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 CRI-CAP(D) PLEDGE AGREEMENT  
  
  
  
  
 CHAPARRAL RESOURCES, INC.  
 as Pledgor  
  
  
 and  
  
  
 THE LAW DEBENTURE TRUST CORPORATION P.L.C.  
 as Security Trustee  
  
  
  
  
 Dated 7 February 2000  
  
  
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 WHITE & CASE  
  
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 Xxxxxx XX0X 0XX  
  
  
  
  
THIS PLEDGE AGREEMENT (this "Agreement") is dated as of 7 February 2000  
and is made by CHAPARRAL RESOURCES, INC., a corporation organized and  
existing under the laws of Delaware (the "Pledgor") and THE LAW DEBENTURE  
TRUST CORPORATION P.L.C., a corporation organized and existing under the  
laws of England, acting as security trustee for the Finance Parties (as  
defined in the Loan Agreement) (the "Security Trustee"). Except as  
otherwise defined herein, terms used herein and defined in the Loan  
Agreement (as defined below) shall be used herein as so defined, and  
references herein to Sections shall, unless defined, be to Sections of this  
Agreement. References in this Agreement to this "Agreement" or any other  
deed, agreement or instrument including, without limitation, the Loan  
Agreement are references to this Agreement or, as the case may be, to the  
relevant deed, agreement or instrument as amended, supplemented, replaced  
or novated from time to time and include references to any document which  
amends, supplements, replaces, novates or is entered into, made or given  
pursuant to, or in accordance with, any of the terms of this Agreement or,  
as the case may be, the relevant deed, agreement or instrument.  
  
 W I T N E S S E T H :  
  
 WHEREAS, the Pledgor, the Co-Obligors, Shell Capital Limited,  
Shell Capital Services Limited and the Lenders have entered into a Loan  
Agreement, dated as of 1 November, 1999 (as modified, supplemented or  
amended from time to time, the "Loan Agreement"), providing for the making  
of Advances as contemplated therein;  
  
 WHEREAS, at the request of the Facility Agent, the Security  
Trustee has agreed to act as trustee under the Security Trust Deed and to  
hold the benefit of the security constituted by or pursuant to the Security  
Documents and the covenants and obligations of the Obligors under the  
Security Documents on trust for the Finance Parties;  
  
 WHEREAS, it is a condition precedent to the making of Advances  
under the Loan Agreement that the Pledgor shall have executed and delivered  
to the Security Trustee this Agreement; and  
  
 WHEREAS, the Pledgor desires to execute this Agreement to satisfy  
the condition described in the preceding paragraph.  
  
 NOW, THEREFORE, in consideration of the benefits accruing to the  
Pledgor, the receipt and sufficiency of which are hereby acknowledged, the  
Pledgor hereby makes the following representations and warranties to the  
Security Trustee and hereby covenants and agrees with the Security Trustee  
as follows:  
  
 1. SECURITY. This Agreement is for the benefit of the  
Security Trustee as trustee for and on behalf of the Finance Parties to  
secure the payment by the Obligors of all moneys and liabilities (whether  
actual or contingent) which are now or may at any time hereafter be due,  
owing or payable to any of the Finance Parties from or by the Obligors  
under or in connection with (i) the Loan Agreement, (ii) this Agreement, or  
(iii) any other Finance Document, together with all legal and other costs,  
charges and expenses which any of the Finance Parties may incur in  
enforcing or obtaining or attempting to enforce and obtain, payment of any  
such moneys and liabilities (collectively, the "Secured Liabilities").  
  
 2. DEFINITION OF STOCK. As used herein, the term "Stock" shall  
mean all of the issued and outstanding shares of capital stock of Central  
Asian Petroleum, Inc., a corporation organized and existing under the laws  
of Delaware (the "Principal Corporation") at any time owned by the Pledgor.  
The Pledgor represents and warrants that on the date hereof (a) the Stock  
consists of the number and type of shares of the capital stock of the  
Principal Corporation as described in Annex A and (b) such Stock  
constitutes that percentage of the issued and outstanding capital stock of  
the Principal Corporation as is set forth in Annex A.  
  
