Date: 08/19/1998

To: Mr. John Jake

From: Abhijith Umesh

Subject: Receiving from Congoil a sum of 2.5 million dollars as installation charges for the natural gas compression system on Ocean Reliable.

Purpose:

PTI had installed the natural gas compression system on ocean reliable for producing oil from aging fields. The documented costs of this project came up to a total of $2.5 million and reimbursement had to be received within 45 days of the installation. Though the installation got completed around 18 months back, the payment has not yet been made by Congoil. Congoil feels that gas compression system installation is a capital improvement and the costs have to be borne by PTI. Efforts are being made to convince and elucidate that costs have to be borne by Congoil according to the contract made earlier. Reimbursement has to be claimed along with a surcharge at the rate of 8% interest annually on documented costs.

Discussion:

To escalate and expedite the payment that PTI has to receive from Congoil, discussions are being held with its general manager Mr. Syanga Rugeiro. Efforts are being made to inform him that the gas compression system was installed upon the request from Congoil and there are associated extra costs that PTI had to incur to install the compression system. The terms and conditions pertaining to the contract are again explained to Mr. Rugeiro reiterating the fact that Congoil bear the cost of installation of gas compression.

It is also made clear that there are operational expenses incurred while drawing oil from the vessel and it is not fair of Congoil to reduce the payment of 43000 USD a day when the desired amount of oil is not obtained. The aging plant at Naabila is the main cause of depletion in oil production. It is also informed that the gas compression is an add-on functionality and not a feature of the vessel itself. All these reasons must be sufficient to convince Mr. Rugeiro for the payment of pending dues.

Close:

To have a healthy relationship with Congoil, I have written a letter to Syanga with genuine reasons and modestly requested for the payment. I also had a chance to interact with Syanga previously and in my opinion, he is businessman with high intellect. Mr. Syanga usually looks for thorough explanations and documents that makes him change sides. All measures are taken to ensure that long-standing relationship between the two companies is not strained at any cost. I believe that above reasons are sufficient to receive the reimbursement. If this does not result in fruition I would like the matter to be escalated to next higher-level management.