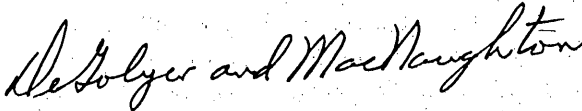


While the details of the work programme have not been formulated, the Ministry's position is that each programme must be designed to best prove or disprove the presence of commercial quantities of hydrocarbons in each of the blocks. At the time the concessionaires submit the work programmes and identify the blocks, they will also furnish the ministry with the seismic interpretations of the blocks. This procedure, which would be required of a new concessionaire, is normal in other countries, and provided the parties can agree on work programmes, will accomplish the desired result.

We assume concessionaires will elect for retention of those blocks which in their opinion offer the best prospects for future discoveries. These are the same blocks they would wish to relinquish last under the bill.

While our opinion is based on a preliminary review and discussions of provisions which may be altered, we can find no basis for expecting exploration activities to be significantly altered if the proposed agreement is adopted rather than the bill.

Submitted

A handwritten signature in cursive script that reads "DeGolyer and MacNaughton". The signature is written in dark ink and is centered on the page.

DeGolyer and MacNaughton