

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
FRANCE**

Guarantee Agreement—*Pipeline Project* (with related letters and annexed Loan Regulations No. 4, Loan Agreement between the Bank and Société pétrolière de gérance and Companies Guarantee Agreement between the Bank and Société nationale de recherche et d'exploitation des pétroles en Algérie, Compagnie française des pétroles (Algérie) and Compagnie française des pétroles). Signed at Washington, on 10 December 1959

Official text: English.

Registered by the International Bank for Reconstruction and Development on 22 November 1960.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
FRANCE**

Contrat de garantie — *Projet relatif à un oléoduc* (avec lettres y relatives et, en annexe, le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et la Société pétrolière de gérance et le Contrat de garantie des sociétés entre la Banque et la Société nationale de recherche et d'exploitation des pétroles en Algérie, la Compagnie française des pétroles (Algérie) et la Compagnie française des pétroles). Signé à Washington, le 10 décembre 1959

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 22 novembre 1960.

No. 5464. GUARANTEE AGREEMENT¹ (*PIPELINE PROJECT*) BETWEEN THE REPUBLIC OF FRANCE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 10 DECEMBER 1959

AGREEMENT, dated December 10, 1959, between REPUBLIC OF FRANCE (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Société Pétrolière de Gérance, "SOPEG" (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifty million dollars (\$50,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01 The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 15 April 1960 in respect of "Tranche A" and on 16 May 1960 in respect of "Tranche B", upon notification by the Bank to the Government of France.

² See p. 336 of this volume.

³ See p. 328 of this volume.

⁴ See p. 356 of this volume.

Section 1.02. Whenever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created as security for any external debt of the Guarantor or if any lien shall be created by action of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased at the time of the purchase, solely as security for the payment of the purchase price of such property ;
- (b) any pledge in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purposes of this Section, the expression "debt of the Guarantor" shall include debt as to which the Guarantor has guaranteed payment and the term "Guarantor" as used in such expression shall include any territorial subdivision of Republic of France which has power to raise revenues by taxation and to charge any of its assets as security for external debt.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments made under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor covenants:

(a) that, as provided in articles 23 to 31 of the Oil Code, as presently in effect, it will, upon receipt of respective applications from CFP (A) and SN REPAL, promptly grant to CFP (A) and SN REPAL, respectively, concessions in respect of the Hassi-Messaoud oil field;

(b) that, subject to the provisions of articles 12 and 19 of the Oil Code, as presently in effect, it will maintain, and if necessary extend, the life of the temporary exploitation permits until such respective concessions shall have been granted to CFP (A) and SN REPAL; and

(c) that it will grant to the Borrower a port concession at the port of Bougie, as and when required for the purposes of the Project.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01 The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministère des Finances
Paris 1^{er}, France

Alternative address for cablegrams and radiograms :

Ministère Finance
Paris, France

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Ambassador of Republic of France and of the Community in Washington is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of France :

By Hervé ALPHAND
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 260, p. 376.*]

LETTERS RELATING TO THE GUARANTEE AGREEMENT

I

[TRANSLATION — TRADUCTION]

EMBASSY OF FRANCE TO THE UNITED STATES

Washington, 10 December 1959

Sir,

I refer to the Guarantee Agreement of today's date¹ between the Republic of France and the International Bank for Reconstruction and Development, guaranteeing the loan made by the Bank to the Société Pétrolière de Gérance (SOPEG).

The question has been raised of the extent to which the monetary reserves of France are covered by the "negative pledge clause" in section 3.01 of the Agreement.

It was explained to you at the time, and I confirm this by the present letter, that the gold holdings of the Exchange Stabilization Fund and the whole of the foreign currency reserves of France, with the exception of a very small amount covering current transactions, are either held by the Stabilization Fund itself or deposited by the Fund with the Bank of France, which then enters them in its balance-sheet under the heading "Funds available on demand for payments abroad". I take this opportunity of reminding you that the Exchange Stabilization Fund is independent of the Bank of France but is managed by it on behalf of the French Government. I also confirm to you that, unlike the gold which forms part of the Bank's cash holdings and which, in accordance with long-standing practice, can be transferred to the Stabilization Fund only under an agreement approved by the Parliament, the gold and foreign currencies credited to "Funds available on demand for payments abroad" can be released by the Bank of France without any special formalities.

It is, of course, the understanding of the French Government that the "negative pledge clause" in the above-mentioned Agreement applies to the whole of the gold and foreign currency holdings of the Stabilization Fund which, in case of need, can be reinforced by the withdrawal of the gold and foreign currencies in the account "Funds available on demand for payments abroad".

¹ See p. 320 of this volume.

The same would apply to any part of the gold coin and bullion held by the Bank of France which might have been transferred to the French Government or placed at its disposal by any means.

Your representatives also wished to know how the application of the clause referred to above might be affected by a decision taken on 12 June 1959 by the Executive Council of the Community, article 2 of which provides that "all public and private foreign currency resources shall be pooled in order to ensure, so far as possible, that the needs of the States are met".

The public foreign currency resources which are referred to in the decision, and to which the "negative pledge clause" applies, are those defined in the first part of this letter.

It should be noted that the Exchange Stabilization Fund, as already pointed out above, is a French Treasury Fund and is managed, on behalf of the French Government, by the Bank of France, which is the bank of issue of metropolitan France. The decision of 12 June 1959 legally invests the States of the Community, as successors to the former French overseas territories, with the power, which they always possessed in fact, of obtaining the foreign currencies they need. Under article 3 of the decision, the Minister for Currency and Joint Economic and Financial Policy is responsible for the allocation of foreign currencies. It is understood that, as a Minister of the Community, he remains under the obligation of honouring the "negative pledge clause" in the Guarantee Agreement concluded between the International Bank and France.

I confirm, therefore, that article 2 of the decision of 12 June in no way affects the manner in which the "negative pledge clause" is to apply to the French monetary reserves.

I have the honour to be, etc.

