

TRANSCRIPTION

Place to your knowledge that in Session N° 07- 2010, carried out the fifteenth of April 2010, the Board adopted the following Board Agreement:

APPROVE “PROCEDURE AND INDICATORS FOR QUALIFICATION FOR OIL COMPANIES”

BOARD AGREEMENT N° 048- 2010

San Borja, 15th April, 2010

Having regard to the Memorandum No. EXPL-0139-2010, the ninth of April 2010, which seeks approval of the Procedure and Indicators for the Qualification for Oil Companies, and

Considering:

That, Article 11° of the Sole Consolidated Text of Law No. 26221, Organic Hydrocarbons Law, approved by Supreme Decree 042-2005-EM, provides that the Contracts referred to in Article 10° of the Law, be held, at the discretion of the Contracting Party, after direct negotiation or by calling

That, by Board Agreement N° 110-2006 of December 5th, 2006, approved the "Procedure and Indicator for Qualification for Oil Companies and the Bidding Round"; whose indicators for the Bidding Round, were modified by the Board Agreement No. 042-2008 of April 17th, 2008, which approved the Terms for the Bidding Round 2008;

That, PERUPETRO S.A., requires having a new Qualification Procedure and Indicators, consistent with the provisions of the Rules of Qualification of Oil Companies, approved by Supreme Decree N° 030-2004-EM, which establishes the procedure for qualification, herein after, will apply to Oil Companies that apply for their Qualification for the purpose of celebrating Contracts for Hydrocarbon Exploration and/or Exploitation;

That, likewise, requires parameters and minimum technical, economic and business indicators, that PERUPETRO S.A. will use at the beginning of a Qualification Process for Call, enabling it to carry out an objective Qualification, in relation to the minimum specifications required to the Oil Companies that apply for Qualification;

That, by Memorandum N° GGRL-011-2010 of March 5th, 2010, the Committee appointed to carry out the Bidding Terms and other complementary documents, in order to set up the Bidding Round 2010, the selection of interested Oil Companies in carry out hydrocarbon exploration and exploitation activities, who has developed a Project entitled "Procedure and Indicators for Qualification of Oil Companies", in order to which the same Committee has issued of the Technical-Legal Report N° EXPL-LEGL-137-2010, in concludes that the “Procedure and Indicators for the Qualification of Oil Companies”, will permit to evaluate the interested companies in investment in Hydrocarbon Exploration and Exploitation, as well as the selection of Companies and Consortia, in competitive process, establishing the minimum indicators in order to the MWP (Minimum Work Program) in each block, and Bidding Rounds, related to the average of the MWP of the blocks included in each process;

In accordance with Article 44° of PERUPETRO S.A. Bylaws;

The Board of Directors unanimously;

AGREED:

1. To approve the "Procedure and Indicators for the Qualification for Oil Companies", which text and Appendix, are attached to this Agreement and forms an integral part thereof.
2. To rescind the Board Agreement No. 110-2006 of December 5th, 2006.
3. To entrust Administration the compliance of this Board Agreement.
4. To exempt this Board Agreement the process of reading and approval of Minutes.

What I transcribe to you for your understanding and other purposes.

San Borja, April 15th, 2010

DANIEL SABA DE ANDREA
CHAIRMAN OF THE BOARD
PERUPETRO S.A.

JOSE ENRIQUE VERDEGUER HERRERA
Secretario General (e)

**PROCEDURE AND INDICATORS FOR THE
QUALIFICATION OF OIL COMPANIES**

APRIL - 2010

PROCEDURE AND INDICATORS FOR THE QUALIFICATION FOR OIL COMPANIES

1. OBJECT

This document sets out the procedure to be used for the qualification of Oil Companies (hereinafter OC), in accordance with the Regulation of Qualification of Oil Companies approved by D.S. N° 030-2004-EM, hereinafter Regulation of Qualification.

