

No. 7552

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

**Algeria Guarantee Agreement—*Liquefied Gas Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Compagnie algérienne du méthane liquide). Signed at Washington, on 14 May 1964**

*Official text : English.*

*Registered by the International Bank for Reconstruction and Development on 14 January 1965.*

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

**Contrat de garantie algérien — *Projet de liquéfaction de gaz* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Compagnie algérienne du méthane liquide). Signé à Washington, le 14 mai 1964**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 14 janvier 1965.*

No. 7552. ALGERIA GUARANTEE AGREEMENT<sup>1</sup> (*LIQUEFIED GAS PROJECT*) BETWEEN THE RÉPUBLIQUE ALGÉRIENNE DÉMOCRATIQUE ET POPULAIRE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 14 MAY 1964

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AGREEMENT, dated May 14, 1964, between RÉPUBLIQUE ALGÉRIENNE DÉMOCRATIQUE ET POPULAIRE (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 Compagnie Algérienne du Méthane Liquide, "CAMEL" (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty million five hundred thousand dollars (\$20,500,000), 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 loans 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 February 15, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> 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.

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<sup>1</sup> Came into force on 29 July 1964, upon notification by the Bank to the Government of Algeria.

<sup>2</sup> See p. 274 of this volume.

<sup>3</sup> See p. 302 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 intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* 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; 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; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Central Bank of Algeria or any institution performing the functions of a central bank.

*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 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 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, the Shareholders Guarantee Agreement,<sup>1</sup> the Assignment, the Mortgage and the Bonds shall be free from any taxes 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 that it will not take, cause or permit to be taken, any action which would prevent, or materially interfere with, the successful construction and operation of the Project or with the performance by the Borrower of its obligations contained in the Loan Agreement.

*Section 3.07.* The Guarantor shall cause the Port Authority of Oran-Arzew to complete construction of two breakwaters at the port of Arzew and to operate and maintain the port facilities and from time to time to make all necessary renewals and repairs thereof, all in accordance with sound engineering and port management standards and practices.

*Section 3.08.* If at any time the Guarantor shall, pursuant to the provisions of this Agreement, make any of the payments due under the Loan or the Bonds, the Guarantor shall, to the extent of any such payment, be subrogated to the rights of the Bank or any Bondholder with respect thereto.

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<sup>1</sup> See p. 316 of this volume.

*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 *Ministre de l'Économie Nationale* 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 de l'Économie Nationale  
Direction du Trésor et du Crédit  
Algiers, Algeria

Alternative address for cablegrams and radiograms :

Ministère de l'Économie Nationale  
Direction Trésor et Crédit  
Algiers, Algeria

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

*Section 5.02.* The Ambassador of the République Algérienne Démocratique et Populaire to the United States of America 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.

République Algérienne Démocratique et Populaire :

By Cherif GUELLAL  
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS  
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

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

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT

(LIQUEFIED GAS PROJECT)

AGREEMENT, dated May 14, 1964, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and COMPAGNIE ALGÉRIENNE DU MÉTHANE LIQUIDE, "CAMEL" (hereinafter called the Borrower), a company existing under the laws of the Republic of France.

WHEREAS (A) The Borrower is engaged in the carrying out of a Project for the construction and operation of a natural gas liquefaction plant at the port of Arzew, Algeria, and has requested the Bank to assist in the financing of such project by making the Loan as hereinafter provided ;

(B) By Agreement dated July 12, 1963, the Caisse d'Équipement pour le Développement de l'Algérie (hereinafter called CEDA) has agreed to make a loan (hereinafter called the CEDA Loan) to the Borrower in an amount of French francs forty million, such agreement being hereinafter called the CEDA Loan Agreement ;

(C) By Agreement of even date herewith between the Bank, on the one side, and shareholders of the Borrower, on the other side, which agreement is hereinafter called the Shareholders Guarantee Agreement,<sup>1</sup> such shareholders have undertaken certain obligations regarding the guarantee of the Loan on the terms set forth in such agreement ;

<sup>1</sup> See p. 316 of this volume.

(D) By Agreement of even date herewith between the République Algérienne Démocratique et Populaire (hereinafter called the Republic of Algeria) and the Bank, which agreement is hereinafter called the Algeria Guarantee Agreement,<sup>1</sup> the Republic of Algeria has agreed to guarantee the Loan as to payment of principal, interest and other charges ;

WHEREAS the Bank, on the basis of the foregoing, has 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 February 15, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> 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 as the context otherwise requires, the following terms have the following meanings wherever used in this Loan Agreement :

(a) The term "shareholders" shall mean collectively the shareholders of the Borrower parties to the Shareholders Guarantee Agreement and shall include any of their successors or assigns ;

(b) The term "Purchase Contract" shall mean the contract dated December 12, 1961, between the Borrower and Société Commerciale du Méthane Saharien, "COMES" (hereinafter called COMES), for the purchase of natural gas ;

(c) The term "FOB Sale Contract" shall mean the contract dated December 12, 1961, for the sale of liquefied gas by the Borrower to British Methane Limited ;

(d) The term "Processing Protocol" shall mean the protocol dated March 8, 1962 (as amended by a supplemental protocol dated May 8, 1962) between the Borrower and Société d'Exploitation des Hydrocarbures d'Hassi R'Mel, "SEHR" (hereinafter called SEHR) ;

(e) The term "Construction Permit" shall mean the « *arrêté* » No. 63-2, dated May 2, 1963, authorizing the Borrower to construct a liquefaction plant at Arzew ;

(f) The term "Concession" shall mean the concession dated April 9, 1964, to the Borrower by the Port Authority of Oran-Arzew ;

(g) The term "Assignment" shall mean collectively the assignment (hereinafter called the CEDA assignment) of the FOB Sale Contract dated August 12, 1963, made in favor of CEDA pursuant to the provisions of Article 11 of the CEDA Loan Agreement, and the assignment in favor of the Bank and of the holders from time to time of the Loan

<sup>1</sup> See p. 266 of this volume.

