

Buenos Aires, April 12, 2002

PURSUANT TO Law 24076 and its regulatory decree and Resolution ENARGAS Nr. 139 dated March 17, 1995, and,

WHEREAS:

The companies intending to obtain the Registry of Qualifying Licenses (RMH) so as to be qualified as Individuals or Legal Entities involved in the CNG System and the companies intending to renew such registry shall submit and fulfill some technical, legal and accounting requirements ensuring their financial solvency and regularity before this Controlling Authority, so as to comply with the activity demands.

Requirements to be complied with by each applicant before License is granted are specified in Annex II of Resolution ENARGAS Nr. 139/95.

Furthermore, this Controlling Authority requires other documentation not specified in that Annex, related to the economic and accounting solvency of a company intending to enter and operate in the CNG Market.

Annex II of "Documentation to be submitted for the Registration at the Registry of Qualifying Licenses" specifies the *Economic - Financial Assessment* to be detailed by each company applying for registration at the Registry of Qualifying Licenses in order to operate.

Those requirements have been complied with by ENARGAS, and to this effect several requirements were drafted and enhanced; therefore, to this date, their regulation is essential.

Considering that such financial information is essential for determining the economic solvency of each company to be regulated by ENARGAS pursuant to law, regulating those requirements as they were demanded up to date is necessary.

In that sense, a minimum financial capacity ensuring the adequate conditions for operating is demanded to the Individuals and Legal Entities involved in the CNG system, in general.

Such minimum financial capacity requirement is included in Memorandum GDyE/GD Nr. 217/95 dated November 23, 1995 in force, stating values in US dollars.

Such minimum financial capacity requirement must not be deleted as it guarantees operation and grants security to the CNG system but must be adapted to the country's current situation and to the recent emergency normative arising from Law 25561; thus, it is convenient to adjust it to the current regulatory economic framework.

Such minimum financial capacity requirement may only be demanded when registration or license renewal is applied for. This is not enough as there are no legal resources for ensuring continuance of this requirement during the entire qualification term.

Therefore, such minimum financial requirement included in Memorandum GDyE/GD Nr. 217/95 dated on November 23, 1995 shall be completed with a specific guarantee in Argentine Pesos ensuring such economical solvency continuance during the entire qualification term.

Individuals and legal entities involved in the CNG system must keep such minimum financial capacity during qualification term and ensure compliance with all the other requirements of technical capacity necessary for registration.

There have been several cases of individuals or legal entities involved in the CNG System unable to comply with their financial obligations or that filed for chapter 11.

In those cases, the Regulatory Authority allowed them to continue operating provided they evidenced a commitment to comply with their obligations submitting an economic guarantee, as for example a bonding insurance or policy.

For ensuring continuance of all the financial and technical requirements and conditions stipulated by law, even in case of economic difficulties, a guarantee sufficient enough for covering said financial capacity and continuance of technical requirements for rendering the authorized service is essential.

To that effect, for registration or continuance of license, economic solvency guarantees for ensuring initial corporate assets and continuance during the entire qualification term are necessary.

Though there are several instruments valid as financial guarantees, such as bank guarantees, “stand by” credits or financial entities guarantees, the bonding insurance is generally the most efficient and economical means for financial coverage requirements stipulated by the normative.

On the other hand, it is worth mentioning that the sole insurance requested to the individuals or companies applying for registration at the RMH is an Insurance against Liabilities to Third Parties, according to the stipulations of Resolutions ENARGAS Nr. 139/95 and 591/98.

Such insurance against liabilities to third parties only covers losses that may arise during normal course of operation authorized by ENARGAS.

Notwithstanding the previous stipulation, this Controlling Authority has detected some risks not covered by that policy and, this Resolution, intends to provide coverage to them.

If the Individuals or Legal Entities involved in the System implement a Bonding Insurance, non-compliance exclusively related to the requirements requested by the RMH during its term and effects of eventual violations affecting users or third parties shall be covered, notwithstanding penalties deemed applicable by ENARGAS, pursuant to the stipulations of Section 12, Resolution ENARGAS Nr. 139/95.