Hervé ALPHAND

Mr. Eugene Black
President of the International Bank
for Reconstruction and Development
Washington 25, D. C.

II

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

December 10, 1959

His Excellency Hervé Alphand
Ambassador of Republic of France and of the Community
Washington, D. C.

Dear Mr. Ambassador :

Reference is made to Section 3.01 of the Guarantee Agreement of even date herewith between the Republic of France and the International Bank for Reconstruction and Development.

This is to confirm our understanding that the phrase "if any lien shall be created by action of the Guarantor" in that section is not intended to include the case in which the only Government action involved is a permit or license granted under some control of general application (e. g. foreign exchange control), but is intended to cover the case in which the Government by affirmative action causes or participates in the creation of a lien.

If this conforms to your understanding of the matter, please sign the confirmation on the enclosed copy of this letter and return it to us.

Yours sincerely,

W. A. B. ILIFF

Confirmed:

Hervé ALPHAND

III

[TRANSLATION — TRADUCTION]

EMBASSY OF FRANCE TO THE UNITED STATES

Washington, 10 December 1959

Sir,

I refer to the Guarantee Agreement of today's date between the Republic of France and the International Bank for Reconstruction and Development, guaranteeing the loan made by the Bank to the Société Pétrolière de Gérance (SOPEG).¹

It has been asked what will be the terms of the agreement granting oilfield concessions to the Compagnie Française des Pétroles-Algérie (CFPA), the Société Nationale de Recherches et d'Exploitation de Pétrole en Algérie (SN REPAL) and, in respect of the transport of crude oil, the Société Pétrolière de Gérance (SOPEG).

It has been explained to you, and this letter will confirm, that the concession agreement cannot affect the rights which, by virtue of Ordonnance No. 58-1111 of 22 November 1958, are granted to persons discovering and exploiting oil deposits.

1. Article 23 of the ordonnance grants to the holders of search permits the sole right to obtain concessions of exploitable deposits discovered within the area of their permit during its period of validity. This applies to the two companies CFPA and SN REPAL, since there is no doubt that the Hassi Messaoud field is exploitable.

2. Under article 28 of the ordonnance the concessions are for a period of fifty years.

3. Article 42 of the ordonnance gives to concessionaries and to the holders of temporary exploitation permits—this being at the present time the case with the two companies referred to above—the right to transport, or to have transported by third parties or associates, the crude oil extracted from the field. Article 43 of the ordonnance also

¹ See p. 320 of this volume.

grants to the holders of the transport rights the option of transferring their rights to third parties on condition that such third parties fulfil the conditions required of the holders when the extraction rights were granted to them.

The transport rights and the transfer of those rights are noted and approved in the order approving the pipeline construction project, which also grants the transport authorization. The transport authorization was granted to SOPEG by inter-ministerial order of 26 November 1959.

4. Articles 70 and 80 of the ordonnance guarantee to the holders of search permits, temporary exploitation permits or oil concessions that the scale of taxation established by title V of the ordonnance may not be increased for a period of twenty-five years from the date on which a concession is granted ; in the case of CFPA and SN REPAL, however, the guarantee may not extend beyond 23 November 1988.

The terms of the concession agreement cannot be exactly stated, since it has not yet been adopted by the French Government, but it may be seen from article 26 of the ordonnance mentioned above that that instrument imposes restrictions on the clauses which the agreement may contain.

I confirm that the agreement will comprise two parts :

1. The first part will be based on a text, known as the "standard agreement", which is to be adopted by virtue of a decree and will state that its terms are in conformity with the rules laid down by the ordonnance. The decree will be issued by the Council of State ; in other words, it will be endorsed by the highest administrative authority.

The standard agreement, the terms of which are set forth in article 26, paragraphs 1 to 8 inclusive, of the ordonnance will apply to all concessions granted under the ordonnance. Any discriminatory treatment will therefore be impossible.

The standard agreement will set out the conditions in which the rules laid down by the ordonnance (paragraph 1) are to be applied and will specify how the guarantees given to concessionaries will be implemented in the event of any change in the laws or regulations governing the exploitation and transport of oil, the companies concerned and the rights of shareholders or associates of the concessionaries (paragraph 2).

The exploiting companies, on the other hand, will be required to guarantee to the Power granting the concessions, subject to the supervision of that Power, a certain degree of stability in their own organization and in any understandings, agreements or contracts which they may have made among themselves or with third parties (paragraph 3).

The standard agreement will also specify how the guarantees given to concessionaries will be implemented in the event of obligations being imposed on them because of general economic conditions, the desirability of promoting scientific discoveries in connexion with oil or efforts to obtain the maximum yield from the oilfields by the use of methods calculated to avoid losses of energy or of industrial products, including, in particular, the use of procedures to recover by-products (paragraphs 4, 5 and 6).

The standard agreement will, in addition, establish a conciliation procedure to facilitate the settlement of disputes which might arise in connexion with its application and will prescribe the penalties to be imposed for violations of its terms (paragraphs 7 and 8).

2. The second part will contain the "special conditions" applicable to each concession. Out of concern for avoiding discriminatory treatment between the exploiting companies, the legislator has limited the scope of these provisions as much as possible by enumerating them in a very restrictive manner in paragraph 9 of the above-mentioned article 26. The provisions in question either will have virtually no effect on the economic equilibrium of the companies (sub-paragraphs (a), (d), (e)) or will be accompanied by guarantees in respect of their possible economic effects (sub-paragraphs (b), (c)).

I have the honour to be, etc.

Hervé ALPHAND

Mr. Eugene Black
President of the International Bank
for Reconstruction and Development
Washington 25, D. C.

LOAN AGREEMENT

(PIPELINE PROJECT)

AGREEMENT, dated December 10, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SOCIÉTÉ PÉTROLIÈRE DE GÉRANCE, "SOPEG" (hereinafter called the Borrower), a company organized and existing under the laws of Republic of France.