<sup>2</sup> See p. 274 of this volume.

<sup>3</sup> See p. 302 of this volume.

and the Bonds pursuant to the provisions of Section 5.10 of this Agreement, and shall include all instruments supplemental or additional thereto or in substitution therefor ;

(h) The term "Mortgage" shall mean collectively any and all security instruments created in favor of CEDA pursuant to the provisions of Article 10 of the CEDA Loan Agreement and in favor of the Bank and of the holders from time to time of the Loan and the Bonds pursuant to the provisions of Section 5.12 of this Agreement, and shall include all instruments supplemental or additional thereto or in substitution therefor ;

(i) The term "Representative" shall mean the agent appointed pursuant to the provisions of Article 10 and Article 12 of the CEDA Loan Agreement and the provisions of Section 5.14 of this Agreement, and shall include any successor agent or agents ;

(j) The term "subsidiary" shall mean any corporation of which at least a majority of the outstanding voting stock 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 ; and

(k) The term "net working capital" shall mean the excess of current assets over current liabilities. For the purposes of this definition, (i) the term "current assets" shall mean cash and assets readily convertible into cash and all other assets which would in the ordinary course of the Borrower's business be converted within one year into cash or assets readily convertible into cash (excluding, however, spare parts) ; and (ii) the term "current liabilities" shall mean liabilities due and payable and all other liabilities, including payments of principal falling due on debt, which would become payable or could be called for payment within one year and accrued interest.

## 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 twenty million five hundred thousand dollars (\$20,500,000).

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The Borrower shall be entitled, subject to the provisions of the Loan Regulations and of this Agreement, to withdraw from the Loan Account such amounts as shall have been expended for the reasonable cost of goods to be financed under this Agreement and, if the Bank shall so agree, such amounts as shall be required to meet the reasonable cost of such goods ; provided, however, that, except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to March 1, 1963, or (b) expenditures in the currency of the Republic of Algeria or for goods produced in (including services supplied from) the territories of said Republic or (c) expen-



ditures in the territories of any country which is not a member of the Bank (other than Switzerland) 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.

*Section 2.04.* The Borrower shall pay interest at the rate of five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.07.* Subject to the provisions of Section 2.08 of this Agreement, the Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

*Section 2.08.* (a) If in any year ending December 31 the net income, after taxes, of the Borrower shall exceed 10% of its paid-up capital stock, the Borrower shall, on the next first payment date, apply an amount equivalent to 40% of any such excess, divided equally between the Bank and CEDA to the repayment in advance of maturity of the principal amount (including premium, if any) of the Loan and of the CEDA Loan, at the time outstanding and unpaid; provided, however, that: (i) if compliance with the provisions of this Section would reduce the net working capital of the Borrower below a level satisfactory to the Bank, the percentage hereinabove set forth would be decreased to the extent necessary to avoid any such reduction; and (ii) no repayment of the principal amount (including premium, if any) of the Loan shall be made of the amount so repayable would be less than the equivalent of one thousand dollars.

(b) Except as the Bank and the Borrower shall otherwise agree, any repayment made pursuant to paragraph (a) of this Section shall be applied to the last maturity of the principal amount of any portions of the Loan then outstanding and unpaid and retained by the Bank for its own account.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and

<sup>1</sup> See p. 300 of this volume.

the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

*Section 3.02.* The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Republic of Algeria and there to be used exclusively in the carrying out of the Project.

#### *Article IV*

##### BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The Président Directeur Général 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.

*Section 4.03.* The Bank and the Borrower shall be at liberty to make such arrangements as they may from time to time mutually agree as to the procedure for the issue, authentication and delivery of the Bonds and such arrangements may be in addition to or in substitution for any of the provisions of this Agreement or of the Loan Regulations.

#### *Article V*

##### PARTICULAR COVENANTS

*Section 5.01.* (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 furnish to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

*Section 5.02.* The Borrower shall at all times conduct its business and operations with experienced and competent management and maintain its financial position in accordance with sound business and financial practices.

*Section 5.03.* (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods

financed out of such proceeds, the Project, and the administration, operations and financial condition of the Borrower.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

*Section 5.04.* The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, 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; and shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents.

*Section 5.05.* The Borrower shall duly perform its obligations under the Purchase Contract, the FOB Sale Contract, the Processing Protocol, the Construction Permit and the Concession. 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 any of such 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 any of such instruments.

*Section 5.06.* If the funds available to the Borrower are inadequate to ensure the completion of the Project and the provision of initial working capital satisfactory to the Bank, the Borrower shall promptly request its shareholders to provide it, or cause it to be provided promptly, with the necessary funds, as and when required, by means of advances, or of payments in cash for additional shares of capital stock issued by the Borrower.

*Section 5.07.* (a) Any advance required to be made to the Borrower by its shareholders after the date of this Agreement pursuant to the provisions of Section 5.06 of this Agreement, 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, except as the Bank shall otherwise agree: (i) that so long as any part of the Loan or the Bonds shall remain outstanding and unpaid, any such 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 no repayment of the principal thereof shall be made if such repayment would (a) reduce the net working capital of the Borrower below a level satisfactory to the Bank or (b) result (together with any such repayments previously made) in a greater proportion

of such advances being repaid than the proportion of the principal amount of the Loan and the Bonds which shall have theretofore been repaid.

(b) The Borrower shall make arrangements, in form and substance satisfactory to the Bank, with the shareholders which shall provide that advances heretofore made by the shareholders shall be repaid only on the terms and conditions set forth in this Section.

(c) The Borrower shall not make any payment to its shareholders in respect of any such advances in excess of the amount or before the time provided for in the agreement and arrangements referred to in paragraphs (a) and (b) of this Section.

