

tabbies
**DEFENDANT'S
EXHIBIT**
1003
Doe v. Unocal BC 237980
Roe v. Unocal BC 237879

မြန်မာ့ဓာတ်ငွေ့နှင့်သဘာဝဓါတ်ငွေ့ထုတ်ငွေ့
MYANMA OIL AND GAS ENTERPRISE

CABLE: YEMAK
TELEX: MYCORP BN 21307
TELE-AUTO 22874 (5) Lines
82266 (9) Lines

P. O. BOX No. 1049
74/80 MIN YE KYAW SWA ROAD
YANGON, MYANMAR.

No.....

Letter No. 3/23/92 (1620)

Date: 9th July, 1992.

SIDE LETTER

This Side-Letter is attached to and made and integral part of the Memorandum of Understanding ("MOU") and the Production Sharing Contract ("PSC") concerning the MOATTAMA AREA both dated the 9th July, 1992 and hereinafter together referred to as the "Contract" between Myanma Oil and Gas Enterprise ("MOGE") and TOTAL MYANMAR EXPLORATION AND PRODUCTION ("TOTAL").

MOGE acknowledges that TOTAL has relied upon the laws, decrees, rules and regulations of the Government of the Union of Myanmar as they exist on January 1, 1991 together with the understandings set forth below regarding taxation. If a material change occurs to TOTAL economic benefits after the Signature Date of the Contract due to the promulgation after January 1, 1991 of new laws, decrees, rules and regulations or any amendment to the Income Tax Law 1974, the Foreign Investment Law 1988 No. 10/88, the Budget Law 1989, the applicable laws, decrees, rules and regulations made by the Government of the Union of Myanmar or the manner in which taxes are to be assessed as provided below, then the Parties shall, pursuant to Section 27.6 of the PSC and without foregoing the generality of its interpretation, consults promptly and make necessary revisions and adjustments to the relevant provisions of the Contract in order to maintain TOTAL's economic benefits thereunder at the same levels and in the same amounts as if such laws, decrees, rules and regulations had not been promulgated or amended and taxes had been assessed as provided below.

In the event that MOGE and another foreign party enter into a contract providing for dispute resolution under rules of an Internationally recognized arbitration institution (such as International Chamber of Commerce, UNCITRAL, etc...) TOTAL shall be offered the opportunity to include the same dispute resolution provisions in the Contract.

In the event that MOGE and another foreign party enter into a contract for exploration or development of oil or gas in Myanmar including termination provisions which do not identify political activity as grounds for termination, or amend a contract to delete such grounds, TOTAL shall be offered the opportunity to amend the termination provisions in the Contract to the same effect.

UYP 00002429

It is agreed that, the Parties understanding of the Myanmar Income Tax regime that will be applicable to taxable income resulting from Petroleum Operations and Transportation Operations under the Contract is as follows :

1. The applicable Myanmar Income Tax rate is 30%.
2. TOTAL's gross Income for Myanmar Income Tax purposes will be equal to the value of TOTAL's share of Petroleum as determined under the Production Sharing Contract for export and domestic sales;

The Gas Transportation Company (to be established) Gross Income will be the Gross Revenues as defined in the MOU.

3. Deductions from TOTAL's gross income in computing TOTAL's taxable income subject to Myanmar Income Tax will include all expenses incurred in Petroleum Operations under the PSC, including both cost recoverable and non-cost recoverable expenditure but excluding expenditures not allowable under the Myanmar Income Tax Law.

Deductions from the Gas Transportation Company gross income in computing Gas Transportation Company taxable income subject to Myanmar Income Tax will include all expenses incurred in Transportation Operations but excluding expenditures not allowable under the Myanmar Income Tax Law.

Capital Expenditures will be depreciated at the rate established in the Permit issued by the Foreign Investment Commission, and such depreciation will be included in such deductible items;

4. Notwithstanding the above, TOTAL and the Gas Transportation Company shall be exempt from Myanmar Income Tax for the period of three (3) Financial Years including the Financial Year in which Commencement of Commercial Production occurs for the above mentioned Contract and TOTAL will be allowed to consolidate its taxable income from all contracts into one joint tax return. Tax losses carried forward will be accumulated until expiration of the tax exemption period stated above and thereafter TOTAL and the Gas Transportation Company will be allowed such losses to offset its taxable income from any contract;

5. Following payment of Myanmar Income Tax, TOTAL, the Gas Transportation Company and their shareholders shall be exempt from any other taxes on income (to the extent attributable to income derived under the Contract) or withholding on dividends or other distributions similarly attributable;

UYP 00002430

TOTAL

TOTAL MYANMAR EXPLORATION AND PRODUCTION

Yangon, July 9th 1992

MYANMA OIL AND GAS ENTERPRISE

Attention U PE KYI
Managing Director

Subject : MOATTAMA GAS PROJECT

Dear Sir,

MYANMA OIL AND GAS ENTERPRISE (MOGE) and TOTAL MYANMAR EXPLORATION AND PRODUCTION have signed this 9th day of July, 1992 a Production Sharing Contract and a Memorandum of Understanding for the implementation of the MOATTAMA GAS PROJECT.

We are pleased to confirm you that in relation with the above and following our discussions on this matter TOTAL accepts to purchase the NAY MIN YAUNG rig from MOGE on a as is where is basis, subject to finalization of an appropriate purchase agreement and related formalities, under the followings terms :

- TOTAL will pay one (1) million United States dollars (including all and any taxes if any) when ownership of the rig (free of any liens or encumbrances whatsoever) is transferred from MOGE to TOTAL by a legal document effecting the transfer.
- TOTAL will make its best efforts to sell the rig. The selling price (all and any taxes excluded if any) will be shared between MOGE and TOTAL as follows :

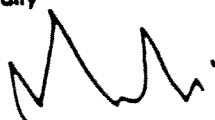
MOGE :	80 %
TOTAL :	20 %

In case of loss of the rig, the insurance compensation will be shared on the same basis.

- As soon as ownership of the rig is transferred to TOTAL, TOTAL will bear all future maintenance and insurance costs, and moving costs, if any.

This letter is made in two originals ; in order to indicate your acceptance of the above, please return to us one original duly signed by yourself as indicated below.

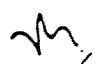
Yours faithfully



T. DESMAREST
Chairman of the Board

Agreed for MYANMA OIL AND GAS ENTERPRISE
U PE KYI
Managing Director

UYP3 000115

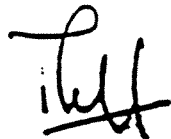


6. TOTAL's and the Gas Transportation Company's expatriate personnel employed under the Contract and residing in Myanmar shall be taxed on their income received in Myanmar at rates no higher than the rates applicable to the national citizens of Myanmar.
7. TOTAL (and the Gas Transportation Company when established) will be issued a Permit under the Foreign Investment Law and in consequence will be subject to all the provisions of the said Law including those of Article 21 concerned with tax reliefs.

This Side Letter shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. It is agreed that any assignment of all or part of TOTAL's Participating Interest pursuant to the Contract shall be exempt from all taxes, assessments or duties.

In the foregoing correctly sets forth our agreement, please so indicate by signing in the space provided below.

Agreed and accepted
for and on behalf of
TOTAL Myanmar Exploration
& Production



MR. T. DESMAREST
PRESIDENT

For and on behalf of
MYANMA OIL & GAS ENTERPRISE



U PE KYI
MANAGING DIRECTOR