2. GENERAL PRINCIPLES

2.1. The Qualification is done in order to determine whether the OC is suitable to develop in Exploration and/or Exploitation of Hydrocarbons activities in the country, under the procedures set out in Art. 1º, letter b. of the Regulation of Qualification:

- License Contracts for the Hydrocarbons Exploration and Exploitation or Exploitation.
- Service Contracts for Hydrocarbons Exploration and Exploitation or Exploitation.
- Other methods of contracts authorized by the Ministry of Energy and Mines, which are approved pursuant to Article 10º of the Sole Consolidated Text of the Organic Hydrocarbons Law, Law N° 26221, approved by Supreme Decree 042-2005-EM.
- Agreements of Technical Evaluation.

2.2. These Contracts and Agreements may be concluded only with suitably qualified OC, after negotiating directly or call.

2.3. In case of Consortia, the documentation must be submitted by each of the OC(2), so that PERUPETRO S.A. (hereinafter PERUPETRO) proceeds with the evaluation of the documentation referred to in article 9º of the Regulation of Qualification.

2.4. The qualification of the OC will be awarded to their parent company or corporation, in accordance with the provisions of Article 3º of the Regulation of Qualification.

2.5. The translation referred to in Article 8º of the Regulation of Qualification, must be made by an official translator registered in the Translators' Association of Peru and must include the translation of the Financial Statements and notes thereof.

2.6. With regard to the information referred to in letter d. of article 5º of the Regulation of Qualification, Financial Statements to be submitted by the OC shall be audited by an auditing firm. In addition, the Annual Report must be approved by its General Meeting of Shareholders or equivalent.

¹ Oil Company (OC): Any natural or legal person, national or foreign, which has developed or who can accredit capacity to carry out hydrocarbons exploration and exploitation or exploitation activities; counts in its organization managerial expertise personnel and experience professional in geology, geochemistry, geophysics, production, reservoir, drilling and other fields specific to this industry, depending on the orientation

of the company or project to be developed. Are also included natural or legal persons, national or foreign, that apply their Qualification to celebrate Evaluation Agreements.

- 2.7. The indicators to be assessed are technical, economic and financial. Failure to comply the OC with the standards required by the indicators, the process of evaluation will be considered terminated and the General Manager, will notify to the applicant OC.
- 2.8. Before starting any contracting process, PERUPETRO will issue a technical report on the prospectively features of the Block, location, size and Minimum Work Program (hereafter MWP).
- 2.9. The proposed MWP PERUPETRO will consist:
 - In negotiation: the minimum level of work that PERUPETRO expects to obtain in the negotiation process.
 - In call: the minimum level of work that PERUPETRO expects to obtain for each Block, if the MWP is subject to tender or, failing that, the MWP set to the Block.

The MWP will be valued by PERUPETRO and the economic-financial indicator will be calculated on that basis.

The valuation of the MWP will be made according to the following:

- 2D Seismic (US\$ per km)
- 3D Seismic (US\$ per km)
- Exploratory Wells (US\$ per meter, according to a scale depending on the depth to reach the well, per each 1,000 meters drilled.)
- Development Wells (US\$ per meter, according to a scale depending on the depth to reach the well, per each 1,000 meters drilled.)

3. PROCEDURE

- 3.1. The OC must show its legal representative(s) in the presence of PERUPETRO for the purposes of the presentation of documentation, by letter according to model in APPENDIX I, attaching a certified copy of their National Identity Document, Alien Card and/or Passport. The legal representative(s) shall point domicile in Peru and will be the one valid negotiator(s) of the OC to PERUPETRO.
- 3.2. The qualification procedure begins with the submission of an application of the OC to PERUPETRO, expressing their willingness to participate in a contracting process, or to associate with an Oil Company that has an existing contract, in which will declare, moreover, the express submission of the OC to the content of this procedure, according to APPENDIX II form. To that application, be accompanied by the documents specified in the Regulation of Qualification.

4. INDICATORS

The OC must meet two (2) technical indicators as set out in tables N° 1 or N° 2, as appropriate, and has a contracting capacity equal or higher than the minimum contracting capacity in the economic-financial aspect.

4.1. OC WITH EXPERIENCE:

It is all OC stating at least two (2) years of experience in implementing operations of Hydrocarbons exploration and exploitation or exploitation. Additionally, it must meet the following technical indicators.

