

NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION and THE
ADMINISTRATOR OF THE NEW JERSEY
SPILL COMPENSATION FUND,

Plaintiffs,

v.

OCCIDENTAL CHEMICAL CORPORATION,
TIERRA SOLUTIONS, INC., MAXUS
ENERGY CORPORATION, REPSOL YPF,
S.A., YPF, S.A., YPF HOLDINGS,
INC. AND CLH HOLDINGS,

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION
ESSEX COUNTY

DOCKET NO. L-009868 05

CIVIL ACTION

ORAL ARGUMENT REQUESTED

**BRIEF IN SUPPORT OF DEFENDANTS YPF, S.A.'S, YPF HOLDINGS,
INC.'S, AND CLH HOLDINGS, INC.'S MOTION TO DISMISS PLAINTIFFS'
AMENDED COMPLAINT FOR LACK OF PERSONAL JURISDICTION**

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PRELIMINARY STATEMENT

Plaintiffs filed suit against many defendants, including defendants YPF, S.A. ("YPF"), YPF Holdings, Inc. ("YPFH") and CLH Holdings, Inc. ("CLHH"), for pollution emanating from a former industrial site (the "Lister Site"). The Lister Site is located on the banks of the Passaic River in New Jersey.

YPF, YPFH, and CLHH have **never** owned or operated the Lister Site. Indeed, neither YPF, YPFH, nor CLHH do business in New Jersey. YPF is an Argentinean corporation with its principal place of business in Buenos Aires, Argentina. YPFH and CLHH are Delaware corporations with their principle places of business in Texas. YPF, YPFH, and CLHH do not have offices, employees, property, or any other significant contacts in New Jersey.

Without question, YPF, YPFH, and CLHH do not have the minimum contacts with New Jersey required to establish personal jurisdiction. Tellingly, plaintiffs have failed to allege a single fact to support jurisdiction over, or any claims against, YPF, YPFH, or CLHH. Thus, pursuant to Rule 4:6-2(b), YPF, YPFH, and CLHH should be dismissed from this lawsuit for lack of personal jurisdiction. Accordingly, YPF's, YPFH's, and CLHH's motion to dismiss plaintiffs' Amended Complaint should be granted.

STATEMENT OF FACTS

On December 14, 2005, plaintiffs filed this action, alleging violations of the New Jersey Spill Compensation Control Act, the Water Pollution Control Act, public nuisance, and trespass by the defendants. Shortly thereafter, the case was removed to federal court. Nearly a year later and after months of jurisdictional discovery, the case was remanded. Following the remand, the Court allowed plaintiffs to file an Amended Complaint.

Plaintiffs' Amended Complaint asserts that YPF, YPFH, and CLHH (hereinafter referred to as the "Non-Resident Defendants")¹ are somehow liable for alleged chemical discharges emanating from an industrial plant on the Lister Site. [Pls.' Am. Compl. ¶¶ 1,2.] All of these alleged discharges occurred decades ago [Pls.' Am. Compl. ¶ 18]. The other defendants are Occidental Chemical Corporation ("Oxy")², which is the purchaser of the corporation that allegedly "discharged pollutants" [Pls.' Am. Compl. ¶ 77]; Maxus Energy Corporation ("Maxus"), which agreed to indemnify Oxy for certain environmental liabilities, including the Lister Site, in connection with Maxus' sale of the

¹ Repsol YPF, S.A. is also a non-resident defendant. Repsol YPF has filed its own motion to dismiss.

² For the purposes of this motion, the current names of the defendants are used. A detailed history of the involved sale transactions is outlined in paragraphs 17 to 23 of plaintiffs' Amended Complaint.

corporation that operated the Lister Site to Oxy in 1986. [Pls.' Am. Compl. ¶ 22; Sirot Cert ¶ 2, Exh. 1.] and Tierra Solutions, Inc. ("Tierra"), which contractually assumed Maxus' indemnification obligations in 1986. [Sirot Cert. ¶ 3, Exh. 2.]. In addition, plaintiffs have named YPF's corporate parent, Repsol YPF, S.A., which has moved to dismiss for lack of personal jurisdiction by separate motion.

Defendants Repsol YPF, YPF, YPFH, and CLHH have been sued as the corporate parents of Maxus and Tierra [Pls.' Am. Compl. ¶¶ 22, 27.] YPF did not acquire Maxus until 1995 [Sirot Cert. ¶¶ 4,5, Exhs. 3, 4], YPFH and CLHH did not come into existence until 1996 [Sirot Cert. ¶ 6, Exh. 5], and Repsol YPF did not acquire YPF and its subsidiaries until 1999. [Sirot Cert. ¶ 7, Exh. 6] - all decades after the polluting acts referenced in plaintiffs' Amended Complaint had occurred. Thus, all of the non-resident defendants had absolutely nothing to do with any alleged pollution, which occurred decades ago. Moreover, Repsol YPF, YPF, YPFH, and CLHH do not have any corporate relationship with Oxy.

A. The Non-Resident Defendants Lack Minimum Contacts With New Jersey.

The Non-Resident Defendants assert that they do not have minimum contacts sufficient to warrant being subjected to jurisdiction in the State of New Jersey. Indeed, as plaintiffs'

admissions in their Amended Complaint, the Certification of Gabriel Leiva on behalf of YPF ("Leiva Cert." or "Leiva Certification"), the Certifications of Harvey R. ("Dick") Smith on behalf of YPFH and CLHH ("Smith Certs." or "Smith Certifications"), and the answers to Interrogatories (Sirot Cert. ¶¶ 8, 9, 10, Exhs. 7, 8, 9) support, the following shows that there are insufficient contacts between the Non-Resident Defendants and the State of New Jersey to justify the exercise of personal jurisdiction over them:

- YPF is an Argentinean corporation whose principal place of business is in Buenos Aires, Argentina. [Pls.' Am. Compl. at ¶14].
- YPFH and CLHH are Delaware corporations whose principal places of business are in The Woodlands, Texas. [Pls.' Am. Compl. at ¶¶ 15, 16].
- The Non-Resident Defendants have no designated agents for service of process in New Jersey, and New Jersey does not require them to have one. [Leiva Cert. ¶ 3; Smith Certs. ¶¶ 3; see also N.J.S.A. 14A:4-1].
- The Non-Resident Defendants do not maintain offices in New Jersey. [Leiva Cert. ¶ 3; Smith Certs. ¶ 3.]
- The Non-Resident Defendants have never conducted business meetings in New Jersey, and have never advertised, solicited, or conducted business in New Jersey. [Leiva Cert. ¶ 3; Smith Certs. ¶ 3.]
- The Non-Resident Defendants make no business decisions in New Jersey. [Leiva Cert. ¶ 3; Smith Certs. ¶ 3.]
- The Non-Resident Defendants do not recruit any employees in or out of New Jersey and does not buy or sell goods or services in New Jersey. [Leiva Cert. ¶ 3; Smith Certs. ¶ 3.]

- The Non-Resident Defendants own no real property located in New Jersey. [Leiva Cert. ¶ 4; Smith Certs. ¶ 4.].
- The Non-Resident Defendants have no telephone listings or address in New Jersey and do not advertise in New Jersey. [Leiva Cert. ¶ 4; Smith Certs. ¶ 4.].
- The Non-Resident Defendants maintain no bank account in New Jersey and transact no banking business in New Jersey. [Leiva Cert. ¶ 4; Smith Certs. ¶ 4.].
- The Non-Resident Defendants pay no taxes in New Jersey. [Leiva Cert. ¶ 4; Smith Certs. ¶ 4.].

Thus, the Non-Resident Defendants assert that they do not have minimum contacts with the State of New Jersey that would subject them to personal jurisdiction in this forum.

