONS																	
FUEL ON BOARD GULF FLEET 55 @ 0600 3-JUNE-2000 67,000 GALLONS																	
FUEL ON BOARD C.E. THORNTON @ 06:00 3-JUNE-2000 1409 BBLs																	
RIG DOWNTIME																	
DP ON LOCATION DP ON BACK BHA CLAY																	
HOURS 3.5 448 448																	
SAND																	
SHALE																	
DRILL WATER 1702 0 MONTH 4 RELLY																	
POT WATER 821 77 0 ACCUM 4 TOTAL 0																	

NO SUPERVISOR NETTERVILLE OPERATOR/REP PAYNE / DEVINE / HARRISON



Esso Exploration and Production Guyana Limited
233 Bonmar
Houston, Texas 77060 U.S.A

June 9, 2000

Sent via facsimile: 592-2-53047

Mr. Newell M. Dennison
Head of Petroleum Unit
Guyana Geology and Mines Commission
Upper Brickdam
P.O. Box 1028
Georgetown, Guyana

RE: Stabroek Block

Dear Mr. Dennison:

Attached for your reference are recent communications received from or involving the Managing Director of the State Oil Company of Suriname. Also attached is the response of Esso Exploration and Production Guyana Limited ("Esso").

The communications from the Government of Suriname reaffirm Esso's concerns regarding its ability to conduct petroleum operations on the full extent of the Stabroek Block. We continue to hope that discussions between the respective governments resolve the boundary issues and permit petroleum operations to proceed.

During my upcoming trip to Georgetown for the bi-annual meeting, I would welcome the opportunity to discuss the boundary matter further with the Foreign Affairs Minister should his schedule permit.

Regards,

A handwritten signature in cursive script, appearing to read "Wendel J. Hoppe".

Wendel J. Hoppe



Esso Exploration and Production Guyana Limited
233 Benmar
Houston, Texas 77060 U.S.A.

September 29, 2000

35/82

The Minister Responsible for Petroleum
c/o Guyana Geology and Mines Commission
Upper Brickdam
P.O. Box 1028, Georgetown
GUYANA

RE: Stabroek Block

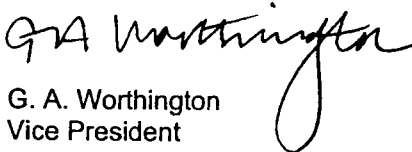
Dear Commissioner Sucre:

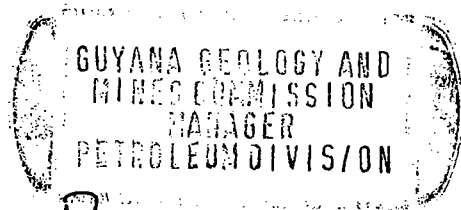
In my letter dated August 11, 2000, I expressed the concern of Esso Exploration and Production Guyana Limited ("Esso") with developments concerning Guyana's maritime boundaries with Suriname and Venezuela. Due to the events outlined in that letter, Esso is currently unable to perform further obligations required by the Petroleum Agreement between Esso and the Government of Guyana dated June 14, 1999.

The current situation is addressed in Article 24.2 of the Petroleum Agreement which includes in the definition of force majeure, "international disputes affecting the extent of the contract area."

As required by Article 24.3 of the Petroleum Agreement, Esso hereby provides notice effective today of suspension due to force majeure. We wish to continue discussions with the GGMC concerning the boundary situation. However, as previously stated, we believe that the matter must be addressed among the governments involved.

Sincerely,


G. A. Worthington
Vice President



Rec'd again
October 17, 2000

DRAFT

MINUTES
ADVISORY MEETING

BETWEEN

GUYANA GEOLOGY & MINES COMMISSION

&

REPSOL-YPF/AGIP

VENUE: SAVANNA SUITE Le Meridien
November 10, 2000

Received
AD
10-11-20

Commissioner

Prepared by:

Please check for finalisation

Date:



Done.
File REPSOL

INTRODUCTION

Repsol-YPF (Maxus Guyana Ltd)/AGIP Guyana Ltd (the consortium) delivered their technical evaluation of their Georgetown Block in May 2000. They are required to commit to drill an exploration well if they elect to go to phase 2 of the initial period. Phase 2 commences November 24, 2000. Developments with respect to the border controversy with Suriname has created an obstacle to the natural progression of the contract/licence.

The Advisory Meeting reviewed the key aspects which resulted from the technical evaluation. An overview of the finances for the current year and a budget proposed for November 2000 – November 2001 were also the subjects at the Advisory Meeting. The opportunity to discuss the impact and interim remedies during this awkward period was seized by the parties.

VENUE

The consortium hosted the Advisory Meeting at the Savanna Room, LeMeridian in Georgetown on November 10, 2000.