4.1.1 Technical Indicators

Table N° 1	
Minimum Technical Capacity in the case of Contracts for Hydrocarbons Exploration and Exploitation	
INDICATOR	Works for each Block
A) Exploratory Wells drilled (1)	N° of exploratory wells accumulated until the 3° Period of the MWP of the Block.
B) 2D Seismic Lines registered (1)(2)	N° of km seismic accumulated until the 3° Period of MWP of the Block.

(1) Information from the sum of the activities carried out in the five (5) last years..

(2) The equivalence of 2D Seismic related to 3D Seismic is 3 x 1.

The maximum number of Exploratory Wells and seismic lines that the OC may prove will be less or equal to the experience in such activities carried out in the five (5) last years.

Table N° 2		
Minimum Technical Capacity in the case of Contracts for Hydrocarbons Exploitation		
INDICATOR	Onshore	Skirting board (6)
A) Production(1)	To have produced at least, the Block average production during the five (5) last years.	To have produced, at least, the Block average production during the five (5) last years.
B) Exploratory Wells drilled (2)	To have drilled, at least, the number of Exploratory Wells contained in the MWP for the Block.	To have drilled, at least, the number of Exploratory Wells contained in the MWP for the Block.
C) 2D Seismic Lines registered (2)(3)	To have registered, at least, the km of seismic lines contained in the MWP for the Block.	To have registered, at least, the km of seismic lines contained in the MWP for the Block.
D) Develop Wells drilled (2)	To have drilled, at least, the number of Develop Wells contained in the MWP for the Block.	To have drilled, at least, the number of Develop Wells contained in the MWP for the Block.
E) Proved reserves of hydrocarbons (in millions of equivalent barrels, MMBOE) (4) (5)	To have under operation, at least, proved reserves of hydrocarbons of the Block.	To have under operation, at least, proved reserves of hydrocarbons of Block.

(1) OC average production registered in the two last years.

- (2) Information of the sum of the activities carried out in the five (5) last years.
- (3) The equivalence of 2D Seismic related to 3D Seismic is 3 x 1.
- (4) For purposes of conversion, therefore, conversion ratio of BOE of 6000 cubic feet of natural gas.
- (5) Information of the proven reserves at the end of the last year.
- (6) In case of Blocks offshore must prove technical expertise in offshore operations.

The Minimum Technical Capacity is determined according to the MWP established by the Exploration Management prior to the start of the negotiations or the invitation. In the latter case, the minimum requirements will be set under the average of the MWPs obtained of the group of blocks to be incorporated in the Bidding Round.

In the case of contracts of exploitation will be defined each time the minimum indicators of production and proven reserves for each Block.

In assessing an OC as operator of a Contract, the referred OC must have experience as an operator of oil blocks of at least two (2) years during the last (5) years. For the purpose, the OC of offshore operators blocks must have such experience in offshore blocks, while the OC onshore operator blocks must have such experience in onshore blocks.

In the case of Technical Evaluation Agreements, the OC shall prove that in the last five (5) years has done work similar to those specified in the MWP established for the area.

4.1.2 Economic-Financial Capacity

The minimum contracting capacity for a Block, shall be calculated as the sum of the Initial Valorization of the MWP to the third period of each Block multiplied by a factor of 1.5. In the case of processes by call, the minimum requirements will be set for all the blocks to be incorporated in the Bidding Round obtained from the average of the minimum capacity of the blocks involved.

The contracting capacity of an OC, will be equal to the highest value obtained in one of the following three indicators:

- a) According to Equity: The OC will have a Contracting Capacity equal to fifty percent (50%) of the average net worth of the last two years, according to the following formula:

$$\text{Contracting Capacity} = 50\% \times \text{equity average of the last two years}$$

- b) According to Current Assets: The OC will have a contracting capacity equivalent to the average of current assets of the last two years, according to the following formula:

$$\text{Contracting Capacity} = \text{average of current assets of the last two years}$$

- c) According to Cash Flow: The OC will have a contracting capacity equivalent to the average of the cash flow of the operation of the last two years, according to the following formula:

Contracting Capacity = average of the cash flow of the operation of the last two years
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In the case of the Consortium, each OC will be evaluated individually and its contracting capacity will be weighted by the percentage of participation in the respective Consortium.

