

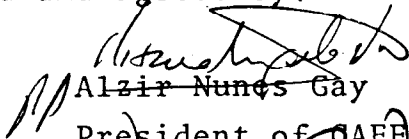
for the development of technology utilizing the site of the Triunfo coal deposits in Rio Grande do Sul

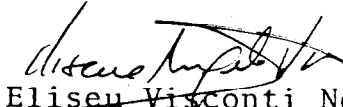
Between: Companhia Auxiliar de Empresas Elétricas Brasileiras
- CAEEB

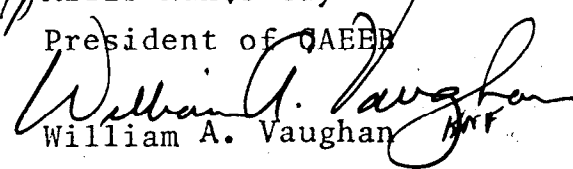
Branch of the Ministry of Mines and Energy
Government of the Federative Republic of Brazil

and The Department of Energy - DOE
United States of America

Signed and agreed by:


Alzir Nunes Gay
President of CAEEB



Eliseu Visconti Neto
Director of CAEEB

and 
William A. Vaughan
Assistant Secretary for Fossil Energy of DOE

The United States of America and The Federative Republic of Brazil having agreed to consult on matters of common interest including energy technology and whereas a number of proposed activities were agreed to by a Joint Group on Energy Technology (JGET) in 1976 and reaffirmed in 1978.

This Memorandum of Understanding continues the spirit of co-operation reflected in the JGET agreed to activities and the Memorandum of Understanding of April 12, 1983, and whereas the Government of Brazil intends to proceed with the development of a coal gasification project utilizing the site at Triunfo in Rio Grande do Sul to produce synthetic gas and other fuels to assist in achieving the goal of oil import substitution.

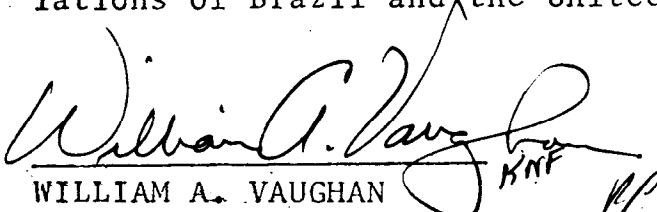
It is agreed that:

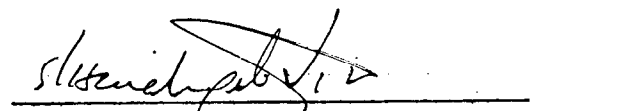
 Companhia Auxiliar de Empresas Elétricas Brasileiras-CAEEB will coordinate activities and maintain auditorial control over the project.

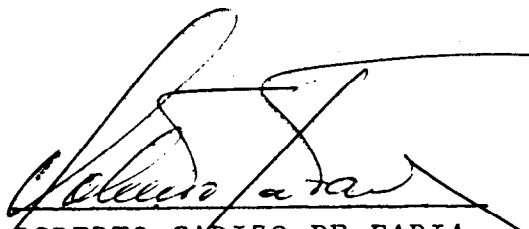
Companhia de Pesquisas e Lavras Minerais - COPELMI has been chosen by the Brazilian Government as its representative to enter into contracts with U.S. and Brazilian firms for the purpose of undertaking this project.

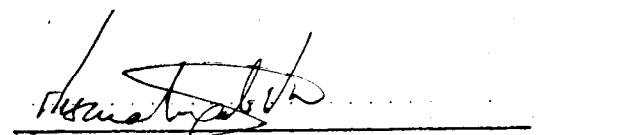
Companhia Auxiliar de Empresas Elétricas Brasileiras - CAEEB and the U.S. Department of Energy will work together in joint collaboration and with exchange of nonproprietary information to apply the latest state of the art technology and equipment to the development of the Triunfo project to produce synthetic gas and other related byproducts.

Discussions will take place immediately between officials of CAEEB and the DOE to execute an Agreement setting forth the specific terms and conditions for cooperation in the development of underground coal gasification technology utilizing a site for test designated by CAEEB's designated representative after consultation with DOE and CAEEB. In the interim, CAEEB and the DOE will exchange nonproprietary information relating to underground coal gasification in accordance with the laws and regulations of Brazil and the United States of America.


WILLIAM A. VAUGHAN
Assistant Secretary for
Fossil Energy of DOE


ALZIR NUNES GAY
President
Cia. Auxiliar de Empresas Elé-
tricas Brasileiras - CAEEB


ROBERTO GABIZO DE FARIA
President
Cia. de Pesquisas e Lavras
Minerais - COPELMI


ELISEU VISCONTI NETO
Director
Cia. Auxiliar de Empresas Elé-
tricas Brasileiras - CAEEB