B. The Non-Resident Defendants Are Not Alter Egos or Common Economic Units with Tierra.

The plaintiffs have asserted alter ego type theories of personal jurisdiction over the Non-Resident Defendants to avoid the reality of the Non-Resident Defendants' lack of minimum contacts with New Jersey. Specifically, plaintiffs assert that the Non-Resident Defendants are the alter egos of Tierra and form part of a "common economic unit" that includes Tierra, thereby subjecting the Non-Resident Defendants to personal jurisdiction in New Jersey. Plaintiffs base their theories on the defendants' corporate relationships, which are described below:

1. History of Maxus' Indemnity Obligations

Maxus acquired the Lister Site in 1951 from Kolker Chemical Works, Inc. [Pls.' Am. Compl. ¶ 18.] Kolker had operated on the site since 1940 [Id. ¶ 17.] In August 1969, operations at the Lister Site ceased. [Id. ¶ 18.] In March 1971, Maxus sold the site. [Id.]

Over a decade later, on September 4, 1986, Maxus sold its chemicals division ("DSSC") to Occidental. As a condition of the sale, Maxus agreed to indemnify Occidental against certain liabilities related to the business or activities of DSSC prior to the September 4, 1986 closing date. [Sirot Cert. ¶ 2, Exh. 1.] Maxus and Occidental had identified the Lister Site as one of the DSSC properties giving rise to an indemnity obligation by Maxus. [Sirot Cert. ¶ 11, Exh. 10.]

Before the DSSC sale, Maxus incorporated Tierra and transferred to it title to the properties giving rise to Maxus' indemnity obligations under the 1986 SPA. [See Pls.' Am. Compl. ¶ 23.]

2. YPF's Acquisition of Maxus³

Nine years after the sale of DSSC, YPF acquired Maxus. [Sirot Cert. ¶¶ 4,5, Exhs. 3,4.] YPF wanted to grow internationally and saw the acquisition of Maxus - which had

³ Mr. Leiva had both personal and professional knowledge and expertise regarding the YPF reorganization and the propriety of all the involved transactions. [Sirot Cert. ¶ 12, Exh. 11.]

subsidiaries in Bolivia, Venezuela, Ecuador, and Indonesia - as an opportunity to do so. [Sirot Cert. ¶ 13, Exh. 12]

YPF committed approximately \$1.8 billion to the purchase of Maxus. [Sirot Cert. ¶ 14, Exh. 13.] This amount represented (a) approximately \$760 million cash based on the fair market value of Maxus and its subsidiaries as determined by an outside investment bank [Sirot Cert. ¶ 15, Exh. 14.] and (b) YPF's guaranteeing approximately \$1 billion in Maxus' third-party debt. [Sirot Cert. ¶ 16, Exh. 15.] The terms of the loans underlying Maxus' third-party debt required Maxus' parent to guarantee the debt, if Maxus' ownership changed. [Sirot Cert. ¶ 17, Exh. 16.] In addition, YPF agreed to capitalize Maxus as needed for a nine-year period so that Maxus could meet its obligations. [Sirot Cert. ¶¶ 18, 19, Exhs. 17, 18.] This nine-year commitment was known as the "Keep Well Covenant." [Sirot Cert. ¶¶ 18, 19, Exhs. 17, 18.]

Maxus was in a precarious financial position at the time of the acquisition. [Sirot Cert. ¶ 20, Exh. 19.] Its net worth was close to zero: while the value of Maxus' assets totaled nearly \$1 billion, its third-party debt totaled approximately \$1.4 billion. [Id.; Compare Sirot Cert. ¶ 21, Exh. 20 with Sirot Cert. ¶¶ 22, 23, Exhs. 21, 22.] Despite this reality, YPF had no concerns about Maxus' capitalization based on the Keep Well Covenant and YPF's guarantee of Maxus' debt as these

backings were "the most efficient financial strategy" at the time. [Sirot Cert. ¶ 24, Exh. 23.]

3. YPF's Corporate Reorganization

a. International Operations

A year after the acquisition of Maxus, YPF reorganized its subsidiaries to "maximiz[e] the fiscal and legal operative efficiency of the international operations of the company" as well as to correct inefficiencies in the U.S. operations. [Sirot Cert. ¶¶ 25, 26, Exhs. 24, 25.] For example, following the acquisition by YPF, Maxus was required under U.S. tax law to withhold 30% of the amount paid in dividends to YPF from the earnings of Maxus' foreign subsidiaries. [Sirot Cert. ¶¶ 27, 28, Exhs. 26, 27.] In addition, Maxus was required to pay the minimum tax of 2% on earnings from its operations in Bolivia and Venezuela, despite the fact that Maxus was overall unprofitable. [Sirot Cert. ¶ 29, Exh. 28.]

Under U.S. tax law, if an international subsidiary of YPF took ownership of Maxus' international subsidiaries, the minimum tax and the tax withholding on the earnings generated by Maxus' foreign subsidiaries would be eliminated. [Sirot Cert. ¶ 30, Exh. 29.] In light of this opportunity, "it made no sense" to continue running international operations through Maxus in the United States. [Sirot Cert. ¶ 31, Exh. 30.] YPF International, Ltd. ("YPF International"), therefore, was created and

incorporated outside the United States to hold the subsidiaries in Bolivia and Venezuela. [Sirot Cert. ¶ 32, Exh. 31, ¶¶ 2, 5; Sirot Cert. ¶ 33, Exh. 32.] In addition, a Dutch holding company was formed as a subsidiary of YPF International to hold the subsidiaries in Indonesia⁴ and Ecuador. [Sirot Cert. ¶ 35, Exh. 34.] Maxus sold its foreign subsidiaries to YPF International and the Dutch holding company for fair market value. [Sirot Cert. ¶ 36, Exh. 35.]

b. U.S. Operations

Another inefficiency arose from Maxus' ownership of Tierra. This chain of ownership resulted in Maxus' business activities comprising not only its active operations but also its historical indemnity obligations arising under the 1986 SPA with Occidental, which had nothing to do with Maxus' operations. [See Sirot Cert. ¶ 37, Exh. 36.]⁵ The proposed restructuring called for the creation of an indirect subsidiary of YPF to assume those obligations, "the purpose [of which] was to separate . . . the operational activities of Maxus from the environmental claims to clean Maxus from results that did not belong to its operation, and that would improve its operational

⁴ Indonesia and Holland had a favorable tax agreement based on Indonesia being a former Dutch colony. In Holland, the tax rate on the earnings of a Dutch company's Indonesian subsidiary would be significantly less than that imposed on earnings if the Indonesian subsidiary were owned by a U.S. parent. [Sirot Cert. ¶ 34, Exh. 33.]

⁵ Chemical Land Holdings, Inc. is the former name of Tierra.

results [and give Maxus] a better position before its debt and debt holders." [Sirot Cert. ¶ 38, Exh. 37.] Under the existing structure, the environmental losses were distorting the earnings from Maxus' actual operations. [Sirot Cert. ¶ 28, Exh. 27.]

To cure this distortion, YPFH was incorporated as: (1) an indirect subsidiary of YPF, (2) the direct subsidiary of YPF International, and (3) the direct parent of Maxus.

YPF

YPF International

YPFH

Maxus

[Sirot Cert. ¶¶ 6, 39, Exhs. 5, 38.]

Next, CLHH was formed as a subsidiary of YPFH to hold the stock of Tierra.

YPF

YPF International

YPFH

CLHH Maxus

Tierra

[Sirot Cert. ¶¶ 6, 39, Exh. 5, 38.]