*Section 5.08.* The Borrower shall not (i) except as the Bank shall otherwise agree, acquire any shares of its capital stock for cash ; or (ii) declare or pay any dividends or make any distribution, on any shares of its capital stock if any such declaration, payment or distribution would reduce the net working capital of the Borrower below a level satisfactory to the Bank.

*Section 5.09.* Except as the Bank shall otherwise agree, the Borrower shall not incur, guarantee or assume any indebtedness (other than advances required to be made pursuant to Section 5.06 of this 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.

*Section 5.10.* (a) As security for the due payment of the principal of, interest, premium, if any, on prepayment or redemption, and other charges on the Loan and the Bonds the Borrower shall, as soon as possible after the date of this Agreement, take all such action and execute and deliver such instrument or instruments in form and substance satisfactory to the Bank as shall be necessary to constitute in favor of the Bank and of the holders from time to time of the Loan and the Bonds an assignment (*délégation*) of any and all rights to and claims for payments from British Methane Limited which the Borrower now has or may hereafter acquire under the FOB Sale Contract.

(b) The Borrower shall take all such steps and execute and deliver all such documents as the Bank may from time to time reasonably request or as may be from time to time required in order to render or maintain the assignment made pursuant to paragraph (a) of this Section valid and enforceable.

(c) Such assignment shall rank *pari passu* in all respects with the CEDA assignment.

*Section 5.11.* (a) The Borrower shall make arrangements satisfactory to the Bank for the direct payment by British Methane Limited into such account or accounts as the Bank shall designate from time to time, on demand (or in the event that CEDA shall make any demand for payment under the CEDA assignment, immediately upon such demand), of all the sums payable (as the same shall become due and payable) by British Methane Limited and assigned in Section 5.10 of this Agreement.

(b) No demand shall be made by the Bank pursuant to the arrangements herein referred to before a default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or the Bonds and such default shall have continued for a period of fifteen days.

(c) As soon as practicable after any of the payments provided for in paragraph (a) of this Section shall have been made, and to the extent necessary to obtain the currency or currencies due and payable under the Loan and the Bonds, the Bank shall convert the proceeds thereof into such currency or currencies and shall apply them as follows :

- (A) To the ratable payment of interest and other charges on the Loan and the Bonds that may be due and remain unpaid ;
- (B) Thereafter to the ratable payment of, or on account of, the unpaid principal (including premium, if any) of the Loan and the Bonds.

Provided, however, that if the Bank shall be of the opinion that the security constituted hereunder may prove deficient, payments may be made on account of principal (including premium, if any) before the interest or the whole of the interest on the Loan and the Bonds has been paid off. Such alteration in the order of payment of principal (and premiums, if any) and interest shall not prejudice the rights of the holders of the Loan and the Bonds to receive the full amount to which they would have been entitled if the ordinary order of payment had been observed or any less amount which the sum ultimately realized from the security may be sufficient to pay.

(d) Pending application under paragraph (c) of this Section the Bank may at its discretion invest or otherwise hold such funds for the purpose for which they were received in such manner as it shall determine. Any amounts received by the Bank in connection herewith shall be added to the account or accounts. When the entire principal amount of the Loan and the Bonds (including premiums, if any) and all interest and other charges which shall have accrued on the Loan and the Bonds shall have been paid, the Bank shall pay any balance remaining in the account or accounts to, or on the order of, the Borrower.

(e) The Bank shall not be liable to the Borrower or to any Bondholder for any action taken or omitted to be taken by it in good faith in its administration of the account or accounts.

(f) The Borrower's obligations under the Loan or the Bonds shall not be impaired or deemed to be satisfied by any payment made under the provisions of this Section, except to the extent and at the time that such payment shall result in the effective payment of the Loan and the Bonds in the currency or currencies payable thereunder.

*Section 5.12.* (a) Promptly upon request from the Bank, or in the event that CEDA shall exercise its rights under the provisions of Article 10 of the CEDA Loan Agreement, the Borrower shall take all such action and execute and deliver such instrument or instruments in form and substance satisfactory to the Bank as shall be necessary

to constitute in favor of the Bank and of the holders from time to time of the Loan and the Bonds a *hypothèque* and *nantissement de fonds de commerce* of the first grade in accordance with the laws of the Republic of Algeria on the immovable and movable properties set forth in Article 10 of the CEDA Loan Agreement.

(b) The Borrower shall take all such action and execute and deliver all such instruments as the Bank may from time to time reasonably request or as may be from time to time required in order to render or maintain the *hypothèque* and *nantissement de fonds de commerce* valid and enforceable first liens.

(c) The Borrower shall duly record, register and file and re-record, re-register and re-file the *hypothèque* and *nantissement de fonds de commerce* in every jurisdiction for which the Bank may from time to time request any such recordation, registration or filing or where such recordation, registration or filing may be necessary or desirable in order to render or maintain the *hypothèque* and *nantissement de fonds de commerce* valid and enforceable first liens. The Bank shall have the right to record and re-record the *hypothèque* and *nantissement de fonds de commerce* in the appropriate register or registers at any time after the execution and delivery of the *hypothèque* and *nantissement de fonds de commerce*.

(d) Upon the taking of any action and the execution and delivery of any instrument pursuant to paragraphs (a), (b) and (c) of this Section, the Borrower shall promptly at the Bank's request furnish to the Bank an opinion or opinions of counsel acceptable to the Bank that the *hypothèque* and *nantissement de fonds de commerce* have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and that each of them has been duly recorded, registered and filed and constitutes a valid and enforceable first lien in accordance with its terms.

(e) The *hypothèque* and *nantissement de fonds de commerce* shall rank *pari passu* in all respects with the liens which may be created under the CEDA Loan Agreement in favor of CEDA as security for the CEDA Loan; express mention to that effect shall be made in any register in which the same shall be recorded, registered and filed.

*Section 5.13.* The Assignment and the Mortgage shall equally and ratably secure the Bonds which shall have been executed and delivered, the portion of the Loan not evidenced by Bonds outstanding and the portion of the CEDA Loan outstanding.