WHEREAS (A) The Borrower is engaged in the carrying out of a Project for the construction and operation of a pipeline for the transport of crude oil from the Hassi-Messaoud field to the port of Bougie and has requested the Bank to assist in the financing of such Project ;

(B) Compagnie Française des Pétroles (Algérie) (hereinafter called CFP (A)) and Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie (hereinafter called SN REPAL), as of the date of this Agreement, each owns fifty per cent of the share capital of the Borrower ;

(C) Compagnie Française des Pétroles (hereinafter called CFP) owns, as of the date of this Agreement, eighty five per cent of the share capital of CFP (A) ;

(D) By Agreement of even date herewith between the Bank, on the one side, and CFP, CFP (A) and SN REPAL, on the other side, which agreement is hereinafter called

the Companies Guarantee Agreement,¹ CFP, CFP (A) and SN REPAL have undertaken certain obligations regarding the guarantee of the Loan on the terms set forth in such agreement ;

(E) By Agreement of even date herewith between Republic of France and the Bank, which agreement is hereinafter called the Republic of France Guarantee Agreement,² Republic of France has agreed to guarantee the Loan as to payment of principal, interest and other charges ;

WHEREAS the Bank has, on the basis of the foregoing, agreed to make a Loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3⁴ to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement, or any Schedule to this Agreement :

(a) The term "shareholders" shall mean collectively CFP (A) and SN REPAL and shall include any of their successors or assigns ;

(b) The term "temporary exploitation permits" shall mean the permits dated September 22, 1959 and due to expire on May 1, 1961, granted to CFP (A) and SN REPAL, respectively, for the exploitation of the Hassi-Messaoud oil field and shall include either one or both of such permits as the context may require and shall include renewals thereof or any permits supplemental thereto ;

(c) The term "Oil Code" shall mean collectively the Ordonnances Nos. 58.1111 and 58.1112 dated November 22, 1958, regulating the search for, and the conditions of exploitation and transport of, oil in and from the Sahara and all subsequent legislative, governmental and administrative acts taken or regulations issued for the implementation of said Oil Code ;

(d) The term "Transport Contract" shall mean the agreement dated November 23, 1959, between the Borrower, CFP (A) and SN REPAL for the transport of oil by the Borrower ;

(e) The term "Transport Authorization" shall mean the administrative decision dated November 26, 1959, authorizing the Borrower to transport oil through the pipeline from Hassi-Messaoud to the port of Bougie ;

¹ See p. 372 of this volume.

² See p. 320 of this volume.

³ See p. 328 of this volume.

⁴ See p. 356 of this volume.

(f) The term "Transfer Agreement" shall mean the agreement dated September 14, 1959, between the Borrower, CFP (A) and SN REPAL providing for the transfer to the Borrower of the ownership of the pipeline, lands, buildings and certain other properties and assets owned by CFP (A) and SN REPAL ;

(g) The term "Community" shall mean the Community set up by the French Constitution of October 4, 1958 ;

(h) The term "subsidiary" shall mean any corporation, at least a majority of the outstanding voting stock of which shall be owned, or which shall be effectively controlled, by the Borrower or by one or more subsidiaries of the Borrower or by the Borrower and one or more of its subsidiaries.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fifty million dollars (\$50,000,000), such amount being divided into two tranches, each in the equivalent of twenty-five million dollars (\$25,000,000), hereinafter called Tranche A and Tranche B, respectively.

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall make credits to the Loan Account as follows : (1) the amount of Tranche A, when the Loan Agreement shall have become effective in respect of Tranche A ; and (2) any amount or amounts under Tranche B with respect to which the Bank shall have approved, and on such date or dates on which the Bank shall have dispatched to the Borrower notice of its approval of : (i) arrangements made pursuant to Section 6.02 (b) hereof, or (ii) additional arrangements made by the Borrower for participations in the Loan, such arrangements to be made within five months after the date of this Agreement ;

(b) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account in dollars, or in such other currencies convertible into dollars as the Bank shall reasonably select, amounts which shall bear the same proportion to such amounts as shall have been expended by the Borrower for the construction of the Project as the aggregate amounts credited to the Loan Account, pursuant to paragraph (a) of this Section, shall bear to one hundred and two million dollars (\$102,000,000) ; provided, however, that except as shall be otherwise agreed between the Bank and the Borrower no withdrawals shall be made on account of expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue :

(a) in regard to Tranche A, from a date sixty days after the date of this Agreement ; and

(b) in regard to Tranche B, from the date, or several dates, on which the Loan Account shall be credited pursuant to Section 2.02 (a) hereof,

to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule I¹ to this Agreement.

Article III

BONDS

Section 3.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 3.02. The General Manager of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound business, technical and financial practices.

(b) The Borrower shall promptly furnish to the Bank any material modifications to the plans, specifications and construction schedules for the Project, in such detail as the Bank shall request.

(c) The Borrower shall maintain records adequate to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect the Project and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the operations and financial condition of the Borrower.

Section 4.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish

¹ See p. 354 of this volume.

to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 4.03. The Borrower shall duly perform its obligations under the Transport Authorization and the Transport Contract. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of either one of these instruments; provided, however, that this shall not be deemed to apply to waivers in the ordinary course of the Borrower's business which do not materially affect the rights and obligations of the Borrower under either one of such instruments.

Section 4.04. If the completion of the Project is hindered or delayed, or is threatened with hindrance or delay, because the funds available to the Borrower are inadequate to insure its completion, the Borrower shall promptly request its shareholders to provide the Borrower, or cause the Borrower to be provided promptly, with the necessary funds, as and when required, by means of payments for additional shares of capital stock issued by the Borrower or of advances in the form provided by Section 2.02 of the Companies Guarantee Agreement.

Section 4.05. The Borrower shall not repay the principal of, or pay interest on, any advances made to it by its shareholders, except on the terms and conditions set forth in Section 2.02 of the Companies Guarantee Agreement.