To that effect, it is convenient to include into the RMH requirements, a Bonding Insurance for ensuring compliance of the entire normative timely required to the Individuals and Legal Entities involved in the CNG System, during license term.

The ENTE NACIONAL REGULADOR DEL GAS is empowered to issue this Resolution as regards the stipulations of Sections 21 and 52, subsection a), b), m) and x) of Law 24076, Section 50, subsection (5) of Decree 1738/92 and Sections 41, third paragraph and 42 of the National Constitution.

THEREFORE:

THE ENTE NACIONAL REGULADOR DEL GAS BOARD OF DIRECTORS RESOLVES:

SECTION 1: To increase budgets specified in Annex II, Resolution ENARGAS Nr. 139/95 with the “Requirements for the economic – financial assessment” included herein as Annex I and with the submission of a Bonding Insurance by each of the Individuals and Legal Entities involved in the

CNG System stated herein and according to the minimum mandatory requirements included herein as Annex II.

SECTION 2: To establish that this resolution shall apply to every License expressly approved by this Entity. A maximum period of SIXTY (60) days is granted for adapting and filling in the submissions made.

SECTION 3: Communicate, publish, deliver to the Bureau of Official Registry and file it.

RESOLUTION ENARGAS Nr. 2592.

[Signed by José Andrés Repar, Vice President. Ente Nacional Regulador del Gas; Hector E. Formica, President. Ente Nacional Regulador del Gas]

ALL BOARD OF DIRECTORS MEMBERS OF ENARGAS WHICH COMMISSION HAS NOT EXPIRED TOOK PART IN THIS ACT. BE IT KNOWN. [Signed by Marcela Paula Valdez, Board of Directors Secretary]

ANNEX I

REQUIREMENTS FOR ECONOMIC – FINANCIAL ASSESSMENT

In order to assess economic – financial capacity, the following information must be submitted:

1. EQUIPMENT RELATED TO THE ACTIVITY

Documentation of the activity related equipment, specified (by type and stating the month and date of acquisition) and appraised at residual values shall be submitted. It must be certified by an Independent Certified Public Accountant whose signature shall be authenticated by the pertinent Association of Certified Public Accountants (this shall not be requested to those individuals or legal entities applying for registration at the RMH as CNG Equipment Importers).

2. COMPLETE FINANCIAL STATEMENTS

Complete Financial Statements issued by an Independent Certified Public Accountant whose signature shall be authenticated by the pertinent Association of Certified Public Accountants as regards the last fiscal year shall be submitted, complying with the stipulations of RD 316/95.

Clarifications to point 2:

- a) If the Company applies for registration when it starts operating, then it shall submit the Initial Financial Statements, issued by an Independent Certified Public Accountant whose signature shall be authenticated by the pertinent Association of Certified Public Accountants.
- b) Before the end of the first fiscal year it shall submit provisional Financial Statements upon application for registration at the RMH, issued by an Independent Certified Public Accountant whose signature shall be authenticated by the pertinent Association of Certified Public Accountants.
- c) In case of De facto Corporations or Sole Proprietorship Companies, they shall submit an Affidavit of Assets, Liabilities and Results according to the form attached hereto, issued by an Independent Certified Public Accountant whose signature shall be authenticated by the pertinent Association of Certified Public Accountants.

3. TAX INFORMATION

- a) Companies regularly organized shall submit:
 - Original and duly authenticated copy of the Income Tax Affidavit for the last fiscal year
- b) De facto Corporations or Sole Proprietorship Companies shall submit:

- Original and duly authenticated copy of the Income Tax Affidavit for the last fiscal year (for Sole Proprietorship Companies: the one corresponding to the company holder and for De facto Corporations: the one corresponding to the corporation and to the partners).
- Original and duly authenticated copy of the Personal Assets Tax Affidavit for the last fiscal year (for Sole Proprietorship Companies: the one corresponding to the company holder and for De facto Corporations: the one corresponding to the partners).