*Section 5.14.* The Borrower agrees to the appointment, at any time, by the Bank and CEDA, pursuant to arrangements between them, of a Representative who shall have the exclusive rights, on terms provided in the appointment, to represent the holders from time to time of the Loan and the Bonds and CEDA in all matters relating to or arising out of the Assignment or the Mortgage or the enforcement of any rights thereunder. The terms of appointment of the Representative shall include provisions entitling the Representative to take action under the Assignment or the Mortgage. The cost and fees of the Representative shall be paid by the Borrower.

*Section 5.15.* 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 the Republic of Algeria and to the delivery thereof to the site of the Project, and shall be for such amounts as shall be consistent with sound commercial practice. Except as the Bank shall otherwise agree, such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in dollars.

(b) In addition, except as the Bank may otherwise agree, the Borrower shall take out and maintain, with responsible insurers, or make other adequate provisions for, insurance against such risks and in such amounts as shall be consistent with sound industrial and business practice.

*Section 5.16.* Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, transfer or otherwise dispose of any of its property and assets necessary for the proper and efficient operation of its business or of the property included in the Project, except in the ordinary course of business.

*Section 5.17.* (a) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not amend its statutes.

(b) The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations ; shall, except as the Bank may otherwise agree, take all steps necessary to acquire, or make effective arrangements satisfactory to the Bank to acquire, and retain such lands, interests in land, properties and assets, and to acquire, or make effective arrangements satisfactory to the Bank to acquire, and maintain and renew such licenses, consents or other rights, as may be necessary or proper for the construction and operation of the Project and the conduct of its business ; and shall operate, maintain, renew and repair its plants, machinery, equipment and property as required in accordance with sound technical practices.

*Section 5.18.* 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.

*Section 5.19.* Subject to such exemptions as shall be conferred by Sections 3.03 and 3.04 of the Algeria Guarantee Agreement, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Republic of Algeria or laws in effect in the territories of the Republic of Algeria on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreements, the Assignment, the Mortgage 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 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 the Republic of Algeria.

*Section 5.20.* The Borrower shall pay or cause to be paid all taxes, 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, the Assignment, the Mortgage or the Bonds.

*Section 5.21.* The Borrower shall have its annual financial statements (balance sheet and profit and loss statement) audited by an independent accountant or accounting firm acceptable to the Bank, whose name shall be notified by the Borrower to the Republic of Algeria and the shareholders.

#### Article VI

##### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (j) of Section 5.02 of the Loan Regulations or Section 6.02 hereof shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) 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.

*Section 6.02.* The Bank may exercise the option provided in Section 6.01 of this Agreement, or suspend or terminate in whole or in part, the right of the Borrower to make withdrawals from the Loan Account, on the terms and conditions specified in Sections 5.02 and 5.03 of the Loan Regulations, if :

- (a) the Guarantor or any other authority having jurisdiction shall have taken any action for : (i) the dissolution or disestablishment of the Borrower ; (ii) the suspension of all or any substantial part of its operations ; or (iii) the acquisition of the ownership, possession or control of any of its property and assets necessary for the proper and efficient operation of its business, or of the effective control of its management ; or
- (b) by action of the Guarantor or of any other authority having jurisdiction, the Concession shall be amended, suspended or terminated without the approval of the Bank.

#### Article VII

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations, namely :

- (a) That the Borrower shall have made, and British Methane Limited shall have approved, the Assignment ;



(b) That all such action, governmental, corporate or other, shall have been taken and all such governmental consents shall have been obtained as may be required to make the Construction Permit and the Concession valid and enforceable in accordance with their respective terms and to enable the Borrower to acquire such lands, interests in land and properties and other rights as may be needed for the Project ;

(c) That the CEDA Loan Agreement shall have become effective in accordance with its terms ;

(d) That the arrangements referred to in Section 5.07 (b) of this Agreement shall have been made ; and

(e) That the Borrower shall have certified in writing to the Bank that, as of a date to be agreed between the Bank and the Borrower (which shall be prior to the Effective Date), there has been no material adverse change in its condition since the date of this Agreement.

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely :

(a) That the FOB Sale Contract has been duly authorized or ratified by, and executed and delivered on behalf of, British-Methane Limited and the Borrower and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms ;

(b) That the Assignment, and the approval thereof by British Methane Limited, have been duly authorized or ratified, and executed and delivered on behalf of, the Borrower and British Methane Limited, respectively, and constitute valid and binding obligations of the Borrower and of British Methane Limited in accordance with their respective terms ;

(c) That the governmental, corporate or other actions and consents referred to in Section 7.01 (b) of this Agreement have been validly taken or given, as the case may be, and that they have been duly authorized or ratified by the Borrower and by the appropriate authority or authorities and constitute valid and binding obligations of the Borrower and of such authority or authorities in accordance with their respective terms ;

(d) That the CEDA Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, CEDA and the Borrower and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms ;

(e) That the Purchase Contract has been duly authorized or ratified by, and executed and delivered on behalf of, COMES and the Borrower and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms ;

(f) That the Processing Protocol has been duly authorized or ratified by, and executed and delivered on behalf of, SEHR and the Borrower and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms ; and

(g) That the arrangements referred to in Section 5.07 (b) of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the Bor-

rower and the shareholders and constitute valid and binding obligations of each of the parties thereto in accordance with their respective terms.