As discussed in greater detail below, Tierra would assume Maxus' indemnification obligations as part of the 1996 corporate reorganization. [See Sirot Cert. ¶ 40, Exh. 39.] This restructuring accomplished the goal of placing "in one company, the earnings by the operations, and in another company . . . the environmental losses." [Sirot Cert. ¶ 41, Exh. 40.] There is no evidence that the restructuring occurred for reasons other than sound, proper, and legal business practices. Contrary to plaintiffs' allegations, there is no evidence that the restructuring resulted in "stripping" Maxus of assets and the ability to satisfy its contractual indemnification obligations to Oxy. [Pls.' Am. Compl. ¶ 24.]

Despite this change, the consolidated financials of the YPF U.S. group of subsidiaries (the "U.S. Group") remained the same.

[Sirot Cert. ¶ 42, Exh. 41.] The corporate reorganization had no impact on either the losses from Maxus' environmental obligations or the earnings from its operations. The obligations and earnings were simply allocated to separate companies within the U.S. Group so that Maxus' financial results would accurately reflect Maxus' actual operations. [Sirot Certs. ¶¶ 41, 42, Exhs. 40, 41.]

c. YPF Capital Contributions

As a final component of the 1996 corporate reorganization, YPF agreed to contribute a set amount of capital to Tierra in exchange for Tierra's assumption of Maxus' indemnity obligations. [Sirot Cert. ¶¶ 40, 43, Exhs. 39, 42.] On August 14, 1996, Maxus and Tierra entered into an agreement (the "Assumption Agreement"), whereby Tierra agreed to assume and manage all of Maxus' indemnity obligations to Occidental that arose out of the September 4, 1986 sale of DSSC to Occidental. [Sirot Cert. ¶ 3, Exh. 2, ¶ 2.1.]

Also on August 14, 1996, YPF, YPF International, YPFH, CLHH, Tierra, and Maxus entered into the Contribution Agreement, whereby the corporate parents supplied limited funds toward the indemnity obligations assumed by Tierra under the Assumption Agreement. [Sirot Cert. ¶ 44, Exh. 43, § 2.]

The Contribution Agreement clearly states that the parties thereto did not intend to benefit any third party and that

Chemical Land Holdings ("CLH" or later "Tierra") was to maintain a "separate existence and independence from Maxus and the Parent Companies and remain responsible for its own business, assets and liabilities, except to the extent as expressly provided in this Agreement," [Sirot Cert. ¶ 44, Exh. 43 , §§6, 9]

The Contribution Agreement further states that:

The books of account of CLH shall be maintained separately from those of Maxus and the other YPF Affiliates including other affiliates of Maxus. The assets of CLH shall not be commingled with the assets of Maxus or the YPF Affiliates." [Id. § 6(a)]

. . . [A]t least one member of the Board of Directors of CLH shall be a person who is not also a director, officer or employee of CLH, Maxus or any other YPF Affiliate. . . [Id. § 6(b)]

CLH shall have its own U.S. taxpayer identification number. [Id. § 6(d)]

CLH shall maintain bank accounts in its own name and utilize its own letterhead for all correspondence. [Id. § 6(e)]

CLH shall maintain all required corporate formalities as required under Delaware law, including the maintenance of books and records and the conduct of shareholders' and Board of Directors' meetings. [Id. § 6(g)]

4. Repsol, S.A. Acquisition of YPF

In July 1999, Repsol, S.A. acquired YPF, forming Repsol YPF, S.A. [Sirot Cert. ¶ 7, Exh. 6.] This acquisition came four years **after** YPF's acquisition of Maxus and three years **after** the formation of the Assumption and Contribution Agreements.

In light of distinct corporate relationships set forth above, the Non-Resident Defendants assert that they not subject to jurisdiction based upon the alter ego or common economic unit theories. Indeed, the following summarizes why the Non-Resident Defendants are not alter egos of Tierra and are not part of a "common economic unit," which includes Tierra:

- No YPF directors or officers serve as directors or officers of Tierra [Leiva Cert. ¶ 8];
- No YPF directors, officers, and personnel are involved in the activities or business of Tierra [Leiva Cert. ¶ 9];
- In their capacity as directors, officers, and personnel of YPFH, YPFH's directors, officers, and personnel are in no way involved in the activities or business of Tierra [Smith YPFH Cert. ¶ 8];
- In their capacity as directors, officers, and personnel of CLHH, CLHH's directors, officers, and personnel are in no way involved in the activities or business of Tierra [Smith CLHH Cert. ¶ 8];
- YPF, YPFH, and CLHH do not pay the salaries or expenses of Tierra [Leiva Cert. ¶ 10; Smith Certs. ¶ 9];
- YPF, YPFH, and CLHH do not develop the budget or control the activities of Tierra [Leiva Cert. ¶ 11; Smith Certs. ¶ 10];
- YPF, YPFH, and CLHH each accounts for its funds separately from those of its subsidiaries and affiliated companies [Leiva Cert. ¶ 12; Smith Certs. ¶ 11];
- YPF, YPFH, and CLHH in no way control the environmental practices of Tierra [Leiva Cert. ¶ 13; Smith Certs. ¶ 12];
- YPF does not disregard the separate corporate existence of YPFH, CLHH, Maxus, or Tierra [Leiva Cert. ¶ 14];

- YPFH does not disregard the separate corporate existence of CLHH, Maxus, or Tierra [Smith YPFH Cert. ¶ 13];
- CLHH does not disregard the separate corporate existence of Tierra [Smith CLHH Cert. ¶ 13];
- Tierra was not created and is not used to commit a fraud or injustice or otherwise circumvent the law [Leiva Cert. ¶ 15; Smith Certs. ¶ 14];
- Tierra does not solicit sales for YPF [Leiva Cert. ¶ 16]; and
- YPF's operations are not intertwined with those of YPFH, Maxus, CLHH, and Tierra [Leiva Cert. ¶ 17];
- YPFH's operations are not intertwined with those of Repsol YPF, YPF, Maxus, CLHH, or Tierra [Smith YPFH Cert. ¶ 15];
- CLHH's operations are not intertwined with those of Repsol YPF, YPF, YPFH, Maxus, or Tierra [Smith CLHH Cert. ¶ 15].

Thus, The Non-Resident Defendants assert that they have observed proper corporate formalities, do not control Tierra, and do not form part of a "common economic unit." Accordingly, the Non-Resident Defendants' motion to dismiss should be granted.

LEGAL ARGUMENT

POINT II

PLAINTIFFS HAVE NOT ESTABLISHED PERSONAL JURISDICTION OVER THE NON-RESIDENT DEFENDANTS

A. The Relevant Law.

This Court lacks personal jurisdiction over the Non-Resident Defendants because these defendants do not have

sufficient contacts with New Jersey. New Jersey's power to assert personal jurisdiction over non-resident defendants, such as YPF, YPFH, and CLHH, is limited by the Due Process Clause of the Fourteenth Amendment of the Constitution. See Helicopteros Nacionales de Columbia, S.A. v. Hall, 466 U.S. 408, 413-14 (1984); Pennoyer v. Neff, 95 U.S. 714, 733 (1878). Consequently, personal jurisdiction may only be asserted over a non-resident defendant if that defendant has certain minimum contacts with the forum "such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (quoting Milliken v. Meyer, 311 U.S. 457, 463 (1940)).

The fundamental purpose of the minimum contacts requirement is to ensure the fairness and reasonableness of requiring a non-resident to defend a lawsuit in the forum state. See, e.g., International Shoe, 326 U.S. at 317; World-Wide Volkswagen Corp. v. Woodson, 444 U.S. 286, 291 (1980). The dispositive consideration in determining whether it is fair and reasonable to subject a defendant to suit in a forum is whether the defendant should reasonably have anticipated being sued in the forum state. See, e.g., Charles Gendler & Co. v. Telecom Equip. Corp., 102 N.J. 460, 470-71 (1986); World-Wide Volkswagen v.

Woodson, 444 U.S. at 297; Burger King Corp. v. Rudzewicz, 471 U.S. 462, 474 (1985).

