

BUENOS AIRES, JUNE 14, 2002

PURSUANT TO Law 24076, Resolution ENARGAS 93/94, Resolution ENARGAS 139/95 and Resolution ENARGAS 197/95 and,

WHEREAS:

Resolution ENARGAS 93/94 has been drafted in order to guarantee quality and safety of the service rendered at CNG Refueling Stations and to avoid their non compliance with safety standards.

For that purpose, Annex II of said standard established the setting up of a CNG Refueling Stations Centralized IT Registry (RIC) for recording data related to the events occurring at the Refueling Stations under each Licensee's jurisdiction.

A process of control and penalties was regulated in Annex I of Resolution ENARGAS 93/94 to be applied by Gas Distributors upon detection of non compliance with the safety standards by CNG Refueling Stations. Those Refueling Stations could appeal penalties before ENARGAS in order to guarantee an impartial and legal framework to the penalty process.

Within Resolution ENARGAS 197/95, such entity reasserted the measures for controlling compliance with CNG regulations in force by CNG Refueling Stations and users, specifically, compliance with verification of the mandatory CNG Fuel System qualifying Sticker by the Refueling Station before fuel dispensing (Resolution ENARGAS 139/95).

For that purpose, Resolution ENARGAS 197/95 Annex III empowered Distributors to preventively shut off natural gas supply by sealing the gas inlet valve at each Refueling Station measuring bridge, upon detecting non compliance with the obligation stipulated in the preceding paragraph.

Considering the significant increase in the amount of motor vehicles using CNG in their propulsion system within the country and therefore, of the Refueling Stations dispensing such fuel, it is necessary to update control standards and penalties regulations and incorporate more efficient and clear procedures guaranteeing such process.

Likewise, it is important to consider the recommendation issued by Chamber IV of the Appellate Court of Claims about the adequate guarantee to be provided by ENARGAS to the individual's right to defense against penalties that may correspond to such Individuals or Legal Entities involved in the CNG System.

The regulatory authority implies the responsibility of establishing a regulatory framework guaranteeing product quality, service safety and legality of the acts to every individual or legal entity included in the provisions set forth by this Controlling Authority.

CNG actual inherent risk stems from the need of controlling CNG Fuel System and from the operation required for its dispensing; thus, avoiding the occurrence of irreparable losses.

In view of the previous statements and in order to comply with the pertinent safety standards, the penalties policy shall be adapted in order to prevent non-compliance, since it constitutes a risk for CNG users and public safety in general which must be legally protected by this regulatory authority.

Therefore, it is essential to modify the Penalties Policy in force for CNG Refueling Stations by incorporating the legal guarantees stated hereinabove so that the pertinent penalties are applied to the infringing individual or legal entity.

Notwithstanding the above, Distributors shall continue being primarily in charge of quality and safety control of CNG Refueling Stations (Annex XXVII, Transfer Agreements) and the responsibility of periodically inspecting their Client's installations so as to guarantee compliance with the General and Specific Conditions of Service Regulations (Section 13, sub-section f).

It is convenient that Distributors set up a unified control program on CNG Refueling Stations.

It is essential to standardize the controls of operational CNG compressors equipment and dispensers maintenance and operation and to specify the responsibilities of each individual and legal entity devoted to those tasks.

In order to achieve the adequate interpretation of the regulatory parameters about the requirements to be complied with by the electromechanical facilities of CNG Refueling Stations, it shall be considered that those facilities shall be permanently adapted, extended and/or modified according

to Standard GE-N1-118 in force or any other superseding it, excluding issues related to Civil Works as long as they comply with the regulations applied for their approval.

The companies applying for qualification in order to set up a CNG Refueling Station shall submit and fulfill certain technical, legal and financial requirements ensuring their solvency for the activity, before the pertinent authority.

In that sense, a minimum financial capacity ensuring the financial conditions for operating is presently demanded to the Individuals and Legal Entities involved in the CNG system, defined in Resolution ENARGAS 139/95.