*Section 7.03.* A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Article VIII*

MISCELLANEOUS

*Section 8.01.* The Closing Date shall be March 31, 1965.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Compagnie Algérienne du Méthane Liquide  
22 Place Vendôme  
Paris 1<sup>er</sup>, France

Alternative address for cablegrams and radiograms :

Methli  
Paris

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
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* George D. WOODS  
President

Compagnie Algérienne du Méthane Liquide :

*By* A. K. WINKLER  
Authorized Representative

## SCHEDULE 1

## 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, 1966 . . . . .	\$735,000	November 15, 1971 . . . . .	\$990,000
November 15, 1966 . . . . .	755,000	May 15, 1972 . . . . .	1,015,000
May 15, 1967 . . . . .	775,000	November 15, 1972 . . . . .	1,045,000
November 15, 1967 . . . . .	795,000	May 15, 1973 . . . . .	1,075,000
May 15, 1968 . . . . .	820,000	November 15, 1973 . . . . .	1,105,000
November 15, 1968 . . . . .	840,000	May 15, 1974 . . . . .	1,135,000
May 15, 1969 . . . . .	865,000	November 15, 1974 . . . . .	1,165,000
November 15, 1969 . . . . .	890,000	May 15, 1975 . . . . .	1,195,000
May 15, 1970 . . . . .	910,000	November 15, 1975 . . . . .	1,230,000
November 15, 1970 . . . . .	935,000	May 15, 1976 . . . . .	1,260,000
May 15, 1971 . . . . .	965,000		

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 (i) 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; or (ii) of any part of the principal amount of the Loan or of any Bond pursuant to Section 2.08 of this Agreement:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than two years before maturity . . . . .	½%
More than two years but not more than four years before maturity . . . . .	2%
More than four years but not more than eight years before maturity . . . . .	3½%
More than eight years but not more than ten years before maturity . . . . .	4½%
More than ten years before maturity . . . . .	5½%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of the construction and operation of a natural gas liquefaction plant and related facilities at the Port of Arzew, Algeria. The plant will process gas from the Hassi R'Mel gas field, is designed to produce 2.4 million cubic meters of liquid gas per year, and is expected to be completed by the end of 1964. The first deliveries of liquid gas are scheduled for July 1964.

The Project includes the following major works and installations:

- A. A liquefaction plant designed to operate in three parallel lines, each with a capacity of 800,000 cubic meters per year.

- B. A power plant with a capacity to produce 300 tons of steam per hour for driving the compressors in the liquefaction plant and to generate 10,600 KW of electric power to service the plant and other installations.
- C. Port facilities for the storage of 71,000 cubic meters of liquefied gas and for berthing and loading two 12,500 ton tankers.

### SCHEDULE 3

#### MODIFICATIONS OF LOAN REGULATIONS NO. 4

For the purpose of this Agreement the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 shall be deemed to be modified as follows :

(a) By the deletion in paragraphs (d) and (i) of Section 5.02, Sections 5.06 and 6.01, paragraph (b) of Section 6.12, Sections 6.14, 6.17, 6.18, 6.19, 7.01, 7.03, Articles VIII and IX, and paragraphs 14 and 17 of Section 10.01 of the words "Guarantor" and "Guarantee Agreement" 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.

(b) By the deletion in paragraphs (b), (g) and (h) of Section 5.02 and in paragraphs 7, 12 and 13 of Section 10.01 of the word "Guarantor" and the substitution therefor of the words "Republic of Algeria".

(c) By the deletion of paragraphs 5 and 6 of Section 10.01 and the substitution therefor of the following new paragraphs, namely :

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

"The term 'Shareholders Guarantee Agreement' means the agreement between the Bank, on the one side, and shareholders of the Borrower, on the other side, providing for certain obligations regarding the guarantee of the Loan.

"The term 'Guarantee Agreements' means the Republic of Algeria Guarantee Agreement and the Shareholders 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.

"6. The term 'Borrower' means the party to the Loan Agreement to which the Loan is made ; and the terms 'Guarantor' and 'Guarantors' mean Republic of Algeria and shareholders of the Borrower and include any or all of them, as the context may require."

(d) By the deletion of Section 4.01.

(e) By the deletion of paragraphs (c), (d) and (j) of Section 5.02 and the substitution therefor of the following new paragraphs, namely :

"(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or any of the Guarantors under the Loan Agreement, the Guarantee Agreements, the Assignment, the Mortgage or the Bonds.

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or any of the Guarantors will be able to perform their respective obligations under the Loan Agreement, the Guarantee Agreements or the Bonds.

“(f) Demand shall have been made for repayment in advance of maturity of any of the monies due under the CEDA Loan Agreement by reason of any default specified therein.”

(f) By the deletion of paragraph (f) of Section 5.02.

(g) By the deletion of the last four sentences of Section 6.07 and the substitution thereof of the following new sentences, namely :

“Registered Bonds payable in dollars shall be substantially in the form set forth in Schedule 1 to these Regulations subject, however, to such changes as shall be appropriate to make reference to the various obligations of the Guarantors, the Assignment and the Mortgage. Coupon Bonds payable in dollars and the coupons attached thereto shall be substantially in the forms set forth in Schedule 2, provided, however, that the form of Coupon Bonds in such Schedule 2 shall be amended as appropriate to make reference to the various obligations of the Guarantors, the Assignment and the Mortgage. The forms of guarantees to be endorsed by the Guarantors upon the Bonds shall be substantially as set forth in Schedule 3 to these Regulations. Bonds payable in any currency other than dollars and the guarantees endorsed thereon shall be substantially in the forms set forth in Schedules 1 and 3 or 2 and 3 (as the same shall be amended as hereinabove provided) to these Regulations, as the case may be, except that they shall (a) provide for payment of principal, interest and premium on redemption, if any, in such other currency, (b) provide for such place of payment as the Bank shall specify, and (c) contain such other modifications as the Bank shall reasonably request in order to conform to the laws or to the financial usage of the place where they are payable.”