 3. PLEDGE OF STOCK, ETC.  
  
 3.1 PLEDGE. To secure the Secured Liabilities and for the  
purposes set forth in Section 1, the Pledgor: (a) hereby grants to the  
Security Trustee a security interest in all of the Collateral (as defined  
in Section 3.4); (b) hereby pledges and deposits as security with the  
Security Trustee (except as otherwise permitted below) the Stock owned by  
the Pledgor on the date hereof and delivers to the Security Trustee  
certificates therefor accompanied by stock powers duly executed in blank by  
the Pledgor or such other instruments of transfer as are acceptable to the  
Security Trustee; and (c) hereby assigns, transfers, hypothecates,  
mortgages, charges and sets over to the Security Trustee all of the  
Pledgor's right, title and interest in and to such Stock (and in and to the  
certificates or instruments evidencing such Stock), to be held by the  
Security Trustee upon the terms and conditions set forth in this Agreement.  
  
 3.2 SUBSEQUENTLY ACQUIRED STOCK. If the Pledgor shall acquire  
(by purchase, stock dividend or otherwise) any additional Stock at any time  
or from time to time after the date hereof, the Pledgor will forthwith  
pledge and deposit such Stock as security with the Security Trustee and  
deliver to the Security Trustee certificates therefor accompanied by stock  
powers duly executed in blank by the Pledgor or such other instruments of  
transfer as are acceptable to the Security Trustee, and will promptly  
thereafter deliver to the Security Trustee a certificate executed by any of  
the President, any Vice President, or the Treasurer of the Pledgor  
describing such Stock and certifying that the same has been duly pledged  
with the Security Trustee hereunder.  
  
 3.3 UNCERTIFICATED STOCK. Notwithstanding anything to the  
contrary contained in Sections 3.1 and 3.2, if any Stock (whether now owned  
or hereafter acquired) is evidenced by an uncertificated security, the  
Pledgor shall promptly notify the Security Trustee thereof and shall  
promptly take all actions required to perfect the security created hereby  
in favour of the Security Trustee under applicable law. The Pledgor  
further agrees to take such actions as the Security Trustee deems necessary  
or desirable to effect the foregoing and to permit the Security Trustee to  
exercise any of its rights and remedies hereunder, and agrees to provide an  
opinion of counsel satisfactory to the Security Trustee with respect to any  
such pledge of uncertificated Stock promptly upon request of the Security  
Trustee.  
  
 3.4 DEFINITIONS OF PLEDGED STOCK AND COLLATERAL. All Stock  
pledged hereunder is hereinafter called the "Pledged Stock," and the  
Pledged Stock, together with all proceeds thereof, including any securities  
and moneys received and at any time held by the Security Trustee hereunder,  
is hereinafter called the "Collateral."  
  
 4. APPOINTMENT OF SUB-AGENTS; ENDORSEMENTS, ETC. The Security  
Trustee shall have the right with the consent of the Majority Lenders to  
appoint one or more sub-agents for the purpose of retaining physical  
possession of the Pledged Stock, which may be held (at the discretion of  
the Security Trustee) in the name of the Pledgor, endorsed or assigned in  
blank or in favor of the Security Trustee or any nominee or nominees of the  
Security Trustee or a sub-agent appointed by the Security Trustee.  
  
 5. VOTING, ETC., WHILE NO EVENT OF DEFAULT. Unless and until  
an Event of Default shall have occurred and be continuing, the Pledgor  
shall be entitled to vote any and all Pledged Stock and to give consents,  
waivers or ratifications in respect thereof, provided that no vote shall be  
cast or any consent, waiver or ratification given or any action taken which  
would violate or be inconsistent with any of the terms of this Agreement,  
any other Finance Document or any other instrument or agreement referred to  
herein or therein, or which would have the effect of impairing the position  
or interests of the Security Trustee or any other Finance Party. All such  
rights of the Pledgor to vote and to give consents, waivers and  
ratifications shall cease in case an Event of Default shall occur and be  
continuing, and Section 7 shall become applicable.  
  