Such individuals and legal entities involved in the CNG system must keep such minimum financial capacity during qualification term and ensure compliance with all the other requirements of technical capacity necessary for registration, according to the provisions set forth in Resolution ENARGAS 2592/02.

For the user's protection, said requirement only applies to CNG Refueling Stations as they constitute an essential part of the system.

During the last period, there have been several cases of individuals or legal entities involved in the CNG System unable to comply with their financial obligations or that filed for chapter 11.

In those cases, the Regulatory Authority allowed them to continue operating provided they evidenced a commitment to comply with their obligations submitting an economic guarantee, as for example a bonding insurance or policy.

On the other hand, it is worth mentioning that the sole insurance requested to CNG Refueling Stations is a Blanket Insurance against Liabilities to Third Parties, covering other risky events.

Such insurance against liabilities to third parties only covers potential losses that may arise during the authorized normal course of operation and, as regards this insurance differences related to coverage characteristics have been found.

Notwithstanding the above, this Controlling Authority has detected some risks not included therein.

To that effect, for registration or continuance of license, a corporate assets guarantee for compensations in case of potential losses arising from fuel dispensing shall be included.

Though there are several instruments valid as financial guarantees, such as bank guarantees, “stand by” credits or financial entities guarantees, the bonding insurance is generally the most efficient and cost-effective means for financial coverage requirements stipulated by the normative.

The implementation of a Bonding Insurance by CNG Refueling Stations would cover their potential non-compliance of the requested requirements for qualification during its term, notwithstanding penalties deemed applicable by ENARGAS.

To that effect, it is convenient to include into the requested requirements for qualification, a Bonding Insurance for guaranteeing compliance of the entire normative timely required to CNG Refueling Stations to operate and for covering other potential losses.

The ENTE NACIONAL REGULADOR DEL GAS is empowered to issue this Resolution as regards the stipulations of Section 2, subsection a) and Section 52, subsections b), m), ñ) and x) of Law 24076.

THEREFORE:

THE ENTE NACIONAL REGULADOR DEL GAS BOARD OF DIRECTORS RESOLVES:

SECTION 1º.- ENARGAS Resolution 41/93, 93/94 and 197/95 are hereby repealed.

SECTION 2º.- Mechanisms for safety and quality inspection to be carried out for qualifying Compressed Natural Gas Refueling Stations included in Annexes I and II of this Resolution to be executed by Gas Distribution Licensees according to the stipulations provided herein are approved.

SECTION 3º.- This Resolution shall be effective as of the following day of its publication in the Official Bulletin and documentation shall be adapted by the pertinent individuals and legal entities within sixty (60) days.

SECTION 4º.- Communicate, deliver to the NATIONAL BUREAU OF OFFICIAL REGISTRY, publish and file it.

RESOLUTION ENARGAS N° 2629

ANNEX I

A.- GENERAL REGULATIONS FOR CNG REFUELING STATIONS.

1) For the purpose of this Resolution, Individuals and Legal Entities involved in the CNG System are: the CNG Refueling Stations defined in section 2, subsection (o) of Distribution Service Regulations operating as fixed installations and satellite Refueling Stations supplied by the previous ones according to the stipulations set forth by the regulations in force; their Technical Representatives, Responsible Persons in charge of compressors and dispensers Maintenance and Distribution Licensees.

2) Distribution Licensees shall take all the necessary measures for ensuring compliance with the applicable regulations in force or the ones superseding them and shall exercise the control and surveillance powers granted by this Resolution; otherwise, penalties foreseen in Annex X of License Basic Rules shall apply.

3) ENARGAS or a third party appointed by said entity may carry out scheduled or unscheduled audits to the Individuals or Legal Entities involved in the CNG System in order to verify compliance with the regulations in force.

4) Licensees shall carry out at least one (1) quarterly inspection so as to verify compliance with the regulations in force by each CNG Refueling Station within their jurisdiction and shall record all the information in the News Book signed by the Licensee on every page, and the pertinent Inspection Record shall be drafted registering its number in said book, notwithstanding the inspections carried out in particular cases or at the Regulatory Authority request.