(h) By the deletion of Section 7.02 and the substitution thereof of the following new Section, namely :

“SECTION 7.02. *Obligations of the Republic of Algeria.* The obligations of the Republic of Algeria under the Algeria 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 to any prior notice to, demand upon or action against any other Guarantor with regard to any default by the Borrower or by any other Guarantor, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or to any of the Guarantors ; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or any of the Guarantors or in respect of the Assignment or the Mortgage ; any modification or amplification of the provisions of the Loan Agreement, the Guarantee Agreements, the Assignment or the Mortgage, or any document related to the Loan contemplated by the respective terms thereof ; any failure of the Bor-

rower to comply with any requirement of any law, regulation or order of the Republic of Algeria or of any political subdivision or agency of the Republic of Algeria.”

(i) 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 three arbitrators appointed as follows : one arbitrator shall be appointed by the Bank ; a second arbitrator shall be appointed by the Borrower, the Republic of Algeria and the shareholders ; and the third 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 ; provided, however, that if the Borrower, the Republic of Algeria and the shareholders shall not agree on the appointment of a common arbitrator, they shall be entitled to appoint two arbitrators, as follows : one arbitrator shall be appointed by the Borrower and the shareholders or, if they shall not agree, by the Borrower, and the other arbitrator shall be appointed by the Republic of Algeria. In the event that the Borrower and the shareholders, on the one part, and the Republic of Algeria, on the other part, shall so appoint two separate arbitrators, the Bank, on its part, shall appoint two arbitrators, and the four arbitrators so appointed shall, together with the Umpire appointed as provided above, henceforth constitute the Arbitral Tribunal. 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 un 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 cost 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 procedure for the determination of the controversies or claims described in paragraph (a) above ; provided, however, that nothing herein shall be deemed to preclude any of the parties from exercising, or instituting any legal or equitable action to enforce, any right or claim arising out of or pursuant to the Assignment or the Mortgage, and submission to arbitration hereunder shall not be deemed to be a condition precedent or in any way to prejudice such exercise or other enforcement of any such right or claim.

“(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 or enforcement of the award against the Republic of Algeria except as such procedure may be available against the Republic of Algeria 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 the Borrower, upon the Republic of Algeria (to the extent that such proceeding is available against the Republic of Algeria) 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.”

(i)<sup>1</sup> By the addition in paragraph (b) of Section 9.01, after the word “governmental” of the word “or corporate”.

(j)<sup>1</sup> By the deletion of Schedule 3 and the substitution therefor of the following new Schedule, namely :

### “SCHEDULE 3

#### “(a) *Form of Republic of Algeria Guarantee*

“Republic of Algeria, for value received, as a primary obligor and not as 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 of 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.

République Algérienne Démocratique et Populaire :

By .....

Authorized Representative

Dated .....

#### “(b) *Form of Shareholder Guarantee*

“Subject to the provisions of Section 3.04 of an agreement dated ....., 1964 (called the Shareholders Guarantee Agreement) between International Bank for Reconstruction and Development, on the one side, and shareholders of [name of Borrower], on the other side, [name of shareholder] for value received, severally and not jointly with [names of other shareholders], as a primary obligor and not as a

<sup>1</sup> According to the information provided by the Bank, these sections should be numbered (j) and (k) respectively.



surety merely, hereby absolutely, unconditionally and independently of any other guarantee on this Bond, guarantees the due and punctual payment of the principal of 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 ..... per cent (...%) of the principal amount of the Bond remaining outstanding and unpaid on the date when this Bond shall be due and payable, together with ..... per cent (...%) of the said premium, if any, and ..... per cent (...%) of the interest, if any, thereon.

[NAME OF SHAREHOLDER]

By .....

Authorized Representative”

Dated .....

#### LETTERS RELATING TO THE LOAN AGREEMENT

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON, D.C. 20433

May 14, 1964

Compagnie Algérienne du Méthane Liquide  
22, Place Vendôme  
Paris I<sup>er</sup>, France

*Loan No. 378 AL (Liquefied Gas Project)*  
*Re : Net Working Capital*

Gentlemen :

Reference is made to the Loan Agreement (*Liquefied Gas Project*) of even date herewith<sup>1</sup> between us.

This is to confirm that we would consider as a satisfactory net working capital (as this term is defined in said Loan Agreement), a net working capital equivalent to two months' sales of liquefied gas based on the forecast sales for the year following the date on which the necessary determination would have to be made.

Very truly yours,

International Bank for Reconstruction  
and Development :

George D. Woods  
President

<sup>1</sup> See p. 274 of this volume.

COMPAGNIE ALGÉRIENNE DU MÉTHANE LIQUIDE  
22, PLACE VENDÔME  
PARIS

[TRANSLATION — TRADUCTION]

International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

Paris, 14 May 1964

3262

Re : *Premium on accelerated payments*

Gentlemen,

With reference to the Loan Agreement (*Liquefied Gas Project*) between us of today's date, we are writing you to confirm the following :

We understand that in the event of our repaying in advance of maturity, in conformity with Section 2.08 of the Loan Agreement, any portions of the loan still held by you for your own account, you will give favourable consideration, in the light of all the conditions existing at the time, to any request on our part for you to waive the appropriate premium payable under the terms of the said section.

We further understand that in the event of accelerated repayments made by us in conformity with Section 2.08 of the Loan Agreement, persons having purchased portions of the Loan from you may wish that part of the sums thus repaid in advance of maturity be allocated to the repayment in advance of maturity of the portions of the Loan held by them. We therefore agree, in conformity with the said Section 2.08, that at the time when you sell any portions of the Loan you should come to an understanding with the purchasers of the said portions that specified parts or percentages of any sum paid by us in conformity with the said Section 2.08 be allocated to the repayment of the said portions of the Loan and that, in such case, the said part or percentage of any sum so paid by us be allocated to the said repayment in advance of maturity and to the appropriate premium relating thereto.

Please confirm your agreement with the foregoing by signing the confirmation form on the copy of this letter and returning the same to us.