 6. DIVIDENDS AND OTHER DISTRIBUTIONS. Unless and until an  
Event of Default shall have occurred and be continuing, all cash dividends  
payable in respect of the Pledged Stock shall be paid to the Pledgor,  
provided that all cash dividends payable in respect of the Pledged Stock  
which are determined by the Security Trustee, in its absolute discretion,  
to represent in whole or in part an extraordinary, liquidating or other  
distribution in return of capital shall be paid to the Security Trustee and  
retained by it as part of the Collateral. The Security Trustee shall also  
be entitled to receive directly, and to retain as part of the Collateral:  
  
 (a) all other or additional stock or securities or property  
(other than cash) paid or distributed by way of dividend in respect of the  
Pledged Stock;  
  
 (b) all other or additional stock or other securities or  
property (including cash) paid or distributed in respect of the Pledged  
Stock by way of stock-split, spin-off, split-up, reclassification,  
combination of shares or similar rearrangement; and  
  
 (c) all other or additional stock or other securities or  
property which may be paid in respect of the Collateral by reason of any  
consolidation, merger, exchange of stock, conveyance of assets, liquidation  
or similar corporate reorganization.  
  
 7. REMEDIES IN CASE OF EVENT OF DEFAULT. In case an Event of  
Default shall have occurred and be continuing, the Security Trustee shall  
be entitled to exercise all of the rights, powers and remedies (whether  
vested in it by this Agreement or any other Finance Document or by law) for  
the protection and enforcement of its rights in respect of the Collateral,  
and the Security Trustee shall be entitled, without limitation, to exercise  
the following rights, which the Pledgor hereby agrees to be commercially  
reasonable:  
  
 (a) to receive all amounts payable in respect of the Collateral  
otherwise payable under Section 6 to the Pledgor;  
  
 (b) to transfer all or any part of the Pledged Stock into the  
Security Trustee's name or the name of its nominee or nominees;  
  
 (c) to vote all or any part of the Pledged Stock (whether or not  
transferred into the name of the Security Trustee) and give all consents,  
waivers and ratifications in respect of the Collateral and otherwise act  
with respect thereto as though it were the outright owner of the Collateral  
(the Pledgor hereby irrevocably constituting and appointing the Security  
Trustee the proxy and attorney-in-fact of the Pledgor, with full power of  
substitution to do so); and  
  
 (d) at any time or from time to time to sell, assign and  
deliver, or grant options to purchase, all or any part of the Collateral,  
or any interest therein, at any public or private sale, without demand of  
performance, advertisement or notice of intention to sell or of the time or  
place of sale or adjournment thereof or to redeem or otherwise (all of  
which are hereby waived by the Pledgor), for cash, on credit or for other  
property, for immediate or future delivery without any assumption of credit  
risk, and for such price or prices and on such terms as the Security  
Trustee acting on the instructions of the Facility Agent may determine,  
provided that at least 10 days' notice of the time and place of any such  
sale shall be given to the Pledgor. The Pledgor hereby waives and releases  
to the fullest extent permitted by law any right or equity of redemption  
with respect to the Collateral, whether before or after sale hereunder, and  
all rights, if any, of marshalling the Collateral and any other security  
for the Secured Liabilities or otherwise. At any such sale, unless  
prohibited by applicable law, the Security Trustee on behalf of the other  
Finance Parties may bid for and purchase all or any part of the Collateral  
so sold free from any such right or equity of redemption. Neither the  
Security Trustee nor any of the Finance Parties shall be liable for failure  
to collect or realize upon any or all of the Collateral or for any delay in  
so doing nor shall any of them be under any obligation to take any action  
whatsoever with regard thereto.  
  
 8. APPLICATION OF PROCEEDS. All moneys collected by the  
Security Trustee upon any sale or other disposition of the Collateral,  
together with all other moneys received by the Security Trustee hereunder,  
shall be applied to the payment of all costs and expenses incurred by the  
Security Trustee in connection with such sale, the delivery of the  
Collateral or the collection of any such moneys (including, without  
limitation, attorneys' fees and expenses), and the balance of such moneys  
shall be applied by the Security Trustee to the Secured Liabilities in such  
order as the Security Trustee may elect or as may otherwise be agreed by  
the Finance Parties. Any amounts remaining after all the Secured  
Liabilities have been paid or discharged in full, shall be paid to the  
Pledgor.  
  