The connection between the defendant and the forum state "'must come about by an action of the defendant purposefully directed toward the forum State." Waste Management, Inc. v. Admiral Ins. Co., 138 N.J. 106, 122 (1994), cert. den., 513 U.S. 1183 (1995) (*quoting* Asahi Metal Indus. Co. v. Super. Ct. of Cal., 480 U.S. 102, 112 (1987)) (emphasis original). The United States Supreme Court has noted as follows:

[I]t is essential that in each case there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws.

Burger King Corp. v. Rudzewicz, 471 U.S. at 475; see also International Shoe, 326 U.S. at 319; World-Wide Volkswagen v. Woodson, 444 U.S. at 297; Charles Gendler & Co., 102 N.J. at 471. "This 'purposeful availment' requirement ensures that a defendant will not be haled into a jurisdiction solely as a result of 'random,' 'fortuitous,' or 'attenuated contacts'" or by the unilateral activity of another person. Burger King Corp. v. Rudzewicz, 471 U.S. at 475.

Procedurally, once personal jurisdiction is contested - as the Non-Resident Defendants have done in this matter - "the plaintiff bears the burden of demonstrating that the defendant's contacts with the forum State are sufficient to confer personal

jurisdiction on the court." Jacobs v. Walt Disney World, Co., 309 N.J. Super. 443, 454 (App. Div. 1998) (citation omitted); Seltzer v. I. C. Optics, Ltd., 339 F. Supp. 2d 601, 608 (D.N.J. 2004) ("the plaintiff carries the burden of 'establishing with reasonable particularity sufficient contacts between the defendant and the forum state.'") (citation omitted). Once jurisdictional discovery has been conducted - as it has in this case - a plaintiff must demonstrate that personal jurisdiction exists by a preponderance of the evidence. Painewebber Incorporated v. The Westgate Group, 748 F. Supp. 115, 118 (S.D.N.Y. 1990) (citations omitted); see Wortham v. KarstadtQuelle AG (In re Nazi Era Cases Against German Defendants Litig.), 320 F. Supp. 2d 204, 214-15 (D.N.J. 2004) ("Once a defendant asserts the defense of lack of personal jurisdiction, the plaintiff bears the burden of establishing by a preponderance of the evidence facts sufficient to support the Court's exercise of personal jurisdiction over the defendant."). Further, plaintiffs bear the additional burden of proving not only that the Non-Resident Defendants have sufficient minimum contacts with New Jersey, but also that extending this Court's jurisdiction to these defendants does not offend traditional notions of fair play and substantial justice. See Citibank v. Est. of Hohn A. Simpson, 290 N.J. Super. 519, 533 (App. Div.

1996); International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (*quoting* Milliken v. Meyer, 311 U.S. 457, 463 (1940)).

This "fair play and substantial justice" analysis entails an evaluation of the burden imposed on a non-resident defendant if it were required to litigate in New Jersey, the interest of New Jersey in this matter, the interstate judicial system's interest in obtaining the most efficient resolution of the controversy, and the shared interest of the several states in advancing social policies. See World-Wide Volkswagen, 444 U.S. at 292.

B. Application of the Relevant Law to the Facts.

1. New Jersey Does Not Have Personal Jurisdiction Over YPF.

a. YPF Does Not Have Sufficient Minimum Contacts with New Jersey to Confer Personal Jurisdiction.

Plaintiffs have altogether "fail[ed] to allege that YPF transacts any business" in New Jersey. See In re: Nazi Era Cases Against German Defendants Litigation, No. 04-2848, 2005 U.S. App. LEXIS 22715, at * 17 (3d Cir. Sept. 26, 2005) (citations omitted) (emphasis original). Instead, plaintiffs have admitted that YPF is a Argentinean corporation whose principal place of business is in Buenos Aires, Argentina. [Pls.' Am. Compl. at ¶14]. As shown by the Leiva Certification, YPF has no designated agents for service of process in New Jersey, and New Jersey does not require YPF to have one. [Leiva

Cert. ¶ 3; see also N.J.S.A. 14A:4-1]. YPF does not maintain offices in New Jersey. [Leiva Cert. ¶ 3.] YPF has never conducted business meetings in New Jersey, and it has never advertised, solicited, or conducted business in New Jersey. [Id.] YPF makes no business decisions in New Jersey. [Id.]. YPF does not recruit any employees in or out of New Jersey and does not buy or sell goods or services in New Jersey. [Id.].

YPF owns no real property located in New Jersey. [Id. ¶ 4.]. YPF has no telephone listings or address in New Jersey and does not advertise in New Jersey. [Id.]. YPF maintains no bank account in New Jersey and transacts no banking business in New Jersey. [Id.]. YPF pays no taxes in New Jersey. [Id.]. YPF simply lacks any contacts with the State of New Jersey that would justify exercising general jurisdiction over it. See IMO Industries v. Kiekert AG, 155 F.3d 254, 257 (3d Cir. 1998) (recognizing, in affirming the district court's dismissal for lack of jurisdiction, that the defendant - a German corporation - manufactured no products in New Jersey, had no direct sales or advertising in the state, maintained no office, mailing address, telephone number, or bank account in New Jersey, owned no real property, paid no taxes, and employed no one in the state); see also Dluhos v. Strasberg, No. 00-3163, 2005 U.S. Dist. LEXIS 34385 at *13 (D. N.J. June 23, 2005).

Without question, YPF has no meaningful contacts with the State of New Jersey, let alone any contacts that would make it reasonable for it to anticipate being sued in New Jersey. Such lack of contacts precludes a finding of personal jurisdiction. World-Wide Volkswagen v. Woodson, 444 U.S. at 297; Burger King Corp. v. Rudzewicz, 471 U.S. 462, 474 (1985); see, e.g., Charles Gendler & Co., 102 N.J. at 470.

Moreover, YPF's lack of contacts with New Jersey makes clear that it did not purposefully avail itself of the privilege of doing business in New Jersey. Without this "purposeful availment" requirement, YPF cannot be subjected to jurisdiction in New Jersey. See, Waste Mgmt., Inc., 138 N.J. at 122; International Shoe, 326 U.S. at 319; see also Charles Gendler & Co., 102 N.J. at 471; World-Wide Volkswagen, 44 U.S. at 297; Burger King, 471 U.S. at 473.

b. Exercising Jurisdiction over YPF Would Offend Traditional Notions of Fair Play and Substantial Justice.

From the outset, this second prong of the analysis is unnecessary because the requisite minimum contacts between YPF and New Jersey do not exist. See Waste Mgmt., Inc., 138 N.J. at 121 ("[A] court may not weigh those other factors until it has found that the defendant has experienced sufficient minimum contacts to satisfy the threshold determination.")

Nevertheless, requiring YPF to defend itself in New Jersey would unequivocally offend traditional notions of fair play and substantial justice.

As the extensive jurisdictional discovery in federal court established, there is simply nothing about YPF's operations that would lead YPF to anticipate being sued in New Jersey. Under such circumstances, New Jersey's interest in providing its residents with a judicial system for redress of grievances cannot possibly outweigh the burden to YPF of defending itself in the foreign forum of New Jersey against an Amended Complaint seeking damages that YPF could not possibly have caused or foreseen. Plaintiffs simply named YPF without any reasonable inquiry to determine if it bore any relation to this matter.

Plaintiffs cannot establish that it is in any way fair or just that YPF be required to defend itself in a foreign jurisdiction with which it has no meaningful contacts. Accordingly, the Court should find that it has no jurisdiction over YPF and dismiss YPF.

2. New Jersey Does Not Have Personal Jurisdiction Over Either YPFH or CLHH.

a. Neither YPFH nor CLHH Have Sufficient Minimum Contacts with New Jersey to Confer Personal Jurisdiction.