Accept, Sirs, the assurances of our highest consideration,

Compagnie Algérienne du Méthane Liquide :

By A. K. WINKLER  
Authorized representative

*Confirmed :*

International Bank for  
Reconstruction and Development :

By George D. Woods  
President

## SHAREHOLDERS GUARANTEE AGREEMENT

AGREEMENT, dated May 14, 1964, between, on the one side, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and, on the other side, (i) CONCH INTERNATIONAL METHANE LIMITED (hereinafter called CONCH) ; (ii) BUREAU DE RECHERCHES DE PÉTROLE (hereinafter called BRP) ; (iii) COMPAGNIE FRANÇAISE DES PÉTROLES (ALGÉRIE) (hereinafter called CFP (A)) ; and (iv) SOCIÉTÉ NATIONALE DE RECHERCHE ET D'EXPLOITATION DES PÉTROLES EN ALGÉRIE (hereinafter called SN REPAL) ;

WHEREAS (A) By Agreement of even date herewith between the Bank and Compagnie Algérienne du Méthane Liquide, "CAMEL" (hereinafter called the Borrower), which agreement, together with the schedules therein referred to, is hereinafter called the Loan Agreement,<sup>1</sup> the Bank has agreed to make a loan (hereinafter called the Loan) to the Borrower in various currencies in an amount equivalent to twenty million five hundred thousand dollars (\$20,500,000) on the terms and conditions set forth in the Loan Agreement ;

(B) The shareholders, 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 and the Loan Regulations<sup>1</sup> 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, each of the shareholders, severally and not jointly with the other shareholders, 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 interest and other charges on the Loan and the Bonds, all as set forth in the Loan Agreement and the Bonds, provided, however, that the liability of each of the shareholders under this Section shall be respectively limited to the following percentage of any amount due, outstanding and unpaid under the Loan or the Bonds on any date on which such amount shall be due and payable, namely :

CONCH . . . . .	50%
BRP . . . . .	10%
CFP(A) . . . . .	17%
SN REPAL . . . . .	23%

<sup>1</sup> See p. 274 of this volume.

*Section 2.02.* (a) Each of the shareholders shall, in proportion to its percentage as set forth in Section 2.01 hereof, promptly provide to the Borrower, or cause the Borrower to be provided promptly with, as and when required, by means of advances, or of payments in cash for additional shares of capital stock issued by the Borrower : (i) any additional funds necessary to complete the Project ; and (ii) any funds necessary to the provision of initial working capital satisfactory to the Bank.

(b) Any repayment of funds provided under paragraph (a) of this Section shall be made only on the terms and conditions set forth in Section 5.07 of the Loan Agreement.

### *Article III*

*Section 3.01.* Each of the shareholders shall give to the Bank such information as the Bank shall reasonably request relating to its ability to perform its obligations hereunder and shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the performance of such obligations.

*Section 3.02.* Each of the shareholders, as and when required to permit compliance by the Borrower with its obligations under the Loan Agreement, shall (i) endorse and duly execute its guarantee on the Bonds, and (ii) furnish such information to the Bank as may be required for the purposes of Section 6.14 of the Loan Regulations.

*Section 3.03.* The obligations of each shareholder 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 shareholder with regard to any default by the Borrower or by any other Guarantor or shareholder, and shall not be impaired by any of the following : any extension of time, forbearance or concession given to the Borrower or to any of the Guarantors or shareholders ; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or any of the Guarantors or shareholders or in respect of the Assignment or the Mortgage ; any modification or amplification of the provisions of the Loan Agreement, the Guarantee Agreements, the Assignment, the Mortgage 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 the Republic of Algeria or of any political subdivision or agency of the Republic of Algeria. No sale or transfer of any of the shares of stock of the Borrower made by any of the shareholders shall, unless the Bank shall otherwise agree, relieve such shareholder from its obligations hereunder.

*Section 3.04.* Notwithstanding the provisions of Sections 2.01, 2.02 and 3.03 of this Agreement :

(a) the obligations of the shareholders hereunder shall be suspended if as a result of any act or acts, or omission to act, of the Republic of Algeria or of any Algerian authority, the Borrower's operations shall have been discontinued for a period of 180 days or for a period of 180 days in the aggregate within any 270-day period ; provided, however, that if within a period of 540 days after the date of suspension of such obligations the Borrower's operations can be resumed, the obligations of the shareholders hereunder shall resume their full force and enforceability as if no such suspension had occurred, except that if the obligations of the shareholders hereunder shall have been suspended for a continuous period of more than 180 days, the date on which such obligations shall be fully resumed shall be a date 270 days after the date on which the event giving rise to such suspension shall have ceased ;

(b) the shareholders shall be permanently freed from their obligations hereunder (i) if, 540 days after the date of suspension of their obligations under paragraph (a) of this Section, the event giving rise to such suspension shall still continue ; (ii) if the Republic of Algeria or any Algerian authority shall have compulsorily acquired ownership, possession or control of all or substantially all of the property and assets of the Borrower essential for the proper and efficient operation of its business ; or (iii) if the Bank shall, solely because of the discontinuance of the Borrower's operations for any reason specified in paragraph (a) of this Section, declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately.

*Section 3.05.* 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 as 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 3.06.* If at any time any of the shareholders shall, pursuant to the provisions of this Agreement, make any of the payments due under the Loan or the Bonds, such shareholder shall, to the extent of any such payment, be subrogated to the rights of the Bank or any Bondholder with respect thereto.

*Section 3.07.* For the purposes of this Agreement, the provisions of Section 7.04 of Article VII, Article VIII and Article X of the Loan Regulations are incorporated herein.