4. MINIMUM FINANCIAL CAPACITY

Individuals and Legal Entities applying for qualification shall submit a *Minimum financial capacity* report, duly evidenced, according to the following:

REQUIRED MINIMUM FINANCIAL CAPACITY:	
CNG Fuel System and components manufacturer	\$ 50,000.00
CNG Fuel System and components importer	\$ 100,000.00
CNG Fuel System Supplier (PEC):	
1 to 10 Installation workshops	\$ 100,000.00
11 to 30 Installation workshops	\$ 150,000.00
31 to 100 Installation workshops	\$ 300,000.00
101 and more Installation workshops	\$ 400,000.00
Center for Cylinder Periodic Inspection (CRPC)	\$ 50,000.00
Notes:	
a) If Registration Application covers more than one activity, the minimum amounts required for each of them shall be added.	
b) The Regulatory Authority shall issue a regulation so as to update the values stated herein.	

5. GUARANTEE OF OBLIGATIONS COMPLIANCE

Individuals and Legal Entities involved in the CNG system shall submit a *bonding insurance* issued according to the minimum requirements specified in Annex II.

This insurance shall guarantee compliance and continuance of the regulations requirements during qualification by the Individuals and Legal Entities involved in the CNG system and may be executed by the Regulatory Authority in case a violation is detected, notwithstanding applicable administrative and criminal penalties.

AFFIDAVIT OF ASSETS, LIABILITIES AND RESULTS

Data by _____

A.- ASSETS:

1.- Real property (see annex 1)

2.- Motor vehicles (see annex 2)

3.- Capital devoted to the activity, reported to the General Tax Board (DGI) by December 31, ____
(excluding real property and motor vehicles)

4.- Investments (see annex 3)

5.- Others (specify)

TOTAL ASSETS: \$ _____

B.- LIABILITIES

1.- Debts secured by mortgage / chattel mortgage (see annex 4)

2.- Others (specify)

TOTAL LIABILITIES: \$ _____

C.- NET WORTH

(Total Assets less Total Liabilities).

It shall include the following:

I do hereby state that the information contained herein is accurate and complete and that no data has been omitted or forged.

Place and date,

Signature

Name and surname

Address

Telephone

Identity Document

D.- RESULTS OF OPERATIONS.

1.- Sales Income

2.- Costs

3.- Gross earnings

4.- Administrative Expenses

5.- Marketing Expenses

6.- Other Income and Expenses

7.- Pretax Profit

8.- Income Tax

9.- Net Result

Annex 1 – Real Property

Location:

Percentage share in the property:

Acquisition Year:

Type:

Total square meters:

Covered square meters:

Ratable value:

Use:

(Repeat these data for each property)

REAL PROPERTY TOTAL VALUE: \$ _____

It shall include the following:

I do hereby state that the information contained herein is accurate and complete and that no data has been omitted or forged.

Place and date:

Signature

Name and surname

Annex 2 – Motor Vehicles

Make / Model:

License Plate:

Percentage share:

Use:

Manufacture date:

Acquisition Year:

Ratable value:

(Repeat these data for each motor vehicle)

MOTOR VEHICLES TOTAL VALUE: \$ _____

It shall include the following:

I do hereby state that the information contained herein is accurate and complete and that no data has been omitted or forged.

Place and date:

Signature

Name and surname

Annex 3 – INVESTMENTS

Only specify the most relevant ones and the remaining ones shall be included in “Others”. Specify characteristics and appraisal basis applied on each of them.

IN FINANCIAL ENTITIES:

Entity / Branch	Type	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____

Others

IN OTHER LEGAL ENTITIES:

Name	Amount
_____	_____
_____	_____
_____	_____

RELATED TO INDIVIDUALS:

Name and Surname:

Others

I do hereby state that the information contained herein is accurate and complete and that no data has been omitted or forged.

Place and date:

Signature

Name and surname

Annex 4 – DEBTS SECURED BY MORTGAGE / CHATTEL MORTGAGE

Only specify the most relevant ones and the remaining ones shall be included in "Others". Specify characteristics and appraisal basis applied on each of them.