There is also a total absence of minimum contacts between YPFH and New Jersey and CLHH and New Jersey. Plaintiffs have

admitted that YPFH and CLHH are Delaware corporations whose principal places of business are in The Woodlands, Texas. [Pls.' Am. Compl. at ¶¶ 15, 16]. As the Smith Certifications state, neither YPFH nor CLHH have designated agents for service of process in New Jersey, and New Jersey does not require either YPFH or CLHH to have one. [Smith Certs. ¶ 3; see also N.J.S.A. 14A:4-1]. Neither YPFH nor CLHH maintains an office in New Jersey. [Smith Certs. ¶ 3]. Neither YPFH nor CLHH has ever conducted business meetings in New Jersey, nor has either YPFH or CLHH ever advertised, solicited, or conducted business in New Jersey. [Id.] Neither YPFH nor CLHH makes business decisions in New Jersey. [Id.]. Neither YPFH nor CLHH recruits any employees out of New Jersey, nor does YPFH or CLHH buy or sell goods or services in New Jersey. [Id.].

Neither YPFH nor CLHH owns real property located in New Jersey. [Id. ¶ 4.]. Neither YPFH nor CLHH has a telephone listing or address in New Jersey, nor does either YPFH or CLHH advertise in New Jersey. [Id.]. YPFH and CLHH do not maintain bank accounts in New Jersey and do not transact banking business in New Jersey. [Id.]. Neither YPFH nor CLHH pays taxes in New Jersey. [Id.]. YPFH and CLHH simply lack any contacts with the State of New Jersey that would justify exercising general jurisdiction over them. See IMO Industries v. Kiekert AG, 155 F.3d 254, 257 (3d Cir. 1998); see also Dluhos v. Strasberg, No.

00-3163, 2005 U.S. Dist. LEXIS 34385 at *13 (D. N.J. June 23, 2005).

b. **Exercising Jurisdiction Over Either YPFH or CLHH Would Offend Traditional Notions of Fair Play and Substantial Justice.**

This second prong of the analysis is unnecessary because the requisite minimum contacts between YPFH and New Jersey and CLHH and New Jersey do not exist. See Waste Mgmt., Inc., 138 N.J. at 121 (“[A] court may not weigh those other factors until it has found that the defendant has experienced sufficient minimum contacts to satisfy the threshold determination.”) Nevertheless, requiring YPFH and CLHH to defend themselves in New Jersey would unequivocally offend traditional notions of fair play and substantial justice.

As the extensive jurisdictional discovery in federal court established, there is simply nothing about YPFH's or CLHH's operations that would lead either defendant to anticipate being sued in New Jersey. Under such circumstances, New Jersey's interest in providing its residents with a judicial system for redress of grievances cannot possibly outweigh the burden to YPFH and CLHH of defending themselves in the foreign forum of New Jersey against an Amended Complaint seeking damages that neither YPFH nor CLHH could possibly have caused or foreseen. Plaintiffs simply named YPFH and CLHH without any reasonable inquiry to determine if they bore any relation to this matter.

Plaintiffs cannot establish that it is in any way fair or just that YPFH and CLHH be required to defend themselves in a foreign jurisdiction with which they have no meaningful contacts. Accordingly, the Court should find that it has no jurisdiction over YPFH and CLHH and dismiss them.

POINT III

NO OTHER BASIS EXISTS THAT WOULD JUSTIFY THE EXERCISE OF PERSONAL JURISDICTION OVER THE NON-RESIDENT DEFENDANTS

Plaintiffs, recognizing that no direct contacts exist between YPF, YPFH, or CLHH and the State of New Jersey, have pursued alter ego and "common economic unit" theories as a basis for asserting jurisdiction over the Non-Resident Defendants. [Pls.' Am. Compl. § 24.] Plaintiffs' efforts should fail. After more than four months of jurisdictional discovery - including the production of thousands of pages of documents, four sets of written interrogatories, and three depositions - including the fourteen-hour long deposition of the YPF corporate representative, through an interpreter - the record is devoid of any facts upon which to assert jurisdiction over YPF, YPFH, or CLHH on the basis of either of these theories.

A. Neither YPF, YPFH, nor CLHH is the Alter Ego of Tierra.

1. Relevant Law.

Plaintiffs have sought to impute the contacts of Tierra with the State of New Jersey to the Non-Resident Defendants on

the basis of the alter ego theory. The alter ego theory requires a plaintiff to show that "the parent so dominated the subsidiary that it had no separate existence but was merely a conduit for the parent." Seltzer, 339 F. Supp. 2d at 610 (citation omitted). Plaintiffs must show that the Non-Resident Defendants "controlled virtually every phase of [Tierra's] operation" [Seiko Epson Corp. v. Print-Rite Holdings, Ltd., CV 01-500-BR, 2002 U.S. Dist. LEXIS 27427 *39 (D. Ore. 2002) (citation omitted)] and that the Non-Resident Defendants had "actual, participatory, and **total control**" of Tierra." Akzona, Inc. v. E.I. du Pont De Nemours & Co., 607 F. Supp. 227, 237 (D. Del. 1984) (emphasis added). No facts exist to support such a showing.

2. **Application of the Relevant Law to the Facts.**

a. **YPF is Not the Alter Ego of Tierra.**

(1) YPF Corporate Reorganization

Plaintiffs have attacked YPF for conducting a perfectly normal, legal, and proper restructuring, i.e., structurally separating from Maxus its historical environmental obligations and giving to Tierra the management of those obligations. [Pls.' Am. Compl. ¶¶ 27-31.] There is nothing wrong or actionable with the 1996 restructuring. See Frank v. U.S. West, Inc., 3 F.3d 1357, 1362 (10th Cir. 1993) ("The law allows businesses to incorporate to limit liability and isolate

liabilities among separate entities.") Furthermore, the 1996 corporate reorganization did not change Tierra's pre-existing ownership of the sites giving rise to the environmental obligations. Finally, the corporate reorganization did not change or hide Maxus' historical environmental obligations in any way. Those obligations continue to be disclosed in YPF's public filings, just as Maxus had disclosed them in its public filings when Maxus made public filings. [Compare Sirot Cert. ¶ 45, Exh. 44 with Sirot Cert. ¶ 46, Exh. 45.]

There is also no evidence to support plaintiffs' allegation that YPF stripped Maxus or Tierra of assets that were sold or transferred for less than fair market value. [See Pls.' Am. Compl. ¶¶ 24, 31]. To the contrary, as Gabriel Leiva testified, all post-acquisition sales of Maxus' assets were for fair market value. [Sirot Cert. ¶ 47, Exh. 46.] In addition, rather than abandon Maxus and its ability to satisfy its obligations, YPF guaranteed all of Maxus' debt and even agreed to capitalize Maxus as needed for a nine-year period following the acquisition. [Sirot Cert. ¶¶ 48, 17, 19, Exhs. 47, 16, 18.]

Discovery has established that the 1996 corporate reorganization was a legitimate and necessary undertaking to improve tax and financial efficiencies within the corporate family and is simply not a basis upon which personal jurisdiction may be asserted against YPF.

(2) Financial Agreements

In an effort to establish that YPF is the alter ego of its subsidiaries, plaintiffs have devoted much effort to scrutinizing YPF's funding obligations under the Contribution Agreement and its loans to YPFH under a Credit Facility. [See Pls.' Am. Compl. ¶¶ 28-30, 33.] The evidence has demonstrated only that a dispute currently exists between YPF and YPFH as to the amounts that have been funded under the Contribution Agreement. [Sirot Cert. ¶ 49, Exh. 48.] The financial agreements between YPF and its subsidiaries are both irrelevant and insufficient as a matter of law to demonstrate liability under either vicarious theory that plaintiffs have argued.