Section 4.06. The Borrower shall from time to time, as and when appropriate, take all steps necessary or desirable to enable it to obtain administrative approval of transport tariffs at such levels as shall provide to the Borrower revenues sufficient to cover operating costs, debt service, including service on the Loan, and profits, to the extent permitted by article 50 of the Oil Code, and to that end shall make such requests and take such action as shall be necessary or desirable for that purpose.

Section 4.07. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not amend its statutes.

Section 4.08. Except as the Bank shall otherwise agree, the Borrower shall not incur, guarantee or assume any indebtedness (other than advances as permitted by Section 2.02 of the Companies Guarantee Agreement) and shall not permit any subsidiary to incur, guarantee or assume any indebtedness, maturing by its terms more than one year after the date on which it is originally incurred, provided, however, that the foregoing provisions of this Section shall not apply to debt incurred, guaranteed or assumed in connection with projects or developments as to which the Borrower shall have given the Bank the satisfaction required by Section 4.14 hereof.

Section 4.09. The Borrower undertakes that, except as the Bank shall otherwise agree : (a) if the Borrower shall create any lien on any of its assets as security for any debt, such lien will equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect ; and (b) if any lien shall be created on any assets of the Borrower, other than under (a) above, as security for any debt, the Borrower shall forthwith grant to the Bank an equivalent lien satisfactory to the Bank ; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 4.10. Subject to such exemptions as shall be conferred by the provisions of Section 3.03 and Section 3.04 of the Republic of France Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of Republic of France or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreements or the Bonds, or the payment of principal, interest or other charges thereunder ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of Republic of France.

Section 4.11. The Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreements or the Bonds.

Section 4.12. Except as shall be otherwise agreed between the Bank and the Borrower :

(a) The Borrower shall insure or cause to be insured with responsible insurers all goods required for the construction of the Project. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of Republic of France and to the delivery thereof to the site of the Project, and shall be for such amounts as shall be consistent with sound business practice. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

(b) The Borrower shall, in addition to the insurance provided for in subparagraph (a) of this Section, take out or cause to be taken out, and maintain or cause to be maintained, with responsible insurers, such insurance against such risks and in such amounts as shall be consistent with sound business practice.

Section 4.13. Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, transfer or otherwise dispose of its property and assets or of the property included in the Project or any plant included therein, except in the ordinary course of business.

Section 4.14. Except as the Bank shall otherwise agree, before the Borrower shall undertake or execute, for its own account or for the account of any of its shareholders or of any third party or parties, any major projects or developments other than the Project, or make any investments not related to the Project, it shall first have satisfied the Bank that such action would not prejudice the interests of the Bank under this Agreement or the Guarantee Agreements or the Bonds; provided, however, that the Borrower may invest idle funds in securities readily convertible into cash.

Section 4.15. (a) The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank may otherwise agree, take all steps necessary to acquire, or to make effective arrangements satisfactory to the Bank to acquire, and to retain such lands, interests in land, properties and assets and to acquire, or to make effective arrangements satisfactory to the Bank to acquire, and to maintain and to renew such licenses, consents or other rights as may be necessary to enable it to construct and operate the Project and to carry on its business.

(b) The Borrower shall operate its undertaking and conduct its affairs in accordance with sound business and financial practices and shall operate, maintain, renew and repair its plants, machinery, equipment and property as required in accordance with sound engineering practices.

Section 4.16. The obligations of the Borrower expressed in this Article shall be applicable to any subsidiary of the Borrower as though such obligations were binding on any such subsidiary, and the Borrower shall cause any such subsidiary to carry out such obligations.

Article V

REMEDIES OF THE BANK

Section 5.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f), paragraph (i), paragraph (j), or paragraph (k) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) or paragraph (l) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement in respect of Tranche A, within the meaning of Section 9.01 (a) (ii) and Section 9.01 (b) (ii) of the Loan Regulations :

(a) The authorized capital of the Borrower shall have been duly and effectively increased to an amount of not less than French francs 12.5 billion and CFP (A) and SN REPAL shall each have duly and effectively subscribed and fully paid for new shares of capital in an amount not less than French francs 6,249,500,000 ;

(b) CFP (A) and SN REPAL shall have each made advances, on terms and conditions satisfactory to the Bank, to the Borrower in an amount of French francs 6.25 billion ;

(c) All such action, governmental, corporate or otherwise, shall have been taken and all such governmental consents shall have been obtained as may be required to make the Transport Contract valid and enforceable in accordance with its terms ;

(d) The Borrower shall have submitted, and the appropriate authority or authorities shall have stated that they have no objection to the rate proposed in, an application regarding transport tariffs in the terms expressed in Section 4.06 hereof.

Section 6.02. The following events are specified as additional conditions to the effectiveness of this Agreement, in respect of Tranche B, within the meaning of Section 9.01 (a) (ii) and Section 9.01 (b) (ii) of the Loan Regulations :

(a) The Loan Agreement shall have become effective in respect of Tranche A ;

(b) The Borrower shall have made arrangements satisfactory to the Bank for participations in the Loan by other investors in an aggregate principal amount not less than the equivalent of fifteen million dollars (\$15,000,000).

Section 6.03. The following are specified as additional matters within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank in respect of Tranche A :

(a) That the Borrower is duly organized and existing under the laws of Republic of France and has full power to own the properties and to carry on the business which it owns and carries on and proposes to own and carry on for the purpose of the Project ;

(b) That the authorized capital of the Borrower has been duly and effectively increased to the amount specified in Section 6.01 (a) and that CFP (A) and SN REPAL each have duly and effectively subscribed new shares of capital in the respective amount specified in Section 6.01 (a) ;

(c) That all such action, governmental, corporate or otherwise, and all such governmental consents, as may be necessary for the validity of the Transport Authorization

and the Transport Contract, have been duly and effectively taken or given by the Borrower, CFP (A), SN REPAL and by the appropriate authority or authorities, and that the Transport Authorization and the Transport Contract constitute valid and binding obligations of the Borrower, CFP (A), SN REPAL and of such authority or authorities in accordance with their respective terms ;

(d) That the statement or statements by the appropriate authority or authorities referred to in Section 6.01 (d) has or have been duly and validly given.

