

IN THE GRAND COURT OF THE CAYMAN ISLANDS



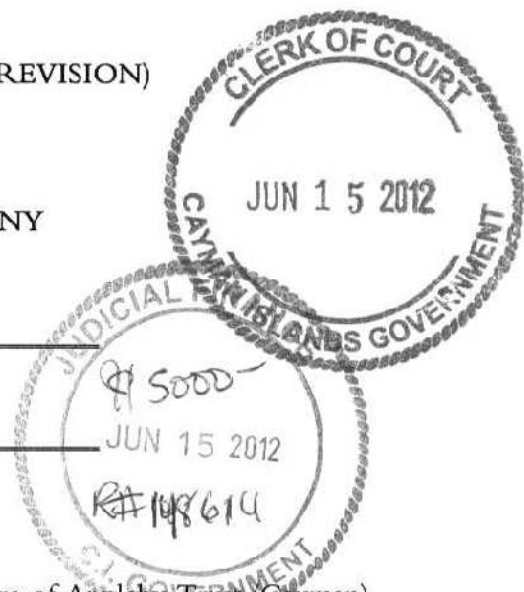
CAUSE NO: FSD

0091/2012
OF 2011 ()

IN THE MATTER OF THE COMPANIES LAW (2011 REVISION)

AND IN THE MATTER OF SANTIAGO OIL COMPANY

PETITION



To: The Grand Court

THE HUMBLE PETITION of Santiago Oil Company care of Appleby Trust (Cayman) Limited, Artemis House, Fort Street, George Town, Grand Cayman, Cayman Islands (the "Company") SHOWS THAT:

Background

1. The Company is a company limited by shares that was incorporated in Delaware on 13 November 1981 and registered by way of continuation in the Cayman Islands on 30 April 1996 under the Companies Law as amended (the "Companies Law"). The Company is registered under number 65819.
2. The objects for which the Company is established are unrestricted.
3. The Company was incorporated with the power to issue up to 100,000 shares of US\$1.00 par value. The Company has issued 22,220 shares of US\$1.00 par value.
4. The transactions referred to in paragraphs 6 and 7 below ("Restructuring Transactions") are conditional upon orders being made by this Honourable Court in accordance with (or substantially in accordance with) the relief sought in this Petition. Should the Court make the orders sought herein, then each of the Restructuring Transactions shall come into effect, subject to fulfilment of the remaining formalities, namely:

- 4.1. registration of the Court's order in accordance with section 17 of the Companies Law (2011 Revision);
 - 4.2. the Registrar of Companies for England and Wales registering the solvency statement and statement of capital in respect of Colombia Pipelines Limited, a group company subject to a capital reduction in England; and
 - 4.3. the conditions referred to in the shareholder resolution at paragraph 24 below having been satisfied. It is anticipated that these conditions will be satisfied with 1 to 2 days of the Court's order.
5. Pursuant to an agreement dated 31 March 1995 between Oleoducto Central S.A. ("OCSA") and the Company (the "SO Transportation Agreement"), the Company has the right to transport crude petroleum using OCSA's pipeline facilities. The Company seeks to transfer (as part of a spin-off) a portion of its rights under the SO Transportation Agreement.
 6. Pursuant to a corporate reorganisation of the Company governed by a spin-off agreement dated 13 June 2012 ("TA Spin-Off Agreement"), the Company agreed to spin off a portion of its patrimony by means of: (i) a cancellation of such part of the nominal amount of the share capital of the Company held by Equion Energia Limited ("Equion") as is equal to the net book value of the patrimony referred to in sub-paragraph (ii) below; (ii) the transfer in bulk of such percentage interest in the SO Transportation Agreement as entitles the Company to 5% of the transportation capacity in the OCSA pipeline plus cash and/or securities of US\$10,000 by the Company to New Santiago Pipelines Company ("New SP"); and (iii) the issue by New SP to Equion of shares which have a nominal value that is equal to the net book value of the patrimony transferred to New SP as described in paragraph (ii).
 7. In further pursuance of a corporate reorganisation of the Company and governed by a spin-off agreement dated 13 June 2012 ("TA2 Spin-Off Agreement"), the Company agreed to spin off a portion of its patrimony by means of: (i) a cancellation of such part of the nominal amount of the share capital of the Company held by Equion as is equal to the net book value of the patrimony referred to in paragraph (ii); (ii) the transfer in bulk of such percentage in the SO Transportation Agreement as entitles the Company to 2.15% of the transportation capacity in the OCSA pipeline plus cash and/or securities of US\$10,000 by the Company to Santiago Pipelines Company ("SP"); and (iii) the issue by SP to Equion of shares which have a nominal value that is equal to the net book value of

the patrimony transferred to SP as described in paragraph (ii) and a fair value that is equal to the net fair market value of the patrimony transferred to SP as described in paragraph (ii).

8. The Articles of Association of the Company (the “**Articles**”) provide, at Article 30, that, *inter alia*:

“The Company may by special resolution reduce its share capital... in any manner authorised by law”.

9. The Company is proposing one capital reduction in relation to the transactions described in paragraphs 6 and 7 to give effect to both the TA Spin-Off Agreement and the TA2 Spin-Off Agreement (the “**Capital Reduction**”).