5) Each Inspection Record shall be drafted in two copies signed in its original, identified correlatively by the record number for each Refueling Station and by the pertinent number of the Centralized IT Registry (RIC) stating the following:

- Place and date.
- Firm name of the CNG Refueling Station, name of its owner or Legal Representative, Technical Representative and of the company in charge of compressors and dispensers maintenance.
- Single Tax Identification Number (CUIT) of the Refueling Station.

- Accurate details of the item inspected and, if a violation to the standards is detected, specify the pertinent point.
- Signature and type or print name of the Owner, Legal Representative, Technical Representative or shift Person in charge.
- Acting inspector signature and seal.

6) If non compliance with the regulations in force is detected, Licensee shall deliver to the ENARGAS, not later than Forty Eight (48) hours after detecting such non compliance, a copy of the Inspection Record, together with the corresponding report, filing a copy and delivering the other to the inspected Refueling Station.

7) Not later than the Tenth (10) day of each month, lists of all the inspections carried out on the previous month shall be delivered to the Centralized IT Registry (RIC), including, per each Refueling Station, the Record Date and Number, RIC Number, Technical Representative and Responsible of compressors and/or dispensers Maintenance; printed in A4 size and in magnetic support (spreadsheet).

8) In case of violation to the regulations in force, the responsible Distributor shall attribute the detected failure to the Refueling Station and shall grant it three (3) business days so as to present its defense and demand regulation compliance.

After disclaimer or upon expiration of the corresponding term, Licensee shall have Three (3) business days for determining the issue. Based on the infringement severity, Licensee shall apply the penalties stated in point 9 of this Annex.

In all the cases, the Licensee shall inform the Refueling Station that penalty applied may be appealed before the ENARGAS within Ten (10) business days as of notice. Distributor shall inform the events to the Regulatory Authority within Five (5) as of the date the penalty is applied together with the backup information.

9) The following disciplinary measures may be applied to Refueling Stations, their Technical Representatives, Responsible persons in charge of compressors and/or dispensers Maintenance:

a) Warning

b) Fine

c) Qualification withdrawal

d) Disqualification

More than one penalty may not be applied for the same violation, and it shall be considered there is only one infringement even if the act or omission simultaneously affects several Users or third parties.

9.1) PENALTIES LEVELS:

Penalties shall be graded according to:

a) the violation severity and repetition.

b) the general level of compliance with the obligations by the Individuals and Legal Entities included in this Resolution.

c) the difficulties or damages that the violation causes to Users and third parties.

d) the level they affect public interest.

e) the deliberate concealment of the violation by incorrect records, false or incomplete statements or other similar methods

9.2) FINE:

A fine from One Thousand Argentine Pesos (AR\$ 1,000) to One Hundred Thousand Argentine Pesos (\$ 100,000) shall be applied in case of a violation to the regulations in force, based on its severity. The Regulatory Authority may modify those figures according to the industry economic variables after the validity date.

Fine amount shall be deposited in a banking account duly indicated by ENARGAS.

9.3) QUALIFICATION WITHDRAWAL:

Should the Refueling Station make two or more infringements in one year, qualification shall be withdrawn for One (1) to Ninety (90) days.

9.4) DISQUALIFICATION:

Final, when fraud or lack of technical skills and suitability for carrying out the regular operations is evidenced and/or when qualification has been withdrawn more than twice.

Qualification withdrawal and/or final disqualification shall be applied by ENARGAS at the Licensees request.