 9. PURCHASERS OF COLLATERAL. Upon any sale of the Collateral  
by the Security Trustee hereunder (whether by virtue of the power of sale  
herein granted, pursuant to judicial process or otherwise), the receipt of  
the Security Trustee or the officer making the sale shall be a sufficient  
discharge to the purchaser or purchasers of the Collateral so sold, and  
such purchaser or purchasers shall not be obligated to see to the  
application of any part of the purchase money paid over to the Security  
Trustee or such officer or be answerable in any way for the misapplication  
or nonapplication thereof.  
  
 10. INDEMNITY. The Security Trustee and every sub-agent,  
nominee or nominees appointed by the Security Trustee hereunder shall be  
entitled to be indemnified at all times out of the Collateral in respect of  
all liabilities and expenses incurred by any of them in the execution or  
purported execution of any of their respective rights and against all  
actions, proceedings, costs, claims and demands in respect of any matter or  
thing done or omitted in any way relating to the Collateral, and the  
Security Trustee and any such sub-agent, nominee or nominees appointed by  
the Security Trustee hereunder may retain and pay all sums in respect of  
the same out of any moneys received.  
  
 11. FURTHER ASSURANCES. The Pledgor agrees that it  
will join with the Security Trustee in executing and, at its own expense,  
file and refile under the Uniform Commercial Code such financing  
statements, continuation statements and other documents in such offices as  
the Security Trustee may deem necessary or desirable and wherever required  
or permitted by law in order to perfect and preserve the Security Trustee's  
security in the Collateral and hereby authorizes the Security Trustee to  
file financing statements and amendments thereto relative to all or any  
part of the Collateral without the signature of the Pledgor where permitted  
by law, and agrees to do such further acts and things and to execute and  
deliver to the Security Trustee such additional conveyances, assignments,  
agreements and instruments as the Security Trustee may require or deem  
advisable to carry into effect the purposes of this Agreement or to further  
assure and confirm unto the Security Trustee its rights, powers and  
remedies hereunder.  
  
 12. THE SECURITY TRUSTEE AS AGENT. The Security Trustee  
will hold in trust in accordance with this Agreement all items of the  
Collateral at any time received under this Agreement. It is expressly  
understood and agreed that the obligations of the Security Trustee as  
holder of the Collateral and interests therein and with respect to the  
disposition thereof, and otherwise under this Agreement, are only those  
expressly set forth in this Agreement.  
  
 13. TRANSFER BY THE PLEDGOR. The Pledgor will not sell or  
otherwise dispose of, grant any option with respect to, or create, incur,  
assume or suffer to exist any Security Interest on any portion of the  
Collateral (except the Security Interest created by this Agreement).  
  
 14. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLEDGOR.  
The Pledgor represents and warrants that: (a) it is the legal, record and  
beneficial owner of, and has good and marketable title to, the Stock  
described in Section 2 hereof, subject to no Security Interest (except the  
Security Interest created by this Agreement); (b) it has full power,  
authority and legal right to pledge all such Stock pursuant to this  
Agreement; (c) all the shares of such Stock have been duly and validly  
issued, are fully paid and nonassessable; (d) this Agreement and the  
delivery of the certificates evidencing the Stock to the Security Trustee  
accompanied by stock powers duly executed in blank by the Pledgor creates,  
as security for the Secured Liabilities, a valid and enforceable perfected  
Security Interest on all of the Collateral, in favor of the Security  
Trustee for the benefit of the Security Trustee, and the other Finance  
Parties, subject to no Security Interest in favor of any other person; and  
(e) no consent, filing, recording or registration is required to perfect  
the Security Interest purported to be created by this Agreement. The  
Pledgor covenants and agrees that it will defend the Security Trustee's  
right, title and security in and to the Collateral against the claims and  
demands of all persons; and the Pledgor covenants and agrees that it will  
have like title to and right to pledge to the Security Trustee any other  
property at any time hereafter pledged to the Security Trustee as  
Collateral hereunder.  
  
