MEMORANDUM OF UNDERSTANDING
BETWEEN
THE MINERALS MANAGEMENT SERVICE
OF THE DEPARTMENT OF THE INTERIOR
OF THE UNITED STATES OF AMERICA
AND
THE DEPARTMENT OF INTERNATIONAL COOPERATION
OF THE MINISTRY OF GEOLOGY AND MINERAL RESOURCES
OF THE PEOPLE'S REPUBLIC OF CHINA

The Minerals Management Service (hereinafter referred to as "MMS") of the Department of the Interior of the United States of America, and the Department of International Cooperation of the Ministry of Geology and Mineral Resources (hereinafter referred to as the "Department"), of the People's Republic of China, for the purpose of promoting cooperation between the Parties in the field of scientific and technical information, have reached agreement as follows:

ARTICLE 1 — GENERAL PROVISIONS

The MMS and the Department (hereinafter referred to as the "Parties") agree to conduct exchanges and other cooperative activities on the basis of equality, reciprocity and mutual benefit and in accordance with the laws and regulations of their respective Countries. This Memorandum is subject to the Agreement between the Government of the United States of America and the Government of the People's Republic of China on Cooperation in Science and Technology, signed in Washington, on January 31, 1979, as extended and amended in 1991 including Annex I concerning protection of intellectual property, and as extended in 1996.

ARTICLE 2 — SCOPE

The Parties agree that cooperation may include, but is not limited to, the following activities:

(1) administration of a revenue management program for mineral, oil

and gas activities taking into account a review of the regulatory history of mineral law and audit principles and practices as they apply to royalty management in both Countries;

(2) administration of conveyance of mineral rights and establishment of a leasing system;

(3) economic valuation of minerals including the establishment of fair market values for commodities;

(4) development of an automated system for collecting and managing mineral resources and its revenues; and

(5) addressing environmental issues and development of environmental evaluation processes.

ARTICLE 3 — COOPERATIVE ACTIVITIES

(1)The Parties agree that cooperation may take the following forms:

(a) exchange of specialists, delegations, and scientific and technical information including data and publications;

(b) cooperative research on subjects of mutual interest;

(c) periodic joint meetings, scientific conferences, symposia and lectures; and

(d) other forms of cooperation as are mutually agreed.

(2) For cooperation requested by either Party that extends into subjects outside the scope of expertise of both Parties, either Party may, with the consent of the other, and subject to applicable laws, regulations, and policies of each Country, endeavor to enlist the participation of other entities. Either Party, with the consent of the other, may include the participation of other organizations of the United States and/or the People's Republic of China in the development of activities contained in the scope of this MOU.

ARTICLE 4 — SOURCES OF FUNDING

The cooperative activities carried out under this MOU and the project annexes adopted pursuant to Article 8 below will be subject to the funds and staff available to the Parties. Each Party will cover its own costs except in cases where special funding is available for selected activities; in such cases, the terms of funding will be decided by both Parties before the commencement of activities and detailed in an Annex to this MOU.

ARTICLE 5 — REVIEW OF ACTIVITIES

In order to carry out the exchange and cooperative activities under Article 2 of this MOU, the Parties shall designate a representative and an alternate. The Parties will arrange working meetings from time to time to review the work done and to determine plans for future activities. Such meetings will be held in both Countries alternately. The date of such meetings will be jointly decided through consultation between the Parties, and all information relating to the conduct of such meetings will be exchanged in advance. In the periods between meetings, arrangements concerning the implementation of this MOU may be settled by written exchanges between the Parties.

ARTICLE 6 — DISCLAIMER

Scientific and technical information transmitted by one Party to the other under Article 3 of this MOU shall be accurate and reliable to the best knowledge and belief of the transmitting Party, but the transmitting Party does not warrant the suitability of the scientific and technical information transmitted for any specific use or application by the receiving Party or by any third party.

ARTICLE 7 — RELEASE OF INFORMATION

Scientific and technical information derived from cooperative activities under this MOU may be made available, unless otherwise agreed upon in an Annex concluded pursuant to Article 8 of this MOU, through customary channels and in accordance with the normal procedures of the Parties.

ARTICLE 8 — PROJECT ANNEXES

(1) The specific activities and the terms under which they will be conducted, as mutually agreed, shall be embodied in Annexes to this MOU. New cooperative programs will be confirmed by correspondence between the designated representatives, and such new agreements will be attached as Annexes to this MOU. In the case of any inconsistency between the terms of this MOU and the terms of an Annex or implementing plan, the terms of this MOU shall be controlling.

(2) The protection and distribution of intellectual property created or furnished in the course of cooperative activities under this MOU shall be in

accordance with the provisions in Annex I of the Agreement between the Government of the United States and the Government of the People's Republic of China on Cooperation in Science and Technology signed on January 31, 1979, and as extended and amended.

ARTICLE 9 — CLEARANCES AND VISAS

Each Party shall seek the cooperation of its appropriate authorities to facilitate the granting of visas and other clearances as may be needed for entry to and exit from its territory of personnel and equipment of the other Country required for projects under this MOU, subject to its National laws and regulations.

ARTICLE 10 — IMPLEMENTATION AND TERMINATION

This MOU will enter into force upon signature and shall remain in force for a 5—year period. It may be amended or extended by mutual agreement of the Parties. This MOU may be terminated at any time by either Party upon ninety (90) days written notice to the other Party. After termination of this MOU, all cooperative projects underway will continue to completion according to the original, signed work plan.

This MOU is signed in duplicate in Washington on 9th September, 1997 in the English and Chinese languages, both texts being equally authentic.

FOR THE MINERALS MANAGEMENT SERVICE OF THE DEPARTMENT OF THE INTERIOR OF THE UNITED STATES OF AMERICA

Date: SEP - 9 1997

FOR THE DEPARTMENT OF INTERNATIONAL COOPERATION OF THE MINISTRY OF GEOLOGY AND MINERAL RESOURCES OF THE PEOPLE'S REPUBLIC OF CHINA

Date: 97.9.9

ANNEX I
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MINERALS MANAGEMENT SERVICE
OF THE DEPARTMENT OF THE INTERIOR
OF THE UNITED STATES OF AMERICA
AND THE
DEPARTMENT OF INTERNATIONAL COOPERATION
OF THE MINISTRY OF GEOLOGY AND MINERAL RESOURCES
PEOPLE'S REPUBLIC OF CHINA

First Periodic Meeting

The Minerals Management Service of the Department of the Interior of the United States of America and the Department of International Cooperation of the Ministry of Geology and Mineral Resources of the People's Republic of China (PRC) have tentatively scheduled their first meeting under the MOU in the United States. The PRC delegation will consist of four people, and the meeting will last for approximately 2 weeks including site visits to mineral operations in the western United States. Costs for the visit will be the responsibility of the Parties, as outlined in Article 4 of the MOU. The actual dates and specific details of the meeting will be worked out between representatives of the Parties.

FOR THE MINERALS MANAGEMENT SERVICE OF THE DEPARTMENT OF THE INTERIOR OF THE UNITED STATES OF AMERICA

Date: SEP - 9 1997

FOR THE DEPARTMENT OF INTERNATIONAL COOPERATION OF THE MINISTRY OF GEOLOGY AND MINERAL RESOURCES OF THE PEOPLE'S REPUBLIC OF CHINA

Date: 97.9.9