- 10) Violations shall be considered formal and shall disregard fraud or negligence of the Refueling Stations and/or those persons represented by them, except otherwise stated.
- 11) Penalty enforced in the main administrative office shall constitute a background to consider when incurring in the same infraction.
- 12) Regardless of the penalties application, the Individuals and Legal Entities included in this Resolution shall have to compensate for damages incurred in, and it shall not prevent the Controlling Authority from initiating proceedings for the fulfillment of those obligations and of any other legal obligation that may correspond.
- 13) In order to provide more safety to the system, CNG Refueling Stations electromechanical installations shall be adapted, extended and/or modified according to Standard GE-N1-118 in force or any other superseding it, excluding issues related to Civil Works as long as they comply with the regulations applied for their approval and, in each case, the Licensee shall state the pertinent term for carrying them out.
- 14) CNG Refueling Stations shall have an insurance against liabilities to third parties covering, before policy renewal, a mandatory risk assessment; not limiting any of their obligations.
- 15) CNG Refueling Stations shall have a Bonding Insurance for guaranteeing compliance and continuance of all the requirements necessary for operation during the whole qualification term, according to the characteristics set forth in Annex II of this Resolution.
- 16) If the nature of the violation is such that it currently or potentially threatens public safety making the beginning of the penalty process previously stated inefficient and useless due to the immediate hazard resulting from the violation, Distributors shall preventively shut off gas supply to the Refueling Station and compressed natural gas dispensing, informing ENARGAS of this situation not later than Twenty Four (24) hours after the violation has been evidenced.
- 17) If ENARGAS or anyone appointed by it or the Gas Distribution Licensee requires information to the individuals or legal entities involved in the system and it is not provided within a certain term or else, it is not correctly provided, fines from Fifty Argentine pesos (AR\$ 50) to Five Hundred Argentine pesos (AR\$ 500) shall be applied per each delay day. The Regulatory Authority may modify those figures according to the industry economic variables after the validity date.

B.- SPECIAL REGULATIONS FOR CNG REFUELING STATIONS

1) Persons responsible for Compressed Natural Gas dispensing shall verify, before refueling, that vehicles using said fuel in their propulsion system show the mandatory CNG Fuel System Identification Sticker affixed at the top right side of their windshields, issued according to the parameters set forth by Resolution ENARGAS 139/95.

2) Non compliance with the obligation of showing the mandatory sticker stated hereinabove shall prevent dispensing fuel to the user.

3) When Distributors detect non-compliance with the previously stated obligation, they shall apply the following penalties:

3.1) The first time, supply shut off for Twenty four (24) running hours.

3.2) The second time, supply shut off for Two (2) running days.

3.3) Supply shut off for Five (5) running days upon evidencing a second infraction within One (1) year or when it is the third one.

3.4) The fourth time and subsequent ones shall be considered as serious offenses and the following penalties shall be applied by ENARGAS at Licensees request.

(a) QUALIFICATION WITHDRAWAL between One (1) and Ninety (90) days.

(b) FINAL DISQUALIFICATION when qualification withdrawal penalty has been applied and when fraud or lack of technical skills and suitability for carrying out the regular operations is evidenced and/or when qualification withdrawal has been applied.

Distributor shall always attribute the violation to the Refueling Station and shall grant it Forty Eight (48) business hours so as to present its defense, demanding regulation compliance.

After disclaimer or upon expiration of the corresponding term, Licensee shall – if it corresponds and within Seventy Two (72) hours – apply the penalties stated in points 3.1, 3.2 and 3.3 of this subsection.

In all the cases, the Licensee shall inform the Refueling Station that penalty applied may be appealed before this Regulatory Authority within Ten (10) business days as of notice.

Licensee shall inform the events to ENARGAS within Five (5) days as of the date the penalty is applied.

4) Violations shall be considered formal and shall disregard fraud or negligence of the Refueling Stations and/or those persons represented by them, except otherwise stated.

5) Penalty enforced in the main administrative office shall constitute a background to consider when incurring in the same infraction, considered as such when the infraction is incurred in by identical Responsible Individuals or Legal Entities.

6) Regardless of the penalties application, the Refueling Stations shall have to compensate for damages incurred in and it shall not prevent the Controlling Authority from initiating proceedings for the fulfillment of those obligations and of any other legal obligation that may correspond.