 15. PLEDGOR'S OBLIGATIONS ABSOLUTE, ETC. The obligations of the  
Pledgor under this Agreement shall be absolute and unconditional and shall  
remain in full force and effect without regard to, and shall not be  
released, suspended, discharged, terminated or otherwise affected by, any  
circumstance or occurrence whatsoever, including, without limitation: (a)  
any renewal, extension, amendment or modification of, or addition or  
supplement to or deletion from, any of the Finance Documents or any other  
instrument or agreement referred to therein, or any assignment or transfer  
of any thereof; (b) any waiver, consent, extension, indulgence or other  
action or inaction under or in respect of any such instrument or agreement  
or this Agreement or any exercise or non-exercise of any right, remedy,  
power or privilege under or in respect of this Agreement or any other  
Finance Document; (c) any furnishing of any additional security to the  
Security Trustee or any acceptance thereof or any sale, exchange, release,  
surrender or realization of or upon any security by the Security Trustee;  
or (d) any invalidity, irregularity or unenforceability of all or part of  
the Secured Liabilities or of any security therefor.  
  
 16. REGISTRATION, ETC. (a) If an Event of Default shall have  
occurred and be continuing and the Pledgor shall have received from the  
Security Trustee a written request or requests that the Pledgor cause any  
registration, qualification or compliance under any federal or state  
securities law or laws to be effected with respect to the sale or transfer  
of all or any part of the Pledged Stock, the Pledgor as soon as practicable  
and at its expense will use its best efforts to cause such registration to  
be effected (and be kept effective) and will use its best efforts to cause  
such qualification and compliance to be effected (and be kept effective) as  
may be so requested and as would permit or facilitate the sale and  
distribution of such Pledged Stock, including, without limitation,  
registration under the Securities Act of 1933, as then in effect (or any  
similar statute then in effect), appropriate qualifications under  
applicable blue sky or other state securities laws and appropriate  
compliance with any other government requirements, provided that the  
Security Trustee shall furnish to the Pledgor such information regarding  
the Security Trustee as the Pledgor may request in writing and as shall be  
required in connection with any such registration, qualification or  
compliance. The Pledgor will cause the Security Trustee to be kept advised  
in writing as to the progress of each such registration, qualification or  
compliance and as to the completion thereof, will furnish to the Security  
Trustee such number of prospectuses, offering circulars or other documents  
incident thereto as the Security Trustee from time to time may reasonably  
request, and will indemnify the Security Trustee and all others  
participating in the distribution of such Pledged Stock against all losses,  
liabilities, claims or damages caused by any untrue statement (or alleged  
untrue statement) of a material fact contained therein (or in any related  
registration statement, notification or the like prepared and disseminated  
by the Pledgor or the Principal Corporation) or by any omission (or alleged  
omission) to state therein (or in any related registration statement,  
notification or the like prepared and disseminated by the Pledgor or the  
Principal Corporation) a material fact required to be stated therein or  
necessary to make the statements therein not misleading, except insofar as  
the same may have been caused by an untrue statement or omission based upon  
information furnished in writing to the Pledgor by the Security Trustee  
expressly for use therein.  
  
 (b) If at any time when the Security Trustee shall, acting on  
the instructions of the Facility Agent, determine to exercise its right to  
sell or transfer all or any part of the Pledged Stock pursuant to Section  
7, and such Pledged Stock or the part thereof to be sold or transferred  
shall not, for any reason whatsoever, be effectively registered under the  
Securities Act of 1933, as then in effect, the Security Trustee may, acting  
on the instructions of the Facility Agent, sell or transfer such Pledged  
Stock or part thereof by private sale in such manner and under such  
circumstances as the Security Trustee may deem necessary or advisable in  
order that such sale or transfer may legally be effected without such  
registration, provided that at least 10 days' notice of the time and place  
of any such sale shall be given to the Pledgor. Without limiting the  
generality of the foregoing, in any such event the Security Trustee, acting  
on the instructions of the Facility Agent (i) may proceed to make such  
private sale notwithstanding that a registration statement for the purpose  
of registering such Pledged Stock or part thereof shall have been filed  
under such Securities Act, (ii) may approach and negotiate with a single  
possible purchaser to effect such sale or transfer and (iii) may restrict  
such sale or transfer to a purchaser who will represent and agree that such  
purchaser is purchasing for its own account, for investment, and not with a  
view to the distribution or sale of such Pledged Stock or part thereof. In  
the event of any such sale or transfer, the Security Trustee shall incur no  
responsibility or liability for selling or transferring all or any part of  
the Pledged Stock at a price which the Security Trustee, acting on the  
instructions of the Facility Agent, may in good xxxxx xxxx reasonable under  
the circumstances, notwithstanding the possibility that a substantially  
higher price might be realized if the sale or transfer were deferred until  
after registration as aforesaid.  
  