While the Contribution Agreement does require Tierra to submit its proposed budget to YPF for approval [Sirot Cert. ¶ 44, Exh. 43, § 3], "[T]he Supreme Court has recognized that a parent corporation's 'supervision of [a] subsidiary's finance and capital budget decisions' is 'consistent with the parent's investor status.'" Action Mftg. Co., Inc. v. Simon Wrecking Co., 375 F. Supp. 2d 411, 425 (E.D. Pa. 2005); see also Seiko Epson, 2002 U.S. Dist. LEXIS 27427 *9 (finding that a parent's "supervision of the subsidiary's finance and capital budget decision," among other activities, "are evidence of a normal parent-subsidiary relationship and do not justify piercing the corporate veil.>"). [See also Sirot Cert. ¶ 50, Exh. 49.] Such

supervision in no way shows the "total control" required to subject a corporate parent to alter ego jurisdiction.

While plaintiffs claim that the obligations under the Contribution Agreement have been extinguished [Pls.' Am. Compl. ¶ 30], the undisputed evidence is that YPF and YPFH are addressing their disputes under the Contribution Agreement in a completely arms-length manner with independent outside lawyers and experts to evaluate their respective positions. [See Sirot Cert. ¶ 51, Exh. 50.] In the interim, YPF and YPFH have entered into a fully documented Credit Agreement, which, through authorized and documented amendments, has been increased to \$190 million. [Sirot Cert. ¶¶ 52, 53, 54, 55, 56, Exhs. 51, 52, 53, 54, 55.] Pursuant to the Credit Agreement, Maxus' current operations and explorations in the Gulf of Mexico are being funded. [Sirot Cert. ¶ 57, Exh. 56.] As Dick Smith explained, while the explorations currently demand a great deal of expense, they involve huge interests in the Gulf of Mexico. [Sirot Cert. ¶ 58, Exh. 57.] Those interests are expected to begin production in 2007. [Sirot Cert. ¶ 59, Exhs. 58.]

Additionally, the Credit Agreement has been the source of funds that Maxus has been providing to Tierra for its expenses since 2005. [Sirot Cert. ¶ 60, Exh. 59.] Between 1999 and 2004, Maxus alone was the source of funds for Tierra. [Sirot Cert. ¶ 61, Exh. 60.] Prior thereto, Tierra's expenses were

funded through the Contribution Agreement. [See Sirot Cert. ¶ 62, Exh. 61.]

Finally, it is undisputed that YPF is also required by the outside auditors of YPFH, Deloitte & Touche, to provide financial letters of support to YPFH. [Sirot Cert. ¶¶ 63, 64, 65, 66, Exhs. 62, 63, 64, 65.]

The current financial dependence of Maxus and Tierra on YPF is completely irrelevant to the jurisdictional analysis and does not allow YPF's corporate veil to be pierced:

"[C]apital infusions from a parent to a subsidiary are a normal, and, indeed a necessary part of the parent-subsidiary relationship and do not in and of themselves indicate an alter ego relationship.

In fact, [a parent's] infusion of capital into [its subsidiary] actually defeats an alter ego finding because it is proof that [the parent] is not siphoning assets from [the subsidiary] and is not improperly or unjustly trying to shield its assets by undercapitalizing its subsidiary and hiding behind the corporate veil."

Seiko Epson Corp., 2002 U.S. Dist. LEXIS 27427 at *52 (emphasis added).

Another court that has dealt with this issue has stated: "[A parent] will not be exposed to liability for the obligations of [its subsidiary] when [the parent] contributes funds to [the subsidiary] for the purpose of assisting [the subsidiary] in meeting its financial obligations and not for the purpose of perpetuating a fraud." Lowell Staats Mining Co., Inc. v. Pioneer Uravan, Inc., 878 F.2d 1259, 1263 (10th Cir. 1989).

There is no evidence that the Contribution Agreement or the Credit Facility with YPFH are in any way fraudulent or violate or circumvent any laws.

The Contribution Agreement and Credit Facility do not provide any basis on which jurisdiction can be exerted over YPF. Plaintiffs' suggestion in their Amended Complaint that YPF's limited capital contributions to the indemnity obligations of Tierra and its arms-length agreement with YPFH on the Credit Facility should somehow subject YPF to jurisdiction based on Tierra's contacts with New Jersey are completely without merit and should be rejected entirely.

(3) Self-Guarantees

Any suggestion that YPF's 2003 self-guarantee to NJDEP on behalf of Tierra for the chromium ore sites in Kearny, New Jersey (having nothing to do with the issues in this case), merits the exercise of personal jurisdiction over YPF should be categorically rejected. [See Pls.' Am. Compl. ¶32.] Courts have uniformly held that parent guarantees of subsidiary obligations cannot form the basis for piercing the corporate veil. Calvert v. Huckins, 875 F. Supp. 674, 679 (E.D. Ca. 1995) (citations omitted) (stating that the parent's guaranteeing at least one promissory note of the subsidiary "is a common business practice and a normal feature of the parent-subsidiary relationship" and that "[i]t does not demonstrate the measure of

control necessary to invoke the alter ego jurisdiction."); Kramer Motors, Inc. v. British Leyland, 628 F.2d 1175 (9th Cir. 1980) (rejecting alter ego and agency jurisdiction over parent corporation that had, among other things, guaranteed obligations of its subsidiary).

(4) Directors and Officers

Plaintiffs' allegations that jurisdiction should be exercised over YPF because various YPF directors have served in the past as directors or officers of the American subsidiaries is wholly meritless. [Pls.' Am. Compl. ¶35.] Courts have consistently refused to find the existence of overlapping officers and directors between a parent and its subsidiaries as a basis for piercing the corporate veil. See, e.g., Lowell Staats, 878 F. 2d at 1263 ("The identity of officers and directors is insufficient to allow corporate veil piercing.") (citations omitted); Calvert, 875 F. Supp. at 678; J. L. B. Equities, Inc. v. Ocwen Financial Corp., 131 F. Supp. 2d 544, 550 (S.D.N.Y. 2001) ("It has been established that overlapping officers and directors are 'intrinsic to the parent-subsidary relationship' and that they are not determinative as to whether the subsidiary is a 'mere department' of the parent.") (citations omitted).

(5) Corporate Policy

Finally, there is no evidence that YPF directs the environmental practices - or any practices - of Tierra. Even if this allegation were true, it would not suffice to exercise jurisdiction over YPF on alter ego grounds. Reers v. Deutsche Bahn AG, 320 F. Supp. 2d 140, 158 (S.D.N.Y. 2004) (recognizing that the "parent of a multinational corporate enterprise may make broad policy decisions for its subsidiaries" and that the parent's doing so is "inherent in the parent-subsidary relationship.") As Gabriel Leiva testified, while Repsol YPF has established a general environmental policy for its corporate family, directing its subsidiaries to comply with the environmental laws of the countries in which they are operating, each company decides for itself how best to fulfill the requirements of each country. [Sirot Cert. ¶ 67, Exh. 66.] The subsidiaries are not prevented from deciding their own environmental policies so long as their policies are consistent with the general framework of the Repsol YPF policy. [Sirot Cert. ¶ 68, Exh. 67.]

Thus, there is no evidence that YPF exerts any control over Tierra's practices or procedures - environmental or otherwise - that would justify the exercise of alter ego jurisdiction over YPF. Moreover, there is also no evidence that YPF directs and

controls the environmental policies, procedures, funding, or activities of its subsidiaries.

b. YPFH is Not the Alter Ego of Tierra.