7) Audits carried out and measures taken shall be registered in an Inspection Record including, at least, the following:

- Place and date
- Record number
- Page number of the news book in which the drafted Record appears
- Refueling Station name; Firm name, Single Tax Identification Number (CUIT) and identity data of the responsible persons
- Identity data of the motor vehicle owner, if available
- License plate number
- Make and number of the regulator and cylinder installed in CNG Fuel System, if available
- Signature and type or print name of the inspected individuals or legal entities

8) In case the Argentine Federal Police; the Government of the Autonomous City of Buenos Aires, Municipalities and Police Departments dependent on Provincial Governments in exercise of their own local control and police powers as regards safety detect any non compliance with the provisions of this Annex, they shall inform the area Licensees so that they implement the measures included in this Resolution.

C.- CENTRALIZED IT REGISTRY

1) Continuance of the Centralized IT Registry (RIC) enabled by resolution ENARGAS 93/94 for registering CNG Refueling Stations data specified in point A of this Annex within the scope of the ENTE NACIONAL REGULADOR DEL GAS (ENARGAS) is hereby stipulated.

2) Distributors shall deliver the following data to the RIC: firm date, holder, address (street, number, locality, province, zip code), telephone number, fax number, technical representative and his professional license number; persons responsible for compressors and/or dispensers maintenance; flag, station type (dual or CNG), compressors qualification date, quantity, make and model, type, compression nominal flow, compressors driving motor type, storage type and capacity, storage cylinders make, storage cylinders expiration, quantity, make, model and serial number of dispensers and amount of hoses.

3) Each month, not later than the Tenth (10) day, Licensees shall deliver to ENARGAS in a specially prepared magnetic support, the information about the Refueling Stations covering the previous month. Such information shall include incorporations, removals, modifications and dates of inspections carried out, detected violations and penalties applied which shall be entered into the RIC for analysis.

ANNEX II

MINIMUM REQUIREMENTS OF MANDATORY BONDING INSURANCE FOR CNG REFUELING STATIONS

1) COVERED RISKS:

Bonding Insurance shall guarantee compliance and continuance of all the requirements to be complied with by CNG REFUELING STATIONS during qualification term, plus One (1) additional YEAR so as to cover any consequence arising after license expiration.

Policy coverage shall expressly name the technical representative of the refueling station.

2) DIRECT BENEFICIARY:

Guarantee stated in the previous point shall be irrevocable and granted in favor of ENTE NACIONAL REGULADOR DEL GAS, unconditional and fully or partially enforceable at the Regulatory Authority request.

3) INSURED MINIMUM AMOUNT:

The Insurance Company shall become a jointly and severally liable surety and main obligor, and waives the so called “beneficio de división” [T.N.: right of co-surety for binding the creditor to divide the whole debt on a prorata basis with the other co-sureties] and “beneficio de excusión” [T.N: the surety can request from the judge that the goods of the debtor be attached and sold first and, if they are not enough, only then he is liable as surety] according to the provisions of Civil Code, Section 2013 and Commercial Code, Section 480, for a total maximum amount of Argentine pesos Two Hundred Thousand (AR\$ 200,000) for the CNG Refueling Station activities.

4) POLICY REQUIREMENTS:

4.a) Policies shall be submitted in a notarized certified copy stating that it is a true copy of the original and that the signor acts as the Company’s representative.

4.b) Policies shall be submitted together with the original of the updated Certificate issued by the National Superintendence of Insurance, certifying the condition of the contracted Insurance Company as regards:

- Minimum capital;
- Coverage of payable commitments and settled claims to be paid; and
- Coverage of commitments to policyholders.

Such certificate shall include those three items; otherwise, it shall be considered as non-submitted.

Notwithstanding the previous provisions, ENARGAS may verify – if necessary – the solvency and financial support of the Insurance Companies contracted by CNG Refueling Stations based on international ratings and/or indicative rates published by National Superintendence of Insurance, and may also demand and assess each policy reinsurance conditions.

5) POLICY EXPIRATION CLAUSE:

It shall include a clause by which the Insurance Company is bound to duly inform ENARGAS about any situation that may cause policy expiration, at least fifteen days before such expiration date.

6) POLICY MODIFICATION CLAUSE:

It shall include a clause stating that once the policy is approved by ENARGAS, it may not be modified, except with prior express authorization of such Entity and submitted by the Policyholder to the Insurer.