 17. TERMINATION AND RELEASE. After all the Secured Liabilities  
have been paid in full and irrevocably discharged, this Agreement shall  
terminate, and the Security Trustee, at the request and expense of the  
Pledgor, will execute and deliver to the Pledgor a proper instrument or  
instruments acknowledging the satisfaction and termination of this  
Agreement, and will duly assign, transfer and deliver to the Pledgor  
(without recourse and without any representation or warranty) such of the  
Collateral as may be in the possession of the Security Trustee and has not  
theretofore been sold or otherwise applied or released pursuant to this  
Agreement, together with any moneys at the time held by the Security  
Trustee hereunder.  
  
 18. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN  
ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAW OF THE STATE OF DELAWARE  
WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES OF SUCH LAWS WHICH WOULD  
REQUIRE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE  
STATE OF DELAWARE.  
  
 19. JURISDICTION. (a) FOR THE EXCLUSIVE BENEFIT OF THE  
SECURITY TRUSTEE, THE PLEDGOR IRREVOCABLY AGREES THAT THE COURTS OF THE  
STATE OF DELAWARE HAVE JURISDICTION TO SETTLE ANY DISPUTES WHICH MAY ARISE  
OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THAT ACCORDINGLY ANY SUIT,  
ACTION OR PROCEEDINGS (TOGETHER IN THIS SECTION 19 REFERRED TO AS  
"PROCEEDINGS") ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT MAY BE  
BROUGHT IN SUCH COURTS, SUBJECT TO THE OPTION REFERRED TO IN SECTION 22.  
  
 (b) THE PLEDGOR IRREVOCABLY WAIVES AND AGREES NOT TO RAISE ANY  
OBJECTION WHICH IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OF  
ANY PROCEEDINGS IN ANY SUCH COURT AS IS REFERRED TO IN THIS SECTION 19 AND  
ANY CLAIM THAT ANY SUCH PROCEEDINGS HAVE BEEN BROUGHT IN AN INCONVENIENT OR  
IN APPROPRIATE FORUM AND FURTHER IRREVOCABLY AGREES THAT A JUDGMENT IN ANY  
PROCEEDINGS BROUGHT IN THE COURTS OF THE STATE OF DELAWARE SHALL BE  
CONCLUSIVE AND BINDING UPON THE PLEDGOR AND MAY BE ENFORCED IN THE COURTS  
OF ANY OTHER JURISDICTION.  
  
 (c) NOTHING CONTAINED IN THIS SECTION 19 SHALL LIMIT THE RIGHT  
OF THE SECURITY TRUSTEE TO TAKE PROCEEDINGS AGAINST THE PLEDGOR IN ANY  
OTHER COURT OF COMPETENT JURISDICTION, NOR SHALL THE TAKING OF PROCEEDINGS  
IN ONE OR MORE JURISDICTIONS PRECLUDE THE TAKING OF PROCEEDINGS IN ANY  
OTHER JURISDICTION, WHETHER CONCURRENTLY OR NOT.  
  
