

ANNEX III

TO THE PROTOCOL FOR COOPERATION IN THE FIELD OF FOSSIL ENERGY
TECHNOLOGY DEVELOPMENT AND UTILIZATION
BETWEEN
THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF SCIENCE AND TECHNOLOGY
OF THE PEOPLE'S REPUBLIC OF CHINA

FOR COOPERATION IN THE AREAS OF
OIL AND GAS

The Department of Energy of the United States of America (DOE), and the Ministry of Science and Technology (MOST) and the China Petroleum and Chemical Industries Association (CPCIA) of the People's Republic of China (PRC), hereinafter referred to as the "Parties":

Noting the Agreement between the Government of the United States of America and the Government of the PRC on Cooperation in Science and Technology signed January 31, 1979, as amended and extended, hereinafter referred to as the "Umbrella Agreement";

Noting that under the Umbrella Agreement DOE and MOST signed a Protocol for Cooperation in the Field of Fossil Energy Technology Development and Utilization on April 20, 2000, hereinafter referred to as the "Protocol;"

Noting that Article 2 of the Protocol identifies a number of areas for potential cooperation in the field of fossil energy technology development and utilization, and noting that Article 7 of the Protocol provides that DOE and MOST may invite other organizations to participate in cooperative activities under the Protocol; and

Desiring to establish cooperation between agencies in the United States and in the PRC for oil and gas;

Have agreed as follows:

ARTICLE I
OBJECTIVES

1. This Annex is subject to the terms and conditions of the Umbrella Agreement and the Protocol. In the event of any conflict between the terms and conditions of the Umbrella Agreement or the Protocol and this Annex, the Umbrella Agreement and the Protocol shall govern.

2. The objective of this Annex is to promote scientific and technological cooperation between the parties in the field of oil and gas, particularly activities related to research, development, and technology transfer.

ARTICLE 2 AREAS OF COOPERATION

Cooperation under this Annex may include, but is not limited to, the following areas:

1. Exploration Technology and Methodology (for example: seismic, logging, reservoir characterization)
2. Development and Production Technology (for example: advanced secondary recovery, infill drilling, recompletion, enhanced oil production, heavy oil production, offshore), and Technologies of Coalbed methane Development (on resource assessment, drilling, fracturing, production and technical standards)
3. Transportation and Storage Technology (for example: infrastructure)
4. Environmental Technology
5. Computer Technology (for example: simulation and modeling, and new software)

Other areas may be added by written agreement of the Parties.

ARTICLE 3 PARTICIPATING ORGANIZATIONS

1. The principal organization in the United States responsible for conducting the cooperative activities under this Annex shall be DOE.
2. The principal organizations in the PRC responsible for conducting the cooperative activities under this Annex shall be CPCIA.
3. By written agreement of DOE and CPCIA, other government agencies and organizations may be invited to become signatories to this Annex. Each such additional signatory will sign and date a signature page that shall be attached to this Annex as an amendment. The date of signature shall be the effective date of eligibility for participating in cooperative activities under the Annex.

ARTICLE 4
FORMS OF COOPERATION

Cooperative activities undertaken pursuant to this Annex may include any of those forms listed in Article 3 of the Protocol. DOE and MOST shall agree, in advance, in writing, to any new areas of cooperation not identified in the Protocol.

ARTICLE 5
MANAGEMENT

Each Party to the Annex shall designate an Annex Coordinator to oversee all related activities under it. In addition to overseeing all related activities, the Annex Coordinators shall be responsible for proposing to the Permanent Coordinating Group under the Protocol, future program opportunities with a view to maximizing the mutual benefits of cooperation. An Annex Coordination Meeting shall be held at a mutually agreed site, preferably annually. Individual tasks under the Annex shall have a Task Coordinator from each of the signatory organizations participating in the task, to manage specific cooperative activities initiated under it, and to establish and maintain working contacts at the staff level.

ARTICLE 6
COSTS AND TECHNICAL SCOPE

Except when otherwise specifically agreed by the Task participants in writing in each joint task, all costs, including travel and lodging expenses, resulting from cooperation under this Annex shall be borne by the Task participant that incurs them. The implementation of this Annex by way of joint tasks is subject to the availability of appropriated funds and personnel, and subject to applicable laws and regulations of the countries of the Parties. Joint tasks shall, as appropriate, cover such things as exchange of proprietary information, management, total costs, cost sharing, and schedule, and any undertakings, obligations or conditions necessary to the proposed task.

ARTICLE 7
ENTRY INTO FORCE, AMENDMENT, AND TERMINATION

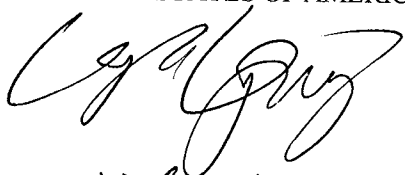
- A. This Annex shall enter into force upon signature by all Parties and remain in force for five (5) years or until termination of the Protocol, whichever occurs first. This Annex may be amended or extended by written agreement of the Parties, so long as the Protocol remains in force.

- B. At the discretion of each Party, its participation in this Annex may be terminated upon six (6) months advance notice in writing to the other Parties.

SIGNED in duplicate in the English and Chinese languages, both texts being equally authentic.

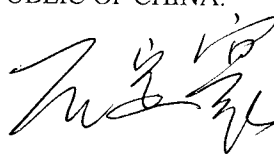
PERMANENT COORDINATING GROUP CO-CHAIRMEN:

FOR THE DEPARTMENT OF ENERGY
OF THE UNITED STATES OF AMERICA:



Date: 12/07/00

FOR THE MINISTRY OF SCIENCE AND
TECHNOLOGY OF THE PEOPLE'S
REPUBLIC OF CHINA:



Date:

2000. 12. 7.

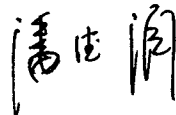
ANNEX III COORDINATORS:

FOR THE DEPARTMENT OF ENERGY
OF THE UNITED STATES OF AMERICA:



Date: 12/7/00

FOR THE CHINA PETROLEUM AND
CHEMICAL INDUSTRIES ASSOCIATION
OF THE PEOPLE'S REPUBLIC OF
CHINA:



Date:

2001. 1. 10.