ATTENDANCE

The attendance by both parties were as follows: -

Messrs:	Jose Luis Perez	Regional Manager	Repsol-YPF
	Valantin Alvarez Cortina	Regional Manager (Replacement for Jose Perez)	Repsol-YPF
	Alejandro Ponce		Repsol-YPF
	Raffaele DeMarinis		ENI AGIP
	Rocco Imperatore		ENI AGIP
	Winston King	Advisor to Consortium	
	Brian Sucre	Commissioner	GGMC
	Newell Dennison	Manager Petroleum Division	GGMC

AGENDA

There was no preset agenda but it was agreed that Alejandro Ponce would proceed in a manner following: -

- a) Technical Review
- b) Financial Review
- c) Current situation of the Block
- d) Other Issues.

PROCEEDINGS

Alejandro Ponce took the occasion to greet the GGMC. These greetings were returned. Valantin Cortina was then presented as the New Director of the Caribbean Region for Repsol-YPF. Jose Luis Perez was saluted for his service and congratulated on his retirement at the same time. Valantin Cortina was openly welcomed.

Alejandro presented a hard copy of the presentation for the attendees to follow as he proceeded.

The Technical Review indicated an almost complete work programme up to October 2000. It was confirmed that the Block Evaluation Report and some other data were received by the GGMC.

The review indicated that the focus of work was ultimately the Tertiary Turbidities off the paleoshelf. The targets were prioritized and risked at ten percent (10%) probability of success. The reserves estimated were over half a billion barrels.

The Financial Review indicated expenditures were approximately US\$675,000. These expenditures were mostly for technical staff. The proposed Budget for November 2000- November 2001 reflected the uncertain nature of the coming year with contingent provisions.

Alejandro Ponce then addressed the current situation on the block. The mention of the effect of the recent Suriname action on CGX was noted by the GGMC. It was explained that the Consortium's

drilling prospect was in the zone of overlap and this would be a hindrance to the Consortium's assets in the event they elected to drill. These issues were discussed and several points were arrived at which could be adopted in the interim.

These framework for the way forward that resulted from the discussions were drafted for inclusion in the minutes.

The framework, which was agreed to follows: -

- Extension of Phase 1 of the initial period, in the first instance, to a period up to May 24, 2001.
- If a solution is achieved during this period, the Consortium will have to make a decision within an agreed timeframe, to commit to phase 2.
- A further extension of six (6) months after May 24, 2001 is to be granted automatically by GGMC, if the border issue is not resolved.
- In any case, after this period, if a solution is not achieved, the Consortium and GGMC will meet to discuss other alternatives within the legal framework of the contract.
- The Consortium will send a request for an extension in this regard.

Following further discussions on their concerns, GGMC explained to the Consortium that: -

- It was expected only the Government's share of economic expectations will suffer an effect of an arrangement between Guyana and Suriname.
- The GGMC enquired about the Consortium's intentions for the other portions of the contract area where at this time the focus of operations were avoiding. It was suggested by GGMC that the consortium contemplate some measure of relinquishment in advance of the contract


schedule for areas where there was diminished interest. The Consortium agreed to contemplate relinquishing in advance of the mandatory schedule.

- The Consortium expressed to GGMC that they were approached for data trades. The GGMC pointed out that data swaps with certain groups might be strategic to Guyana's interests at this time but the GGMC is not opposed in principle to any data swaps between private companies, provided that such swaps are in accordance with the agreement.

The matters to discuss being exhausted, the meeting was concluded when both parties assured each other of continued updates on the situation and timely attention to the matters at hand.

The meeting that commenced at 09:30hrs was concluded at 12:00hrs.

The previous being a record of the main points of the meeting.


NEWELL. M. DENNISON



GUYANA GEOLOGY & MINES COMMISSION

Upper Brickdam, Georgetown, Guyana, South America.

*Tele.: 592-2-53047, 52274
S/board: 56691, 52862/517, 59479
Fax.: 592-2-53047
E-mail: ggmc@sdp.org.gy*

November 24, 2001

Mr. Valentino Alvarez Cortina
Mr. Alfredo Mazzoni
c/o Maxus Guyana Ltd.
Town Centre Two Building
1330 Lake Robbins Drive, Suite 300
The Woodlands, TX 77380
USA

Dear Messrs Cortina and Mazzoni:

**RE: DETAIL OF DEVELOPMENTS BETWEEN THE GOVERNMENT OF GUYANA AND THE PARTY
CONSISTING OF MAXUS GUYANA LTD. AND AGIP GUYANA B.V.**

Guyana was subjected to unprecedented military aggression by Suriname when drilling operations commenced in the CGX Resources Inc. (CGX) concession awarded under a Petroleum Prospecting Licence (PPL) issued by the Government of Guyana (GOG). The drilling at the particular location was required to cease and the drilling rig forced to retreat to a safe location in another part of the CGX concession, under threat of military action by Suriname Navy vessels that illegally entered Guyana's Maritime Territory which territory is described in the Guyana Maritime Boundary Act of 1977. The consequence of the Suriname action was that there could be no petroleum operations in the Guyana/ Suriname boundary area between N10°E, N33°E and the depiction of the Guyana Extended Economic Zone (EEZ).