 20. WAIVER OF IMMUNITY. TO THE EXTENT THAT THE PLEDGOR MAY NOW  
OR HEREAFTER BE ENTITLED, IN ANY JURISDICTION IN WHICH PROCEEDINGS MAY AT  
ANY TIME BE COMMENCED WITH RESPECT TO THIS AGREEMENT, TO CLAIM FOR ITSELF  
OR ANY OF ITS UNDERTAKINGS, PROPERTIES, ASSETS OR REVENUES PRESENT OR  
FUTURE ANY IMMUNITY (SOVEREIGN OR OTHERWISE) FROM SUIT, JURISDICTION OF ANY  
COURT, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OF A  
JUDGMENT, EXECUTION OF A JUDGMENT OR FROM SET-OFF, BANKER'S LIEN,  
COUNTERCLAIM OR ANY OTHER LEGAL PROCESS OR REMEDY WITH RESPECT TO ITS  
OBLIGATIONS UNDER THIS AGREEMENT AND/OR TO THE EXTENT THAT IN ANY SUCH  
JURISDICTION THERE MAY BE ATTRIBUTED TO THE PLEDGOR, ANY SUCH IMMUNITY  
(WHETHER OR NOT CLAIMED), THE PLEDGOR HEREBY TO THE FULLEST EXTENT  
PERMITTED BY APPLICABLE LAW IRREVOCABLY AGREES NOT TO CLAIM, AND HEREBY TO  
THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW WAIVES, ANY SUCH IMMUNITY.  
  
 21. CONSENT TO ENFORCEMENT. THE PLEDGOR CONSENTS GENERALLY IN  
RESPECT OF ANY PROCEEDINGS TO THE GIVING OF ANY RELIEF OR THE ISSUE OF ANY  
PROCESS IN CONNECTION WITH SUCH PROCEEDINGS INCLUDING THE MAKING,  
ENFORCEMENT OR EXECUTION AGAINST ANY PROPERTY WHATSOEVER (IRRESPECTIVE OF  
ITS USE OR INTENDED USE) OF ANY ORDER OR JUDGMENT WHICH MAY BE MADE OR  
GIVEN IN SUCH PROCEEDINGS.  
  
 22. ARBITRATION. IF ANY DISPUTE ARISES IN RELATION TO THIS  
AGREEMENT, INCLUDING ANY QUESTION AS TO EXISTENCE, VALIDITY OR TERMINATION,  
SUCH DISPUTE SHALL, AT THE OPTION ONLY OF THE SECURITY TRUSTEE ACTING ON  
THE INSTRUCTIONS OF THE MAJORITY LENDERS, BE REFERRED TO AND FINALLY  
RESOLVED BY ARBITRATION UNDER THE RULES OF THE LONDON COURT OF  
INTERNATIONAL ARBITRATION WHICH ARE APPLICABLE AT THE TIME OF REFERENCE TO  
THE ARBITRATION AND ARE DEEMED TO BE INCORPORATED BY REFERENCE INTO THIS  
SECTION 22. SUCH ARBITRATION SHALL TAKE PLACE IN LONDON, ENGLAND AND SHALL  
BE CONDUCTED BY THREE ARBITRATORS, ONE OF WHOM SHALL BE NOMINATED BY THE  
PLEDGOR, ONE BY THE SECURITY TRUSTEE AND THE THIRD TO BE AGREED BETWEEN THE  
TWO ARBITRATORS SO NOMINATED AND IN DEFAULT SHALL BE NOMINATED BY THE  
PRESIDENT OF THE LONDON COURT OF INTERNATIONAL ARBITRATION. THE LANGUAGE  
IN WHICH SUCH ARBITRATION SHALL BE CONDUCTED SHALL BE ENGLISH. ANY AWARD  
RENDERED SHALL BE FINAL AND BINDING ON THE PARTIES THERETO AND MAY BE  
ENTERED INTO ANY COURT HAVING JURISDICTION OR APPLICATION MAY BE MADE TO  
SUCH COURT FOR AN ORDER OF ENFORCEMENT AS THE CASE MAY REQUIRE. NO PARTY  
MAY APPEAL TO ANY COURT FROM ANY AWARD OR DECISION OF THE ARBITRAL TRIBUNAL  
AND, IN PARTICULAR, BUT WITHOUT LIMITATION, NO APPLICATIONS MAY BE MADE  
UNDER SECTION 45 OF THE ARBITRATION XXX 0000 AND NO APPEAL MAY BE MADE  
UNDER SECTION 69 OF THE SAID ACT.  
  