Section 6.04. (a) If all acts required to be performed pursuant to Section 9.01 of the Loan Regulations in respect of Tranche A shall not have been performed before a date 60 days after the date of this Agreement, the Bank may at any time thereafter at its option terminate this Agreement and the Guarantee Agreements by notice to the Borrower and the Guarantors. Upon the giving of such notice this Agreement and the Guarantee Agreements and all obligations of the parties under such Agreements shall forthwith terminate ;

(b) If all acts required to be performed pursuant to Section 9.01 of the Loan Regulations in respect of Tranche B shall not have been performed before a date five months after the date of this Agreement, the Bank may at any time thereafter at its option terminate this Agreement and the Guarantee Agreements by notice to the Borrower and the Guarantors, in respect of Tranche B. Upon the giving of such notice this Agreement and the Guarantee Agreements and all obligations of the parties under such Agreements shall forthwith terminate in respect of Tranche B, but such termination shall not in any way limit or otherwise affect the rights of the parties under Tranche A.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be May 15, 1961.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Société Pétrolière de Gérance
64, Rue Pierre Charron
Paris VIII^e, France

Alternative address for cablegrams and radiograms :

SOPEG, Paris

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By W. A. B. ILIFF

Vice President

Société Pétrolière de Gérance :

By L. BOURDIN

Authorized Representative

SCHEDULE I

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
May 15, 1961	2,272,000	November 15, 1966 . .	2,273,000
November 15, 1961 . .	2,273,000	May 15, 1967	2,272,000
May 15, 1962	2,273,000	November 15, 1967 . .	2,273,000
November 15, 1962 . .	2,273,000	May 15, 1968	2,273,000
May 15, 1963	2,272,000	November 15, 1968 . .	2,273,000
November 15, 1963 . .	2,273,000	May 15, 1969	2,272,000
May 15, 1964	2,273,000	November 15, 1969 . .	2,273,000
November 15, 1964 . .	2,273,000	May 15, 1970	2,273,000
May 15, 1965	2,273,000	November 15, 1970 . .	2,273,000
November 15, 1965 . .	2,272,000	May 15, 1971	2,272,000
May 15, 1966	2,273,000	November 15, 1971 . .	2,273,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

*Time of Prepayment or Redemption**Premium*

Not more than 3 years before maturity	1½ %
More than 3 years but not more than 5 years before maturity	2 %
More than 5 years but not more than 8 years before maturity	3 ½ %
More than 8 years but not more than 10 years before maturity	5 %
More than 10 years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the construction and operation by the Borrower of a pipeline about 660 km. long for the transport of crude oil from the Hassi-Messaoud field to the port of Bougie, with a design capacity of 14 million tons annually, including four pumping stations and necessary storage and loading facilities at Bougie. Housing, power generation, repair, storage and other facilities will be provided as, when and where required.

It is expected that the Project will be completed to allow operation up to a capacity of about 9 million tons annually by June 1960 and that installations to permit operation up to full design capacity will be completed by about the middle of 1961.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, shall be deemed to be modified as follows :

(a) By the deletion (except in Schedules 1 and 2) of : (i) the words "Guarantor" and "Guarantee Agreement" wherever the same shall occur and the substitution therefor respectively of the words "Guarantors" and "Guarantee Agreements". Whenever the context shall require there shall be made all such grammatical changes as shall be consequential upon the aforesaid deletions and substitutions ; and (ii) paragraph 5 of Section 10.01 and the substitution therefor of the following new paragraph, namely :

"5. The term "Republic of France Guarantee Agreement" means the Agreement between Republic of France and the Bank providing for the guarantee of the Loan.

"The term "Companies Guarantee Agreement" means the agreement between the Bank, on the one side, and SN REPAL, CFP (A) and CFP, on the other side, providing for certain obligations regarding the guarantee of the Loan.

"The term "Guarantee Agreements" means the Republic of France Guarantee Agreement and the Companies Guarantee Agreement and includes either one or both of such agreements, as the context may require, and includes all agreements supplemental, and all schedules, thereto, respectively.

"The term "Guarantors" means Republic of France, SN REPAL, CFP (A) and CFP and includes any or all of them, as the context may require."

(b) By the deletion of Sections 2.01 and 2.02, the first two sentences of Section 3.01, Sections 4.01, 4.02, 5.04 and paragraph 11 of Section 10.01.

(c) By the deletion of Section 4.03 and the substitution therefor of the following new Section, namely :

"SECTION 4.03. *Applications for withdrawals.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form as the Bank shall reasonably request."

(d) By the deletion of subparagraphs (i) and (j) of Section 5.02 and the substitution therefor and the addition thereto of the following new subparagraphs, namely :

"(i) The Community shall have taken any action which would prevent, or materially interfere with, the successful construction or operation of the Project or the performance by the Borrower of its obligations contained in the Loan Agreement or the performance by the Guarantors of their respective obligations under the Guarantee Agreements ;

"(j) Any action for the amendment, suspension or termination of the Transportation Authorization, the Transport Contract, the temporary exploitation permits (other than as a consequence of the granting of related concessions) or the concessions shall have been taken by any one of the parties thereto ;

"(k) A default shall have occurred in any payment required under the Companies Guarantee Agreement ;

"(l) A default shall have occurred in the performance of any other covenant or agreement on the part of any of the Guarantors under the Companies Guarantee Agreement ;

"(m) After the date of the Loan Agreement and prior to the Effective Date in respect of Tranche A, any action shall have been taken which would have constituted a violation of any covenant contained in the Loan Agreement or Guarantee Agreements if the Loan Agreement and the Guarantee Agreements had been effective on the date such action was taken."