Plaintiffs have resorted to asserting the same, misguided, alter ego type jurisdictional arguments against YPFH as they have against YPF. Plaintiffs have wrongly asserted that the 1996 corporate reorganization - through which YPFH was created - serves as a basis for finding that Tierra is an alter ego of YPFH. As discussed, through the 1996 corporate reorganization, YPFH became the parent of CLHH and Maxus, which in turn allowed CLHH to become the parent of Tierra. [Sirot Cert. ¶¶ 6, 39, Exh. 5, 38]. This restructuring furthered the sound and legal business purpose of separating from Maxus' actual business operations its historical indemnity obligations under the 1986 SPA with Oxy. [Sirot Cert. ¶ 38, Exh. 37.] Frank v. U.S. West, Inc., 3 F.3d 1357, 1362 (10th Cir. 1993) ("The law allows businesses to incorporate to limit liability and isolate liabilities among separate entities.")] The restructuring was not undertaken, as plaintiffs allege, for the purpose of moving "income-producing assets away from Maxus." [Pls.' Am. Compl. ¶27.]

Plaintiffs have also incorrectly argued that YPFH's limited capital contributions toward the indemnity obligations of Tierra under the Contribution Agreement and distributions to Maxus of

proceeds of loans from YPF to YPFH under the Credit Facility justifies piercing the corporate veil of YPFH. [Pls.' Am. Compl. ¶¶28-30, 33.] As discussed, courts that have dealt with the issue of financial support by the parent to the subsidiary have refused to find that such support subjects the parent to alter ego jurisdiction. [Seiko Epson Corp., 2002 U.S. Dist. LEXIS 27427 *52; Lowell Staats, 878 F.2d at 1263.]

Moreover, plaintiffs have erroneously focused on the existence of overlapping directors and officers between YPFH and Tierra as a basis for alter ego jurisdiction. [Pls.' Am. Compl. ¶35.] As the Smith Certification on behalf of YPFH states, YPFH's directors, officers, and personnel are in no way involved in the activities or business of Tierra in their capacity as directors, officers, and personnel of YPFH. [Smith YPFH Cert. ¶ 8.] Furthermore, courts have categorically rejected the existence of overlapping directors and officers between a parent and its subsidiary as a basis for exercising alter ego jurisdiction over the parent. [See, e.g., Lowell Staats, 878 F. 2d at 1263 ("The identity of officers and directors is insufficient to allow corporate veil piercing.") (citations omitted); Calvert, 875 F. Supp. at 678; J. L. B. Equities, Inc. v. Ocwen Financial Corp., 131 F. Supp. 2d 544, 550 (S.D.N.Y. 2001) ("It has been established that overlapping officers and directors are 'intrinsic to the parent-subsidiary relationship'

and that they are not determinative as to whether the subsidiary is a 'mere department' of the parent.") (citations omitted).

c. CLHH is Not the Alter Ego of Tierra.

Plaintiffs have wrongly asserted the same arguments against CLHH as they have against CLHH's parent, YPFH, and YPFH's parent, YPF. For the same reasons that plaintiffs' alter ego arguments fail against YPFH and YPF, they fail against CLHH. CLHH was created in 1996 to advance the legitimate business purpose of the 1996 corporate restructuring. Its creation and subsequent ownership of Tierra allowed Maxus to separate from Maxus' active operations its historical obligations under the 1986 SPA with Oxy. [See Sirot Cert. ¶ 38, Exh. 37] As discussed, the restructuring did not diminish or change those obligations or their disclosure in any way. [Sirot Cert. ¶ 42, Exh. 41.; Compare Sirot Cert. ¶ 45, Exh. 44 with Sirot Cert. ¶ 46, Exh. 45.] Next, as is normal in any parent-subsidary relationship, CLHH has contributed capital to Tierra. [Sirot Cert. ¶ 44, Exh. 43; Seiko Epson Corp., 2002 U.S. Dist. LEXIS 27427 *52; Lowell Staats, 878 F.2d at 1263.]

Finally, there is no basis for asserting personal jurisdiction against CLHH based on its overlapping officers and directors with Tierra. As one court that has dealt with the issue has stated, such overlap between parent and subsidiary is "normal." Action Mftg., 375 F. Supp. 2d at 424.

Neither the facts nor the law justifies the exercise of personal jurisdiction over YPF, YPFH, and CLHH based on plaintiffs' alter ego theory. After four months of discovery, Plaintiffs have amassed a record that shows that:

- No YPF directors or officers serve as directors or officers of Tierra;
- No YPF directors, officers, and personnel are involved in the activities or business of Tierra;
- In their capacity as directors, officers, and personnel of YPFH, YPFH's directors, officers, and personnel are in no way involved in the activities or business of Tierra;
- In their capacity as directors, officers, and personnel of CLHH, CLHH's directors, officers, and personnel are in no way involved in the activities or business of Tierra;
- YPF, YPFH, and CLHH do not pay the salaries or expenses of Tierra;
- YPF, YPFH, and CLHH do not develop the budget or control the activities of Tierra;
- YPF, YPFH, and CLHH each accounts for its funds separately from those of its subsidiaries and affiliated companies;
- YPF, YPFH, and CLHH in no way control the environmental practices of Tierra;
- YPF does not disregard the separate corporate existence of YPFH, CLHH, Maxus, or Tierra;
- YPFH does not disregard the separate corporate existence of CLHH, Maxus, or Tierra;
- CLHH does not disregard the separate corporate existence of Tierra;
- Tierra was not created and is not used to commit a fraud or injustice or otherwise circumvent the law; and

- Tierra does not solicit sales for YPF.

See Seltzer, 339 F. Supp. 2d at 610 (articulating common factors that state and federal courts in New Jersey examine to assess whether alter ego jurisdiction exists). [Leiva Cert. ¶¶ 8-15; Smith Certs. ¶¶ 8-14.]

B. Repsol YPF, YPF, YPFH, Maxus, CLHH, and Tierra Do Not Form a "Common Economic Unit."

1. Relevant Law.

As another basis for personal jurisdiction, plaintiffs have wrongly asserted that Repsol YPF, YPF, YPFH, CLHH, Maxus, and Tierra form a "common economic unit."⁶ Under New Jersey law, the cohesive economic unit test requires a plaintiff to show that "a parent over which the court has jurisdiction so control[s] and dominate[s] a subsidiary as in effect to disregard the latter's independent corporate existence." Genesis Bio-Pharmaceuticals, Inc. v. Chiron Corp., Nos. 00-2893 & 00-2981, 2002 U.S. App. LEXIS 749 at *9 (3d Cir. Jan. 10, 2002) (quoting Moon Carrier v. Reliance Ins., 379 A.2d 517, 523 (N.J. Super. 1977)).

2. Application of the Law to the Facts

This theory is not even applicable here as plaintiffs are not seeking to exert jurisdiction over the subsidiary based on the parent's contacts with the forum state, but vice versa. Furthermore, the test demands that the operational purposes of a

⁶ New Jersey courts talk of the "cohesive economic unit" test, not the "common economic unit" test.

parent and its subsidiaries be "so intertwined as to make the one unnecessary without the other[s]." Id. at *24. No evidence of such intertwinement exists.

In short, the separateness of Tierra from YPF, YPFH, and CLHH can be neither disregarded nor ignored so as to allow jurisdiction to be imposed on YPF, YPFH, and CLHH based on Tierra's contacts with New Jersey.⁷ Plaintiffs' theme that - but for Tierra - YPF, YPFH, and CLHH would somehow be responsible for the environmental liabilities which Tierra has assumed is completely unsupported by any facts or law. Finally, there is no evidence that Tierra, which existed prior to YPF's acquisition of its owners and the creation of YPFH and CLHH, was created for the purpose of perpetuating a fraud on, or circumventing the laws of, the State of New Jersey.

CONCLUSION

Plaintiffs have failed to allege, and cannot prove, facts that would support this Court's exercise of personal jurisdiction over YPF, YPFH, or CLHH. Neither specific nor general jurisdiction over YPF, YPFH, or CLHH exists - whether based on minimum contacts or plaintiffs' theories of alter ego or "common economic unit." For these reasons, the Court should


⁷ The record is equally devoid of any evidence that would allow the Court to exercise jurisdiction over Repsol YPF, who has filed its own separate motion to dismiss.

grant YPF, YPFH, and CLHH's motion and dismiss YPF, YPFH, and CLHH from this lawsuit.