 23. NOTICES. (a) All notices or other communications shall be  
in writing addressed to the relevant party. A written notice includes a  
facsimile transmission. Any such notice shall be deemed to be given as  
follows:  
  
 (i) if by personal delivery or letter, when delivered; and  
  
 (ii) if by facsimile, when the answerback is received.  
  
 However, a notice given in accordance with the above but received  
on a non-working day or after business hours in the place of receipt shall  
only be deemed to be given on the next working day in that place.  
  
 (b) The address and facsimile number of the Security Trustee  
are:  
  
 The Law Debenture Trust Corporation p.l.c.  
 Xxxxxxx Xxxxx, 00 Xxxxxxx Xxxxxx  
 Xxxxxx XX0X 0XX  
 Attention: The Manager, Trust Management  
 Facsimile: 00 (0)00 0000 0000/0000 0000  
  
or such other as the Security Trustee may notify to the Pledgor by not less  
than five Business Days' notice.  
  
 (c) The address and facsimile number of the Pledgor are:  
  
 Chaparral Resources, Inc.  
 00000 Xxxxxxxxxx Xxxxx, Xxxxx 0000  
 Xxxxxxx, Xxxxx 00000, XXX  
 Attention: President  
 Facsimile: (000) 000 0000  
  
or such other as the Pledgor may notify to the Security Trustee by not less  
than five Business Days' notice.  
  
 (d) Each communication and document made or delivered by one party to  
another pursuant to this Agreement shall be in the English language or  
accompanied by a translation thereof into English certified (by an officer  
of the person making or delivering the same) as being a true and accurate  
translation thereof.  
  
 24. MISCELLANEOUS. This Agreement shall be binding upon and  
inure to the benefit of and be enforceable by the respective successors and  
assigns of the parties hereto; provided, however, that the Pledgor may not  
assign or transfer any of its rights or obligations hereunder. This  
Agreement may be changed, waived, discharged or terminated only by an  
instrument in writing signed by the party against which enforcement of such  
change, waiver, discharge or termination is sought. The headings of the  
several sections and subsections in this Agreement are inserted for  
convenience only and shall not in any way affect the meaning or  
construction of any provision of this Agreement. This Agreement may be  
executed in any number of counterparts and by the different parties hereto  
on separate counterparts, each of which when so executed and delivered  
shall be an original, but all of which together shall constitute one and  
the same instrument.  
  
  
  
 IN WITNESS WHEREOF, the Pledgor and the Security Trustee have  
caused this Agreement to be executed by their representatives duly  
authorized as of the date first above written.  
  
 CHAPARRAL RESOURCES, INC.  
  
  
 By: /S/ XXXXXXX X. XXXXX  
 -----------------------------  
 Name: Xxxxxxx X. Xxxxx  
 Title: Treasurer  
  
  
 In the presence of:  
  
 /S/ XXXX X. XXXXX  
 -----------------------------  
 Witness  
 Name: Xxxx X. Xxxxx  
  
  
 The COMMON SEAL of  
 THE LAW DEBENTURE TRUST  
 CORPORATION p.l.c.  
 was hereunto affixed in the presence of:  
  
  
 /S/ XXXXXX XXXXX-XXXX  
 -----------------------------  
 Name: Xxxxxx Xxxxx-Xxxx  
 Title: Director  
  
  
 /S/ XXXXX XXXXXXXXX  
 -----------------------------  
 Name: Xxxxx Xxxxxxxxx  
 Title: Authorised Signatory  
  
  
  
 ANNEX A to  
 CRI-CAP(D)  
 PLEDGE AGREEMENT  
  
 LIST OF STOCK  
  
  
 PERCENTAGE OF  
 OUTSTANDING  
 NUMBER OF SHARES OF  
 NAME OF ISSUING CORPORATION TYPE OF SHARES SHARES CAPITAL STOCK  
 --------------------------- --------------- --------- --------------  
  
 Common Stock,  
Central Asian Petroleum, Inc. no par value 1500 100%  
  
  
  
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