*Section 3.08.* 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, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

(b) For CONCH :

CONCH International Methane Limited  
Sandringham House  
Shirley Street  
Nassau, Bahamas

Alternative address for cablegrams and radiograms :

Intermeth  
Nassau

(c) For BRP :

Bureau de Recherches de Pétrole  
7, rue Nélaton  
Paris XV<sup>e</sup>, France

Alternative address for cablegrams and radiograms :

BUREPETROL  
Paris

(d) For CFP(A) :

Compagnie Française des Pétroles (Algérie)  
5, rue Michel-Ange  
Paris XVI<sup>e</sup>, France

Alternative address for cablegrams and radiograms :

PETROCAISE  
Paris

(e) For SN REPAL :

Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie  
Chemin du Réservoir  
Hydra, Alger 8<sup>e</sup>  
Algérie

Alternative address for cablegrams and radiograms :

REPAL  
Alger

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 George D. WOODS  
President

Conch International Methane Limited :

By G. M. GREENACRE  
Authorized Representative

Bureau de Recherches de Pétrole :

By M. THOMAS  
Authorized Representative

Compagnie Française des Pétroles (Algérie) ;

By H. DE TRUCHIS  
Authorized Representative

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

By R. GUIBAL  
Authorized Representative

## LETTERS RELATING TO THE SHAREHOLDERS GUARANTEE AGREEMENT

BATAAFSE PETROLEUM MAATSCHAPPIJ N.V.  
'S-GRAVENHAGE<sup>1</sup>

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

May 14, 1964

Our reference : LGH

Subject : *Liquefied Gas Project*

### LETTER OF AGREEMENT

Gentlemen :

With reference to : (i) the Loan Agreement of even date herewith<sup>2</sup> between the Bank and Compagnie Algérienne du Méthane Liquide ; (ii) the Guarantee Agreement of even date herewith<sup>3</sup> between the République Algérienne Démocratique et Populaire and the

<sup>1</sup> The Hague.

<sup>2</sup> See p. 274 of this volume.

<sup>3</sup> See p. 266 of this volume.

Bank ; and (iii) the Shareholders Guarantee Agreement of even date herewith<sup>1</sup> between the Bank, of the first part, and Conch International Methane Ltd. (herein referred to as CONCH), Bureau de Recherches de Pétrole, Compagnie Française des Pétroles (Algérie), Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie, of the second part (copies of which, together with a copy of the Loan Regulations therein referred to, have been supplied to us), we are writing to you to confirm the terms of the following agreement between us and the Bank :

1. We hereby unconditionally guarantee, for a percentage of 40%, the payment of any amount required to be paid by CONCH under Sections 2.01 and 2.02 of the Shareholders Guarantee Agreement, provided, however, that we shall not be required to make any such payment unless and until any default by CONCH in the performance of its obligations under such Sections of the Shareholders Guarantee Agreement shall have continued for a period of eight days.

2. We agree, if so requested by the Bank, to endorse our guarantee hereunder on any Bonds which may be executed and delivered pursuant to the Loan Agreement.

Yours truly,

Bataafse Petroleum Maatschappij N.V.:

(Signed) [illegible]

CONTINENTAL OIL COMPANY  
NEW YORK 20, NEW YORK

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

May 14, 1964

LETTER OF AGREEMENT

*Liquefied Gas Project*

Gentlemen :

With reference to : (i) the Loan Agreement of even date herewith between the Bank and Compagnie Algérienne du Méthane Liquide ; (ii) the Guarantee Agreement of even date herewith between the République Algérienne Démocratique et Populaire and the Bank ; and (iii) the Shareholders Guarantee Agreement of even date herewith between the Bank, of the first part, and Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie, Compagnie Française des Pétroles (Algérie), Bureau de Recherches de Pétrole, and Conch International Methane Limited (CONCH), of the second part (copies of which, together with a copy of the Loan Regulations therein referred to, have been supplied to us), we are writing to you to confirm the terms of the following agreement between us and the Bank :

<sup>1</sup> See p. 316 of this volume.



1. We hereby unconditionally guarantee, for a percentage of 40%, the payment of any amount required to be paid by CONCH under Sections 2.01 and 2.02 of the Shareholders Guarantee Agreement ; provided, however, that we shall not be required to make any such payment unless and until any default by CONCH in the performance of its obligations under such Sections of the Shareholders Guarantee Agreement shall have continued for a period of eight days.

2. We agree, if so requested by the Bank, to endorse our guarantee hereunder on any Bonds which may be executed and delivered pursuant to the Loan Agreement.

Very sincerely yours,

Continental Oil Company :

By L. F. McCOLLUM  
President

CONSTOCK LIQUID METHANE CORPORATION  
CHICAGO 3, ILLINOIS

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

May 14, 1964

LETTER OF AGREEMENT

*Liquefied Gas Project*

Gentlemen :

With reference to : (i) the Loan Agreement of even date herewith between the Bank and Compagnie Algérienne du Méthane Liquide ; (ii) the Guarantee Agreement of even date herewith between the République Algérienne Démocratique et Populaire and the Bank ; and (iii) the Shareholders Guarantee Agreement of even date herewith between the Bank, of the first part, and Conch International Methane Ltd., Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie, Compagnie Française des Pétroles (Algérie) and Bureau de Recherches de Pétrole, of the second part (copies of which, together with a copy of the Loan Regulations therein referred to, have been supplied to us), we are writing to you to confirm the terms of the following agreement between us and the Bank :

1. We hereby unconditionally guarantee, jointly and severally, for a percentage of 20%, the payment of any amount required to be paid by Conch under Sections 2.01 and 2.02 of the Shareholders Guarantee Agreement ; provided, however, that we shall not be required to make any such payment unless and until any default by Conch in the performance of its obligations under such Sections of the Shareholders Guarantee Agreement shall have continued for a period of eight days.

2. We agree, if so requested by the Bank, to endorse our guarantee hereunder on any Bonds which may be executed and delivered pursuant to the Loan Agreement.

Very sincerely yours,

The Union Stock Yard & Transit Company  
of Chicago :

By Charles E. POTTER  
President

*Attest :*

Thomas S. TYLER  
Asst. Secretary

Constock Liquid Methane Corporation :

By James F. DONOVAN  
Vice President

*Attest :*

Thomas S. TYLER  
Secretary

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