

AGREEMENT

ON COOPERATION AND RESPONSIBILITIES BETWEEN THE COMPANY "UNITED PERSONS, INC." AND THE CORPORATION "POTENTIAL OF SAHALIN."

The following agreement is made and entered into this 27th day of May, 1992 by and between the "Corporation for Economic Development of Sahalin" J.-S. C. "Potential of Sahalin" and the "United Persons, Inc."

WHEREAS:

both Sides have intention for mutual cooperation in economic development of the Sahalin region;

WHEREAS:

both Sides possess substantial amount of valuable information on the Sahalin region;

WHEREAS:

both Sides (as well as their representatives) have been working in close cooperation on elaboration of both general and specific programs of economic development of Sahalin;

WHEREAS:

"Corporation for Economic Development of Sahalin" implements state regional programs in the Sahalin region, that are strongly supported by the Sahalin and the Russian governments;

WHEREAS

UPI has a full support in its activity in the Sahalin region from the government of Sahalin;

WHEREAS

UPI has exclusive agreement with different governmental bodies and administration authorities, signed prior to this agreement that are respected by A.O. "Potential of Sahalin" and the copies of which are submitted prior to signing of this agreement,

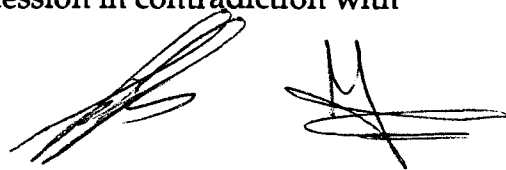
THEREFORE,

considering acceptance of mutual responsibilities, both Sides agree:

1. Cooperation between the parties has no expiration date, however it may be terminated upon written notice by one of the parties. Termination shall come into force in 6 months after notice is submitted.
2. Written notice to terminate cooperation between parties should not affect earlier signed

contracts and agreements on different areas of cooperation, established representative offices, joint-stock companies and other mutually formed legal entities, that cease to exist according to terms of separate contracts, regulations and statutes.

3. Starting from the day of signing of this Agreement, both parties should use their best intentions during negotiations to work out final terms for all agreements and documents, that might be necessary for further cooperation.
4. The representatives of the foreign party should not discuss any issues or convene talks with any legal or physical bodies from the Russian Federation covering any activities in the Sahalin area without notifying and getting approval from an authorized representative of joint-stock company "Potential of Sahalin". Presence of representatives of joint-stock company "Potential of Sahalin" at the further meetings with representatives of third legal or physical parties is mandatory. If such presence is impossible, a written report of the meeting should be submitted to the joint-stock company within a week.
5. The representatives of joint-stock company "Potential of Sahalin" should not discuss any issues or convene talks with any legal or physical body from outside Russia, with an exception of those countries on which both parties documentally agreed on, covering projects, undertaken by the J.-S. C. in Sahalin together with UPI or with other companies assigned by the UPI without notifying and receiving acceptance from Mr. Yazdi or his authorized agent or representative. Presence of representatives of UPI at the further meetings with representatives of third international legal or physical parties is mandatory. If such presence is impossible, a written report of the meeting should be submitted to UPI within a week.
6. None of the parties shall make an independent final decision on issues covered in paragraphs 4 and 5. The decision should be made by and between the presidents of both parties to the Agreement.
7. Information obtained by both parties pertinent to joint projects on development of the Sahalin island is strictly confidential and can not be disclosed or transferred to the third parties.
8. Neither party to this Agreement shall transfer any or all of its rights or responsibilities under this Agreement without prior written agreement by the other party. Both sides agree that such transfer or concession does not relieve the party from its responsibilities under this Agreement. Any attempt of such transfer or concession in contradiction with this statement shall be considered unlawful and void.



9. This Agreement together with any Appendices referred to herein represents the entire integrated Agreement between the parties and supersedes all prior and contemporaneous negotiations, representations and agreements, whether written or oral. If contradictions between the paragraphs of Appendices and main part of the Agreement are found, the main part should take priority.
10. This Agreement is written in both English and Russian. If there is variant reading between both versions, Russian text takes priority.
11. This Agreement does not create any rights or privileges to any individuals or organizations, except for the parties to this Agreement or their legal heirs.
12. Both parties came to an agreement, that by the 5th of June a representative of J.-S.C. "Potential of Sahalin" or of an organization corporately related to J.-S. C. shall be selected to exclusively represent UPI during all negotiations in the Sahalin region according to the rights and responsibilities outlined by a separate Agreement to be signed by both parties before June 20, 1992.
13. Both parties agree to exert every effort to create within two months a joint venture in the form of a closed partnership, reflecting the interests of UPI on Sahalin.

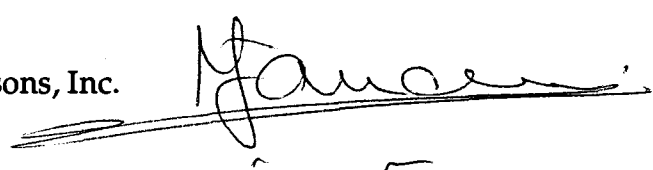
IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and sealed by their duly authorized officers as of the day and year first above written.

Corporation for Economic Development of Sahalin
(J.-S. C. "Potential of Sahalin")



V. P. Mozolevsky
President

United Persons, Inc.



F.K. Yazdi
President