(e) By the addition to Section 5.03, at the beginning thereof, of the following new sentence, namely :

"To the extent that any part of the Loan shall not have been credited to the Loan Account as provided in Section 2.02 of the Loan Agreement, such part of the Loan shall, upon notice by the Bank to the Borrower, be cancelled."

(f) By the deletion of Section 7.02 and the substitution therefor of the following new Section, namely :

"SECTION 7.02. *Obligations of Republic of France.* The obligations of Republic of France under the Republic of France Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower, or SN REPAL, or CFP (A), or CFP, or to any prior notice to, or demand upon any of the said Guarantors with regard to any default by any other

Guarantor or by the Borrower, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to any of the Guarantors or to the Borrower ; any assertion of, failure to assert or delay in asserting, any right, power or remedy against any of the Guarantors or the Borrower, or in respect of any security for the Loan ; any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreements, or any document related to the Loan contemplated by the respective terms thereof ; any failure of the Borrower to comply with any requirement of any law, regulation or order of Republic of France or of any political subdivision or agency of Republic of France."

(g) By the deletion of Section 7.04 and the substitution therefor of the following new Section, namely :

"SECTION 7.04. *Arbitration.* (a) Any controversy between the Bank, on the one side, and any other party or parties to the Loan Agreement or the Guarantee Agreements, on the other side, and any claim by the Bank against any such other party or parties or any claim by any such other party or parties against the Bank arising under the Loan Agreement, the Guarantee Agreements or the Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

"(b) The parties to such arbitration shall be the Bank, on the one side, and the Borrower and the Guarantors, on the other side.

"(c) The Arbitral Tribunal shall consist of five arbitrators appointed as follows : two arbitrators shall be appointed by the Bank ; the third arbitrator shall be appointed by the Borrower and SN REPAL, CFP (A) and CFP or, if they shall not agree, by the Borrower ; the fourth arbitrator shall be appointed by Republic of France ; and the fifth arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If any party shall fail to appoint an arbitrator as provided above, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

"(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration and the nature of the relief sought. Within 30 days after the giving of such notice, each side shall notify the other side of the arbitrators appointed by it.

"(e) If, within 60 days after the giving of such notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

"(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

"(g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

"(h) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Loan Agreement and the Guarantee Agreements. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

"(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Bank, the Borrower and each Guarantor shall each defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided and borne equally between the Bank on the one side and the Borrower and Guarantors on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

"(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the determination of the controversies or claims described in paragraph (a) above.

"(k) If, within 30 days after counterparts of the award shall be delivered to the parties, the award shall not be complied with, any party may enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party, may enforce such judgment by execution or may pursue any other appropriate remedy against such other party for the enforcement of the award, the provisions of the Loan Agreement or the Bonds. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment of enforcement of the award against Republic of France, except as such procedure may be available against Republic of France otherwise than by reason of the provisions of this Section.

"(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made upon the Bank, upon Republic of France (to the extent that such proceeding is available against Republic of France), upon the Borrower and upon any other Guarantor in the manner provided in Section 8.01. The parties to the Loan Agreement and the Guarantee Agreements waive any and all other requirements for the service of any such notice or process."

(h) By the addition in the fifth line of paragraph (b) of Section 9.01, before the word "governmental", of the words "corporate or".

(i) By the deletion of Section 9.03 and the substitution therefor of the following new Section, namely :

"SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and the Guarantee Agreements shall come into force and effect in respect of each Tranche of the Loan on the date upon which the Bank shall have dispatched to the Borrower and the Guarantors notice of its acceptance of the evidence required by Section 9.01 as to the Tranche in question."

(j) By the deletion of Section 9.04.

(k) By the deletion of paragraph 16 of Section 10.01 and the substitution therefor of the following paragraph :

"16. The term 'Effective Date' means, in respect of each Tranche of the Loan, the date or dates on which the Loan Agreement and the Guarantee Agreements, as to the Tranche in question, come into force and effect as provided in Section 9.03."

(l) By the deletion of Schedule 3 and the substitution therefor of the following new Schedule, namely :

"SCHEDULE 3

"(a) *Form of Republic of France Guarantee*

"Republic of France, for value received, as a primary obligor and not as a surety merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantees, and pledges its full faith and credit for, the due and punctual payment of the principal and premium on redemption of the within Bond and the interest thereon, free from taxes and restrictions as therein provided, prior notice to, demand upon or action against the obligor on said Bond or any other guarantor on this Bond or the undersigned being waived.

Republic of France :

Dated by

Authorized Representative

"(b) *Form of Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie Guarantee*

"Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie, for value received, as a primary obligor and not as a surety merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantees the due and punctual payment of the principal and premium on redemption of the

within Bond and the interest thereon, free from taxes and restrictions as therein provided, prior notice to, demand upon or action against the obligor on said Bond or any other guarantor on this Bond or the undersigned being waived ; provided, however, that the liability of the undersigned shall be limited to an amount equivalent to half of the principal amount of this Bond remaining outstanding and not paid by [the Borrower] on the date when this Bond shall be due and payable, together with one-half of the said premium, if any, and one-half of the interest, if any, thereon.

Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie :

Dated by

Authorized Representative

“(c) *Form of Compagnie Française des Pétroles (Algérie) and Compagnie Française des Pétroles Guarantee*

“Compagnie Française des Pétroles (Algérie) and Compagnie Française des Pétroles, jointly and severally, for value received, as primary obligors and not as sureties merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantee the due and punctual payment of the principal and premium on redemption of the within Bond and the interest thereon, free from taxes and restrictions as therein provided, prior notice to, demand upon or action against the obligors on said Bond or any other guarantor on this Bond or the undersigned being waived ; provided, however, that the liability of the undersigned shall be limited to an amount equivalent to half of the principal amount of this Bond remaining outstanding and not paid by [the Borrower] on the date when this Bond shall be due and payable, together with one-half of the said premium, if any, and one-half of the interest, if any, thereon.