Financial Information

10. The Statements of Financial Position of the audited unconsolidated financial statements of the Company as at 31 December 2011 (the “**Audited Accounts**”) show:

- 10.1. shareholder equity of US\$281,855,000; this is shown in the Audited Accounts as being comprised of issued and paid-up share capital of US\$267,983,000 and retained earnings of US\$13,873,000. Since the Audited Accounts were completed, the Company has determined that the issued and paid up capital was (as at 31 December 2011) in fact US\$2,020 and the balance of the US\$267,983,000 figure cited in the Audited Accounts as issued and paid-up share capital was comprised of a mixture (in uncertain proportions) of reserves and share premium;

- 10.2. cash and cash equivalents of US\$16,229,000;

- 10.3. other current assets of US\$225,525; this amount comprised raw materials inventories, and trade and other receivables;

- 10.4. creditors and accruals in the sum of US\$10,822,000.

11. The unaudited management accounts of the Company as at 31 May 2012 (the “**Management Accounts**”) show:

- 11.1. shareholder equity of US\$302,166,000; this includes issued and paid-up share capital of US\$22,220 and a combination of share premium and other reserves of US\$281,853,000;
 - 11.2. cash and cash equivalents in the sum of US\$7,253,000;
 - 11.3. other current assets of US\$271,152,000; this amount comprises raw materials inventories, and trade and other receivables; and
 - 11.4. creditors and accruals in the sum of US\$24,968,000.
12. The Capital Reduction will not prejudice the interests of the creditors of the Company, which are adequately safeguarded as the Company has creditors and accruals in the sum of approximately US\$24,968,289 as at 31 May 2012, and the Company has cash and current asset resources well in excess of the claims of all creditors, including such accruals. Furthermore:
- 12.1. The Capital Reduction involves only a modest US\$20,000 reduction to the share capital of the Company and is, given its modesty relative to the assets and liabilities of the Company, of no prejudice to the creditors of the Company;
 - 12.2. With regard to the overall creditor position of the Company:
 - 12.2.1. The Company expects to receive payments on receivables of approximately US\$42,281,000 within 5 weeks of the Capital Reduction being approved. Each of the debtors who make up the group of debtors from whom these payments are expected are substantial companies of good financial standing without any history of default in payment obligations owed to the Company. Those anticipated receipts will discharge the Company's creditors; and
 - 12.2.2. In the unlikely event that the Company's receipts from debtors are insufficient to discharge its creditors, the Company undertakes that it shall retain funds equal to \$20,000 (being the value of the Capital Reduction) from the share premium and reserves (which total US\$281,853,000) to meet unpaid sums due to the Company's creditors.

The Special Resolution

13. In the process of formulation of the corporate reorganisation of the Company, the Company's sole shareholder, Equion, was consulted and, through those consultations and related communications, obtained detailed knowledge of all matters relevant to Equion's decision whether or not to pass a special resolution to reduce the capital of the Company.
14. By a special resolution passed through a unanimous written resolution on 13 June 2012 in accordance with article 30 of the Articles and section 14 of the Companies Law (the "Special Resolution"), it was resolved as a special resolution, *inter alia*, as follows:

"RESOLVED as a special resolution pursuant to Article 30 of the Articles that, subject to the condition that Step 4 and the subdivision, redesignation and consolidation of the share capital of New SP forming part of Step 5 (as described in the Reorganisation Agreement) have been completed, the application to the Grand Court to approve a reduction of the capital of the Company by cancelling US\$0.90009 from each issued ordinary share of US\$1.00 each pursuant to Section 15 of the Companies Law (2011 Revision) of the Cayman Islands be and is hereby authorised and approved in all respects."

15. The Special Resolution was unanimously passed on the basis of a unanimous written resolution.
16. As the Company has no unpaid share capital, the Capital Reduction would not involve the diminution in liability in respect of any such unpaid share capital.
17. The form of minute proposed to be registered is as follows:

"By virtue of a Special Resolution and with the sanction of an Order of the Grand Court of the Cayman Islands dated 13 June 2012, the issued share capital of Santiago Oil Company was reduced by US\$20,000 by the reduction of the par value of each of the 22,220 fully paid ordinary shares of the Company to US\$0.09991 per share (being a cancellation of US\$0.90009 from each issued ordinary share of US\$1.00 each) At the date of registration of this Minute, all of the shares in the issued share capital of the Company are fully paid up."

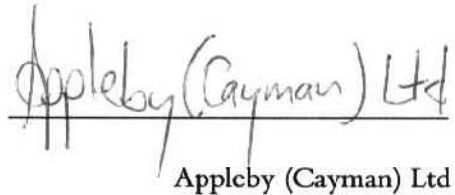
18. It is appropriate for the Court to confirm the Capital Reduction.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

- (1) That the reduction of the issued share capital of the Company proposed to be effected by the Special Resolution set forth in paragraph 14 of this Petition be confirmed and that the abovementioned minute be approved by the Court; and
- (2) Such orders as the Court thinks fit.

AND your petitioner will pray etc.

Dated the 15th day of June 2012


Appleby (Cayman) Ltd

Attorneys-at-law for the Petitioner

Note: This petition is not intended to be served

THIS PETITION was filed by Appleby (Cayman) Ltd, Attorneys-at-Law for the Petitioner, whose address for service is Clifton House, 75 Fort Street, PO Box 190, KY1-1104, George Town, Grand Cayman, Cayman Islands. (REF: THW/138458.0003)

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on the day of 2012 at am/pm.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, Cayman Islands, KY1-1106 telephone 345 949 4296