

PROTOCOL
of Negotiations of Delegations of the RAO Gazprom,
the Republic of Moldova and Pridnestrovie

City of Moscow

October 10, 1997

Involved in the negotiations were:

From the RAO Gazprom:

A.A. Pushkin	Deputy Chairman of the RAO Gazprom Board
V.T. Fadeev	Member of the RAO Gazprom Board

From the Republic of Moldova:

I. T. Gutsu	Vice-Prime-Minister of the Republic of Moldova
M.A. Chebotari	Chief Director of the Power Industry and Fuel-Energetic Resources Department of the Republic of Moldova
M.F. Lesnik	Chief Director of the Moldovavgaz Concern
G.I. Belichuk	Director of the RPMG Moldovatransgaz

From Pridnestrovie:

V.G. Sinev	First Deputy Head of Administration of Pridnestrovie
A.I. Blashku	Deputy Head of Administration of Pridnestrovie
P.P. Stepanov	Chief Director of the RUMG Tiraspoltransgaz

Agenda of Negotiations:

On the process of implementation of the Plan of the Basic Organizational Activities on Improvement of the Management of the System of Gas-Supply to the Republic of Moldova and Transit of the Russian Natural Gas through its Territory, adopted on March 28, 1997.

In the course of the exchange of information and discussion of the agenda issue, the Parties **have decided:**

1. To consider it necessary to establish a united Open Joint Stock Company (Company) in the IV quarter of 1997 in the order established by the legislation, on the basis of the Joint Moldova-Russia Enterprise AOZT Gazsnabtranzit and the Moldovagaz Concern with the

participation of the RAO Gazprom, RPMG Moldovatransgaz, RUMG Tiraspoltransgaz and gas facilities of Pridnestrovie.

2. The founders of the Company will be three legal bodies:
 - the RAO Gazprom
 - the Ministry of Privatization and Management of the State-Owned Property of the Republic of Moldova
 - Committee on Property Management of Pridnestrovie.

3. In the charter capital of the Company share fraction is reserved by the Company founders for physical entities, i.e. for minority shareholders of the Moldavgaz Concern who wished to convert (exchange) their current shares into shares of the Company under formation.

4. The Company's Charter Capital is formed out of:
 - the funds of the charter capital of the AOZT Gazsnabtranzit
 - the state fraction of the funds of joint stock companies of the Moldovagaz Concern
 - the funds of gas facilities of Pridnestrovie
 - the funds of private persons – shareholders of the Moldovagaz Concern.

5. Assessment of the cost of property, introduced by each Party in the Charter Capital of the Company in the process of its formation, is carried out as of July 1, 1997 in accordance with a unified methodology effective in the Republic of Moldova. This assessment shall be agreed by the Parties and set by the Founders Agreement in November-December 1997.

6. In the first six months of 1998 the cost of property introduced in the Charter Capital of the Company will be subjected to external audit by one of the internationally recognized firms, proceeding from effective prices of the world market with subsequent change of the Charter Capital in the established order.

7. Individual share of the Republic of Moldova and Pridnestrovie in the Company's Charter Capital shall be fixed proceeding from the cost of gas property located in the Republic of Moldova and Pridnestrovie.

8. The share of the RAO Gazprom in the Charter Capital of the Company under formation shall be figured out of its share in the AOZT Gazsnabtranzit, and also out of the funds assigned to the RAO Gazprom towards the part of the debt for gas of the Republic of Moldova and Pridnestrovie, meaning to make this share reach 50 per cent.

9. The Company is the owner of the funds assigned to its Charter Capital by the founders.

10. Unified ordinary nominal shares will be operating in the Company. Each shareholder has a right at any time to alienate shares owned by him/her.

11. Currently acting joint-stock companies of the Moldovagaz Concern and gas facilities of Pridnestrovie in the established order cease their activity and are reorganized into enterprises of the Company.

12. In view of technical, production and technological significance in a single gas sector RPMG Moldovatransgaz and RUMG Tiraspoltransgaz as members of the Company obtain Special Status, with the Shareholders' Meeting to approve regulation on it.

13. To work out and adopt in 1998 a long-term program of the Company on the promotion of gasification in the Republic of Moldova and Pridnestrovie, and increase of powers for transit of the exported Russian natural gas through the Moldovan territory.

14. To regard it expedient to register Company with location in the city of Chisinau of the Republic of Moldova.

15. To conclude a contract on supply of the Russian natural gas to the Republic of Moldova and its transit for export to the third countries in 1998 between the RAO Gazprom and the Company in December 1997.

16. The Company will be legal successor of the debts and obligations of the AOZT Gazsnabtranzit and the Moldovagaz Concern.

17. Termination of the activity of the AOZT Gazsnabtranzit and the Moldovagaz Concern will be carried out in the order established by the law after state registration of the Company.

18. The rest that has not been mentioned in this Protocol in the process of formation and operation of the Company will be settled in accordance with the current legislation of the Republic of Moldova, the Founders Agreement and Charter of the Company.

For the RAO Gazprom

(signed)

A.A. Pushkin

**For the Government of
the Republic of Moldova**

(signed)

I.T. Gutsu

**For the Administration
of Pridnestrovie**

(signed)

V.G. Sinev