Compagnie Française des Pétroles (Algérie) :

By

Authorized Representative

Compagnie Française des Pétroles :

Dated By

Authorized Representative”

LETTERS RELATING TO THE LOAN AGREEMENT

I

SOCIÉTÉ PÉTROLIÈRE DE GÉRANCE

International Bank for Reconstruction
and Development
Washington 25, D. C.

December 10, 1959

Gentlemen :

With reference to the Loan Agreement of even date¹ between us, I am writing to you on behalf of Société Pétrolière de Gérance (hereinafter called SOPEG) to reaffirm that in the event that the Bank shall request any Bonds, SOPEG, shall promptly upon the Bank's request, furnish to the Bank a supplemental opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank showing that such Bonds will constitute valid and binding obligations of SOPEG, Republic of France, Compagnie Française des Pétroles (Algérie), Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie and of Compagnie Française des Pétroles in accordance with their terms.

Very truly yours,

(Signed) [illegible]

II

[TRANSLATION — TRADUCTION]

DEPARTMENT OF FOREIGN FINANCE
MINISTRY OF FINANCE

017786
D.C.A./A-1 1104 C

Minister for Industry
Delegate-General of the Joint Organization of the Sahara Regions
to the President of the International Bank
for Reconstruction and Development

Paris, 26 November 1959

Sir,

Section 4.06 of the Loan Agreement between your Bank and SOPEG¹ provides that the borrower shall take all necessary steps to obtain administrative approval of transport tariffs at such levels as shall provide to the Borrower revenues sufficient to cover operating

¹ See p. 336 of this volume.

costs, debt service, including service on the Loan, and profits, to the extent permitted by article 50 of Ordonnance No. 58.1111 of 22 November 1958.

We wish to inform you that approval of the tariffs does not, under the said article 50, require any specific action by our administrative authorities and that it is the function of SOPEG to fix the tariffs in the first instance. Article 50 nevertheless gives our administrative authorities the right, in the circumstances specified in articles 74, 75 and 76 of Decree No. 59.1334 of 22 November 1959, to oppose the tariffs proposed by SOPEG or, if there is any considerable change in the constituent elements of the tariffs previously in force, to request that new tariffs be filed.

This letter will confirm that, in forming an opinion of the validity of the tariffs proposed by SOPEG, our administrative authorities will take into consideration the fact that the pipeline operated by SOPEG has been financed largely by your loan and that service on the loan entails a financial charge on the company.

We have the honour to be, etc.

For the Delegate-General
of the Joint Organization
of the Sahara Regions :

(Signed) [illegible]
Deputy Delegate-General

(Signed) [illegible]
Minister for Industry

III

[TRANSLATION — TRADUCTION]

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS TREASURY DEPARTMENT

B.
No. 17,410

Paris, 30 November 1959

Subject: Loan of \$50 million by the International Bank for Reconstruction and Development to the Société Pétrolière de Gérance (SOPEG)

Sir,

I have just been informed of the desire expressed by the Bank for an assurance from the Ministry of Finance that the equivalent in francs of \$25 million will be available to SOPEG should it not have been possible, within five months after the date of signature of the Loan Agreement, to make arrangements for participations amounting to \$25 million in the Bank's loan.

I have also been informed of the Bank's request that the conditions on which SOPEG obtains the equivalent of \$25 million should not jeopardize the borrower's capacity to repay the Bank.

In reply to that request, I have the honour to inform you that if, within five months after the date of signature of the Loan Agreement between the Bank and SOPEG, it has not been possible to make arrangements for participations amounting to \$25 million in the Bank's loan, I shall, if necessary, take all appropriate steps to ensure that the equivalent in francs of \$25 million is placed at the disposal of SOPEG before the expiry of that period on conditions which would not subject the borrower, during any one year, to total charges heavier than would have resulted from a loan for a similar amount from your institution.

In the event of arrangements having been made for participations amounting to less than \$25 million, the above undertaking would be valid for the difference between the amount of the participations actually arranged and \$25 million.

I have the honour to be, etc.

(Signed) Antoine PINAY

The President of the International Bank
for Reconstruction and Development
Washington 25, D. C., United States

COMPANIES GUARANTEE AGREEMENT (PIPELINE PROJECT)

AGREEMENT, dated December 10, 1959 between, on the one side, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and, on the other side, (i) SOCIÉTÉ NATIONALE DE RECHERCHE ET D'EXPLOITATION DES PÉTROLES EN ALGÉRIE (hereinafter called SN REPAL), and (ii) jointly and severally, COMPAGNIE FRANÇAISE DES PÉTROLES (ALGÉRIE) (hereinafter called CFP (A)) and COMPAGNIE FRANÇAISE DES PÉTROLES (hereinafter called CFP) ;

WHEREAS (A) By Agreement of even date herewith between the Bank and Société Pétrolière de Gérance, "SOPEG" (hereinafter called the Borrower) which agreement is hereinafter called the Loan Agreement,¹ the Bank has agreed to make a loan (hereinafter called the Loan) to the Borrower in various currencies in an amount equivalent to fifty million dollars (\$50,000,000) on the terms and conditions set forth in the Loan Agreement ;

(B) CFP (A) and SN REPAL, as of the date of this Agreement, each owns fifty per cent of the share capital of the Borrower ;

(C) CFP owns, as of the date of this Agreement, eighty-five per cent of the share capital of CFP (A) ;

¹ See p. 336 of this volume.