The contracting capacity of a OC or Consortium, according to the previous paragraphs and taking into account subsection 4.1.2, must be greater than or equal to the minimum contracting capacity required for each Block or group of Blocks, as appropriate in each case.

4.1.3 Acquisition of Net Values

For an OC, each of the Indicators included in Tables N° 1 and N° 2 must be obtained for each current contract (national and/or international) that the OC hold up to the last previous year in which the OC participates, weighted such gross indicators by the respective percentage of participation of the OC in each contract, in order to obtain the net values of each indicator.

In the case of Consortia, the Minimum Technical Capacity of the Consortium is derived as follows: each of the net indicators obtained from an individual way for each OC, is weighted by the respective percentage of participation of each OC in the Consortium.

4.2. OC WITH NO EXPERIENCE:

It is any OC that has two (2) years of experience in execution of exploration and exploitation of hydrocarbons operations.

The OC with no experience must attach a Partnership Commitment (according to **APPENDIX III**) with a technically trained operator, as mentioned in the Regulation of Qualification, article 6°, letter b.

5. QUALIFICATION PROCESS OF AN OC

5.1. EVALUATION OF THE DOCUMENTATION

5.1.1. From the MWPs established by PERUPETRO for each Block, determining the technical and economic-financial indicators that must be accredited in the process of evaluation of the documentation and qualification.

5.1.2. PERUPETRO will evaluate the OC in accordance with article 9° of the Regulation of Qualification.

5.1.3. The analysis and results of the evaluation of the information and documentation of the OC, will be allocated in a report, which will be risen to the General Management for its information.

5.1.4. PERUPETRO, within five (5) calendar days after issuance of the evaluation report, shall address a letter to the OC where it will be informed of the results of the evaluation of the documentation, as **APPENDIX IV**.

5.1.5. In case the OC presents the Challenge Appeal referred to in article 15° of the Regulation of Qualification, the Board of PERUPETRO

will resolve it within a maximum of twenty (20) days of receiving the appeal. In case the Board does not resolve within the time limit set, it will be deemed as denied.

5.2. ISSUANCE OF THE CERTIFICATE OF QUALIFICATION

5.2.2 The Certificate of Qualification will be issued once the legal, technical, economic and financial capacity of the OC has been evaluated positively by the respective Committee of PERUPETRO:

- In negotiation: before the start of negotiations, or
- On call: after that the OC has been selected to contract with PERUPETRO for a determined Block.

In both cases PERUPETRO will issue the Certificate of Qualification in the format shown in **APPENDIX V**.

APPENDIX I

**LETTER OF SUBMISSION OF THE LEGAL REPRESENTATIVE OF THE PARTICIPANT
OIL COMPANY**

(MODEL)

(Date)

Messrs.

PERUPETRO S.A.

Ref.:

Contracting process by (direct negotiation for the Block..... / call - indicate the process number)

Dear sirs :

Hereby we inform you that for the purposes of this (direct negotiation for the Block /call- indicates the process number) of the reference, our Legal Representative will be Mister identified with National Identity Card / Immigration Card / Passport N°, who, for purposes of the proceedings (direct negotiation for the Block /call - indicate the process number) declare he is duly authorized to act on behalf of our Company(ies) before PERUPETRO S.A., indicating residence in the Republic of Peru in the address.

Yours faithfully,

.....
Signature of Legal Representative of the company
Name and Seal of the Company

(Notarization)

APPENDIX II
LETTER OF INTENTION
(MODEL) (DELIVERY OF INFORMATION)

(Date)

Messrs.

PERUPETRO S.A.

Ref.:

Contracting process by (direct negotiation for the Block..... / call - indicate the process number)

Dear sirs,

Hereby we inform our interest in contracting by(direct negotiation for Block / call - indicate the process number), for which purpose we enclose the documentation to the start of the evaluation process and if it is in agreement, after qualification under the Regulation of Qualification, as an attached.