GGMC learned that Maxus received a notification from Mr. Jharap, Managing Director of Staatsolie and that this notification warned against petroleum operations in the area. GGMC also learned that the Ministry of Foreign Affairs in Guyana immediately set up diplomatic channels with counterparts in Suriname. Diplomacy resulted in several bilateral meetings with Suriname in an attempt to have a common understanding with respect to continued petroleum activity while the details of the Border were being addressed. This effort was to no avail despite the interventions by the Caribbean Community (Caricom) to which both countries are members. The negotiations did, however, reduce significantly, the threat of a military face off.

By November 10, 2000 when GGMC and Maxus/AGIP had the second annual meeting, there were some promising developments and encouraging conciliatory pronouncements from Suriname. A new President was in place and Guyana expected urgent attention to the matter. In that context, proposals and conditions were agreed as at November 10, 2000, that would form the basis of an amendment to the Petroleum Agreement between the G.O.G and Maxus dated November 25, 1997 ("the Agreement"). The objective of this arrangement was to provide time and space for the Governments of Guyana and Suriname to work out modalities for a resumption of normalcy in the maritime boundary areas.

The arrangement envisaged a postponement of the phase II of the initial period of exploration as described in the Agreement, until such a time during the year November 25, 2000 to November 24, 2001 that conditions would allow Maxus/AGIP unhindered access to their drilling location to execute their drilling commitment under the Agreement. A draft amendment was prepared which had clauses that would trigger certain actions by Maxus/AGIP once certain situations developed between the two (2) countries that would allow access to the area of interest. The draft was finalized when Maxus/AGIP returned it with comments. Signature was expected to be applied as early as March 17, 2001 by the President of Guyana who was the Minister of Petroleum.

Guyana however, was preparing for national elections. The urgent matters of state overran the timely signature of the document. Guyana then endured an unusual post election trauma that consumed more time. When the reelected President was settled and signing could be effected, the President of Guyana and President of Suriname engaged positively and again there was strong anticipation of developments which would preclude the need for the contemplated amendment. Events once more overran the signing detail and by October 2001, when the second annual meeting between GGMC and Maxus/AGIP occurred, there was no amendment to the Agreement as expected.

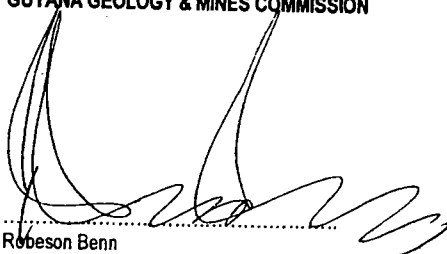
GGMC could understand the concerns Maxus/AGIP expressed in the letter of October 12, 2001. The GGMC response of October 16, 2001, partially addressed some of the circumstances herein described. However, as at October 30, 2001 there were none of the occurrences that were anticipated at the diplomatic front with Suriname and as a consequence, there was no event to trigger the terms of the proposed amendment to cause the commencement of phase II and the requirement to drill. Essentially, the proposed amendment could then serve no practical purpose if it was signed.

Amicable discussions on October 30, 2001 have resulted in another initiative being agreed to. The GGMC would extend the initial period by six (6) months. There would be status reports from both GGMC and Maxus/AGIP on a monthly basis. The parties would exchange positions on strategy and possible impact of further work in the unaffected areas. Within three (3) months, there would be a meeting of the two parties to review how the overall petroleum exploration opportunities in the basin would be pursued. During the six (6) months extension of the initial period of the PPL awarded November 25, 1997 none of the commitments as made under the PPL as specified in the Agreement shall be applicable. The terms arrived at would have effect from November 25, 2001 to May 24, 2002.

It is important to assure Maxus/AGIP that despite the fact that the amendment was not executed, the GGMC ensured that their rights were preserved and that the agreed conditions as at November 10, 2000 were observed. The GGMC has facilitated a previous amendment and transfer of interest in the PPL. GGMC has always found Maxus/AGIP very cooperative. The support and cooperation from Maxus/AGIP in this issue with the maritime border area is a positive show of commitment for Guyana's petroleum exploration effort. In reciprocation, the GGMC submits this letter to document the situation over the period November 2000 to November 2001, when the arrangements as agreed to on November 10, 2000 could not be finalized as anticipated.

The GGMC extends to Maxus/AGIP the best for success in the times ahead.

Yours sincerely,
GUYANA GEOLOGY & MINES COMMISSION

A handwritten signature in black ink, appearing to read 'Robeson Benn', written over a horizontal dotted line.

Robeson Benn
COMMISSIONER