(D) SN REPAL, CFP (A) and CFP, in consideration of the Bank's entering into the Loan Agreement, have agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. Whenever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants or agreements in this Agreement contained :

- (a) SN REPAL, as a primary obligor and not as a surety merely, absolutely, unconditionally and independently of the obligations of any other Guarantor, guarantees the due and punctual payment of the principal of, and the interest and other charges on the Loan and the Bonds, all as set forth in the Loan Agreement and in the Bonds, provided, however, that the liability of SN REPAL under this paragraph (a) shall be limited to an amount equivalent to one-half of any amount due, outstanding and not paid by the Borrower under the Loan or the Bonds on any date on which such amount shall be due and payable.
- (b) CFP (A) and CFP, jointly and severally, as primary obligors and not as sureties merely, absolutely, unconditionally and independently of the obligations of any other Guarantor, guarantee the due and punctual payment of the principal of, and the interest and other charges on, the Loan and the Bonds, all as set forth in the Loan Agreement and in the Bonds, provided, however, that the liability of CFP (A) and CFP under this paragraph (b) shall be limited to an amount equivalent to one-half of any amount due, outstanding and not paid by the Borrower under the Loan or the Bonds on any date on which such amount shall be due and payable.

Section 2.02. (a) SN REPAL, on the one side, and CFP (A) and CFP, jointly and severally, on the other side, shall, in equal proportions, provide to the Borrower, or cause the Borrower to be provided with, promptly as and when required, any additional amounts necessary to complete the construction of the Project by means of payments in cash for additional shares of capital stock issued by the Borrower, or of advances.

(b) Any such advances, or any other advances made to the Borrower by its shareholders, shall be made pursuant to an agreement, satisfactory to the Bank, between the party or parties making the advance and the Borrower, which shall provide : (i) that so long as any part of the Loan or the Bonds shall remain outstanding and unpaid, any advances shall be subordinated and subject in right of payment to the prior payment in full of the principal and other amounts payable on the Loan, or the Bonds, upon any dissolution, winding-up, liquidation, any bankruptcy proceedings or upon any other marshaling of the assets and liabilities of the Borrower ; (ii) that interest thereon shall

be payable in any year only out of the amount which would constitute net income before taxes if no such interest were due or paid ; and (iii) that repayment of the principal thereof shall be payable only out of cash available after payment in full of any amount at the time due on the principal of the Loan or the Bonds.

Article III

Section 3.01. (a) SN REPAL and CFP (A) shall duly perform their respective obligations under the temporary exploitation permits ; shall until a concession shall have been granted to each of them, respectively, request in due course that the life of such respective permits be extended and shall promptly inform the Bank of the filing of any such request or the granting of any such extension ;

(b) SN REPAL and CFP (A) shall in due course, and in any case before the expiration of the original or extended term of the respective temporary exploitation permits, file respective applications requesting the appropriate authorities to grant to each of them concessions in respect of the Hassi-Messaoud oil field, as provided in the Oil Code, and shall promptly inform the Bank of the filing of any such application or the granting of any such concession ;

(c) Except as the Bank and SN REPAL and CFP (A) shall otherwise agree, SN REPAL and CFP (A) shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of any one of the permits or concessions referred to in the two foregoing paragraphs.

Section 3.02. (a) SN REPAL, CFP (A) and CFP shall give to the Bank such information as the Bank shall reasonably request relating to their ability to perform their respective obligations hereunder ;

(b) SN REPAL, CFP (A) and CFP shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the performance of their respective obligations hereunder ;

(c) If any condition interferes with, or threatens to interfere with, the service of the Loan by the Borrower, SN REPAL, CFP (A) and CFP shall promptly inform the Bank of such condition and of the steps taken, or proposed to be taken, by any or all of them to remedy such condition.

Section 3.03. Except as the Bank shall otherwise agree :

(a) SN REPAL and CFP (A) shall not, as long as any part of the Loan shall remain outstanding and unpaid, take any action, or sell, transfer or otherwise dispose of any substantial part of their respective holdings of the stock of the Borrower if as a result of any such action, or sale or other disposal, SN REPAL and CFP (A) would part with effective control of the Borrower ; and

(b) CFP shall not, as long as any part of the Loan shall remain outstanding and unpaid, take any action, or sell, transfer or otherwise dispose of any substantial part of its holdings of the stock of CFP (A) if as a result of any such action, or sale or other disposal, CFP would part with effective control of CFP (A).

Article IV

Section 4.01. SN REPAL, CFP (A) and CFP, as and when required to permit compliance by the Borrower with its obligations under the Loan Agreement, shall (i) endorse and duly execute their respective guarantees on the Bonds, and (ii) furnish such information to the Bank as may be required for purposes of Section 6.14 of the Loan Regulations.

Section 4.02. The obligations of each Guarantor under this Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or any other Guarantor or to any prior notice to or demand upon any Guarantor with regard to any default by any other Guarantor or by the Borrower, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to any Guarantor or to the Borrower ; any assertion of, or failure to assert or delay in asserting, any right, power or remedy against any Guarantor or the Borrower ; any modification or amplification of the provisions of the Loan Agreement or the Guarantee Agreements, or any document related to the Loan contemplated by the respective terms thereof ; any failure of the Borrower or SN REPAL, CFP (A) or CFP to comply with any requirement of any law, regulation or order of Republic of France or of any political subdivision or agency of Republic of France.

Section 4.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under the Loan Agreement or Guarantee Agreements upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default ; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 4.04. For the purposes of this Agreement, the provisions of Section 7.04 of Article VII, Article VIII and Article X of Loan Regulations No. 4 of the Bank are incorporated herein.

Section 4.05. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

(a) For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

(b) For SN REPAL :

Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie
105 Avenue Raymond Poincaré
Paris (16^e), France

Alternative address for cablegrams and radiograms :

Sonarepal
Paris

(c) For CFP (A) :

Compagnie Française des Pétroles (Algérie)
Rue du Sahara
Alger (8^e), Algeria

Alternative address for cablegrams and radiograms :

Petrocaise
Alger

(d) For CFP :

Compagnie Française des Pétroles
5, Rue Michel-Ange
Paris (16^e), France

Alternative address for cablegrams and radiograms :

Petrocaise
Paris

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie :

By R. GUIBAL
Authorized Representative

Compagnie Française des Pétroles (Algérie) :

By René BRION
Authorized Representative

Compagnie Française des Pétroles :

By F. BERBIGIER
Authorized Representative