Likewise, the (company), that undersigned, is expressly stated its express submission to the Qualification Procedure for Oil Companies approved by the Board of Directors of PERUPETRO by Board Agreement N°.....dated in supplementing the Regulation of Qualification, a procedure that (the company that subscribes) declares to acknowledge.

Yours faithfully,

.....
Signature of Legal Representative of the company
Name and Seal of the Company

(Notarization)

APPENDIX III
**LETTER OF COMMITMENT OF ASSOCIATION WITH A TECHNICALLY TRAINED
OPERATOR**
(MODEL)

(Date)

Messrs.

PERUPETRO S.A.

Ref.:

Contracting process by (direct negotiation for the Block..... / call - indicate the process number)

Dear sirs,

Hereby we inform you that the companies that sign:

- (Name of the OC evaluated as technically trained operator) represented by (Legal Representative)
- (Name of the OC) represented by (Legal Representative)
- (Name of the OC) represented by (Legal Representative)
- (Additional OCs).

They undertake to enter into a formal partnership commitment by Notarial Instrument and present it to PERUPETRO before the submission of (Contract/Agreement for Hydrocarbons Exploration and Exploitation or Exploitation).

Yours faithfully,

.....
Signature(s) of Legal Representative(s) of the company (Consortium)
Name and Seal Company

(Notarization)

APPENDIX IV
LETTER OF EVALUATION OF DOCUMENTATION

Mister
(Legal Representative of the OC)
(Affiliated companies)
(Address)

Dear sir,

We write to you in response to your letter N° dated (day/month/year), referred to your Letter of Interest presented by (... OC), to celebrate (or take participation) in (Contracts/Agreement for Hydrocarbons Exploration and Exploitation and/or Exploitation).

PERUPETRO has evaluated and informs that the (Company) has been evaluated favourably for contracting (previous direct negotiation or call, individually or consortia) as follows: (Note: Include the relevant as appropriate, Contract of Exploration and Exploitation, Contract of Exploitation , Technical Evaluation Agreement, Direct Negotiation or Call.)

- The OC has proved drilling of Exploratory Wells, which (complies/does not comply) with the minimum indicator required.
- The OC has proved to carry out seismic activities for ...kms. of 2D¹ seismic, with which (complies/does not comply with the minimum indicator required.
- (If applicable) The OC is qualified as an operator in blocks located onshore and/or offshore.
- The OC has demonstrated a maximum contracting capacity of MMUS\$, therefore (complies/does not comply) with the minimum contracting capacity required (and may participate in the process - name and number of the process up to - n - Blocks).

As requested, (Parent Company), may participate in the contracting process¹, by (Affiliated company).

Yours faithfully,

.....
Signature of the General Manager of PERUPETRO
Name and Seal of PERUPETRO

¹ The equivalence of 2D Seismic related to 3D Seismic is 3 x 1.

¹ This information is valid while the OC keep participation percentages on an individual basis (100%) or remain accredited Consortium. In case of modification in the percentages of participation in the Consortium, there will be a new evaluation at the opportunity of proving the final composition of the Consortium.

APPENDIX V
CERTIFICATE OF QUALIFICATION

N°

The undersigned General Manager hereby **STATED**:

That PERUPETRO S.A. has evaluated the documentation submitted by the Company
NAME OF THE PARENT COMPANY....., having determined that it has the appropriate
legal, technical, economic and financial capacity to take ... (as Operator).....(by the:
NAME OF AFFILIATED COMPANY) thepercent(.....%)of the
Contract/Agreement for Hydrocarbons Exploration and
Exploitation (or Exploitation) in Block, once approved and signed and carrying
out exploration and exploitation of hydrocarbons activities in that Block.

As stated in Article 2° of the Regulation of Qualification of Oil Companies approved by
Supreme Decree N° 030-2004-EM, the granting of this Certificate of Qualification does not
generate any right on the Contract Area.

(Date)

.....
Signature of the General Manager of PERUPETRO
Name and Seal of PERUPETRO

Sign Legalized