TO FINANCIAL ENTITIES:

Entity / Branch	Guarantee	Amount
_____	_____	_____
_____	_____	_____

Others

TO OTHER LEGAL ENTITIES:

Name	Guarantee	Debt balance
_____	_____	_____
_____	_____	_____

Others

TO INDIVIDUALS:

Name	Guarantee	Debt balance
_____	_____	_____
_____	_____	_____

Others

TOTAL LIABILITIES WITH PREFERRED GUARANTEE: \$ _____

I do hereby state that the information contained herein is accurate and complete and that no data has been omitted or forged.

Place and date:

Signature

Name and surname

ANNEX II

MINIMUM REQUIREMENTS OF MANDATORY BONDING INSURANCE FOR INDIVIDUALS AND LEGAL ENTITIES INVOLVED IN THE CNG SYSTEM

1) COVERED RISKS:

Bonding Insurance shall guarantee compliance and continuance of all the requirements to be complied with by the Individuals and Legal Entities involved in the CNG System for THREE (3) YEARS, comprising the TWO (2) YEAR period qualification plus ONE (1) additional YEAR so as to cover any consequence arising after license expiration.

Policy coverage shall expressly name the technical representative of the Individual or Legal Entity involved in the CNG System.

2) DIRECT BENEFICIARY:

Guarantee stated in the previous point shall be irrevocable and granted in favor of ENTE NACIONAL REGULADOR DEL GAS, unconditional and fully or partially enforceable at the Regulatory Authority request.

3) INSURED MINIMUM AMOUNT:

The Insurance Company shall become a jointly and severally liable surety and main obligor, and waives the so called "beneficio de división" [T.N.: right of co-surety for binding the creditor to divide the whole debt on a prorata basis with the other co-sureties] and "beneficio de excusión" [T.N: the surety can request from the judge that the goods of the debtor be attached and sold first and, if they are not enough, only then he is liable as surety] according to the provisions of Civil Code, Section 2013 and Commercial Code, Section 480, for a total maximum amount of ARGENTINE PESOS TWO HUNDRED AND FORTY THOUSAND (AR\$ 240,000) for the Equipment Manufacturer activities.

On the other hand, the Insurance Company shall become a jointly and severally liable surety and main obligor, and waives the so called "beneficio de división" and "beneficio de excusión" according to the provisions of Civil Code, Section 2013 and Commercial Code, Section 480, for a total maximum amount of ARGENTINE PESOS ONE HUNDRED AND EIGHTY THOUSAND (AR\$ 180,000) for the activities of the Center for Cylinders Periodic Inspection (C.R.P.C.), CNG Cylinders, Regulators and Valves Manufacturer and CNG Fuel System and Components Importer.

4) POLICY REQUIREMENTS:

4.a) Policies shall be submitted in a notarized certified copy stating that it is a true copy of the original and that the signor acts as the Company's representative.

4.b) Bonding Insurance shall be submitted together with the original of the updated Certificate issued by the National Superintendence of Insurance, certifying the condition of the contracted Insurance Company as regards:

- Minimum capital
- Coverage of payable commitments and settled claims to be paid; and
- Coverage of commitments to policyholders.

Such certificate shall include those three items; otherwise, it shall be considered as non-submitted

5) POLICY EXPIRATION CLAUSE:

It shall include a clause by which the Insurance Company is bound to duly inform the Ente Nacional Regulador del Gas about any situation that may cause policy expiration, at least fifteen days before such expiration date.

6) POLICY MODIFICATION CLAUSE: It shall include a clause stating that once the policy is approved by the Ente Nacional Regulador del Gas, it may not be modified, except with prior express authorization of such Entity and submitted by the Policyholder to the Insurer.

ANNEX III

LICENSE RE-REGISTRATION. SUBMISSION OF DOCUMENTS

In case an individual or legal entity registered at the Registry of Qualifying Licenses intends to renew its qualification and continue operating, it shall submit the pertinent documentation before the Regulatory Authority, NINETY (90) DAYS before qualification expires.

In case of non-submittal or if, after assessment by the Regulatory Authority it is established that the regulatory requirements in force are not complied with, its license registration shall expire on the original date, and it shall not continue operating.