Respectfully submitted,

GREENBAUM, ROWE, SMITH & DAVIS
LLP

BY: _____


JEFFREY A. SIROT

Dated: January 8, 2007

NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION and THE
ADMINISTRATOR OF THE NEW JERSEY
SPILL COMPENSATION FUND,

Plaintiffs,

v.

OCCIDENTAL CHEMICAL CORPORATION,
TIERRA SOLUTIONS, INC., MAXUS
ENERGY CORPORATION, REPSOL YPF,
S.A., YPF, S.A., YPF HOLDINGS,
INC. AND CLH HOLDINGS,

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION
ESSEX COUNTY

DOCKET NO. L-009868 05

CIVIL ACTION

**CERTIFICATION OF
JEFFREY A. SIROT**

JEFFREY A. SIROT, of full age, under oath, hereby certifies
as follows:

1. I am a member of the Bar of the State of New Jersey
and an associate of the law firm of Greenbaum, Rowe, Smith &
Davis LLP, local counsel for defendants Repsol YPF, S.A.
("Repsol YPF"), YPF, S.A. ("YPF"), YPF Holdings, Inc. ("YPFH"),
CLH Holdings, Inc. ("CLHH"). I make this Declaration in support
of YPF's, YPFH's, and CLHH's motion to dismiss plaintiff's
Amended Complaint for Lack of Personal Jurisdiction. I have
personal knowledge of the facts set forth below.

2. Attached hereto as Exhibit "1" is a true copy of
relevant portions of YPF Holdings, Inc. and Subsidiaries
Consolidated Financial Statement as of and for the Years Ended
Dec. 31, 2005 and 2004, and Independent Auditor's Report.

3. Attached hereto as Exhibit "2" is a true copy of the Assumption Agreement between Tierra Solutions, Inc. and Maxus Energy Corporation ("Maxus") dated August 14, 1996.

4. Attached hereto as Exhibit "3" is a true copy of the Agreement of Merger Among YPF, YPF Acquisition Corp., and Maxus dated February 28, 1995 ("YPF/Maxus Merger Agreement").

5. Attached hereto as Exhibit "4" is a true copy of relevant portions of the deposition of Gabriel Leiva on behalf of YPF on September 23 and 24, 2006 ("Leiva Deposition").

6. Attached hereto as Exhibit "5" is a true copy of summary prepared by Maxus regarding the 1996 corporate reorganization.

7. Attached hereto as Exhibit "6" is a true copy of relevant portions of Form 20-F of Repsol YPF for fiscal year ended December 31, 2000.

8. Attached hereto as Exhibit "7" is a true copy of the Answers and Objections to Interrogatories of YPF dated June 19, 2006.

9. Attached hereto as Exhibit "8" is a true copy of the Answers and Objections to Interrogatories of YPFH dated June 19, 2006.

10. Attached hereto as Exhibit "9" is a true copy of the Answers and Objections to Interrogatories of CLHH dated June 19, 2006.

11. Attached hereto as Exhibit "10" is a true copy of relevant portions of the Stock Purchase Agreement By and Among Diamond Shamrock Corporation, Occidental Petroleum Corporation, Occidental Chemical Holding Corporation and Oxy-Diamond Alkali Corporation dated September 4, 1986.

12. Attached hereto as Exhibit "11" is a true copy of relevant portions of the Leiva Deposition.

13. Attached hereto as Exhibit "12" is a true copy of relevant portions of the Leiva Deposition.

14. Attached hereto as Exhibit "13" is a true copy of relevant portions of the Leiva Deposition.

15. Attached hereto as Exhibit "14" is a true copy of relevant portions of the Leiva Deposition.

16. Attached hereto as Exhibit "15" is a true copy of relevant portions of the Leiva Deposition.

17. Attached hereto as Exhibit "16" is a true copy of relevant portions of the Leiva Deposition.

18. Attached hereto as Exhibit "17" is a true copy of relevant portions of the Leiva Deposition.

19. Attached hereto as Exhibit "18" is a true copy of Section 5.15 of the YPF/Maxus Merger Agreement.

20. Attached hereto as Exhibit "19" is a true copy of relevant portions of the Leiva Deposition.

21. Attached hereto as Exhibit "20" is a true copy of relevant portions of the Leiva Deposition.

22. Attached hereto as Exhibit "21" is a true copy of relevant portions of the Leiva Deposition.

23. Attached hereto as Exhibit "22" is a true copy of relevant portions of the Leiva Deposition.

24. Attached hereto as Exhibit "23" is a true copy of relevant portions the Leiva Deposition.

25. Attached hereto as Exhibit "24" is a true copy of relevant portions of the Leiva Deposition.

26. Attached hereto as Exhibit "25" is a true copy of relevant portions of the YPF Board of Directors Minutes of June 4, 1996 ("YPF Board Minutes"). An English translation is also attached.

27. Attached hereto as Exhibit "26" is a true copy of relevant portions of the Leiva Deposition.

28. Attached hereto as Exhibit "27" is a true copy of relevant portions from a presentation on YPF/Maxus International Restructuring. An English translation is also attached.

29. Attached hereto as Exhibit "28" is a true copy of relevant portions of the Leiva Deposition.

30. Attached hereto as Exhibit "29" is a true copy of page relevant portions of the Leiva Deposition.

31. Attached hereto as Exhibit "30" is a true copy of relevant portions of the Leiva Deposition.

32. Attached hereto as Exhibit "31" is a true copy of relevant portions of the YPF Board Minutes. An English translation is also attached.

33. Attached hereto as Exhibit "32" is a true copy of relevant portions of the Leiva Deposition.

34. Attached hereto as Exhibit "33" is a true copy of relevant portions of a presentation on YPF/Maxus International Restructuring. An English translation is also attached.

35. Attached hereto as Exhibit "34" is a true copy of relevant portions of the Leiva Deposition.

36. Attached hereto as Exhibit "35" is a true copy of relevant portions of the Leiva Deposition.

37. Attached hereto as Exhibit "36" is a true copy of the Diagram of Corporate Structure (Before 8/1/96).

38. Attached hereto as Exhibit "37" is a true copy of relevant portions of the Leiva Deposition.

39. Attached hereto as Exhibit "38" is a true copy of the Diagram of Corporate Structure (Effective 8/1/96).

40. Attached hereto as Exhibit "39" is a true copy of relevant portions of the YPF Board Minutes. An English translation is also attached.

41. Attached hereto as Exhibit "40" is a true copy of relevant portions from the Leiva Deposition.

42. Attached hereto as Exhibit "41" is a true copy of relevant portions from the Leiva Deposition.

43. Attached hereto as Exhibit "42" is a true copy of relevant portions from the Leiva Deposition.

44. Attached hereto as Exhibit "43" is a true copy of the Contribution Agreement dated August 14, 1996, among YPF, YPF International, Ltd., YPFH, CLHH, Maxus, and Tierra.

45. Attached hereto as Exhibit "44" is a true copy of relevant excerpts from Form 10-K of Maxus Energy Corporation for fiscal year ending December 31, 1996.

46. Attached hereto as Exhibit "45" is a true copy of relevant portions from Form 20-F of YPF for fiscal year ended Dec. 31, 2005.

47. Attached hereto as Exhibit "46" is a true copy of relevant portions from the Leiva Deposition.

48. Attached hereto as Exhibit "47" is a true copy of relevant portions from the Leiva Deposition.

49. Attached hereto as Exhibit "48" is a true copy of relevant portions from the Leiva Deposition.

50. Attached hereto as Exhibit "49" is a true copy of relevant portions from deposition of Harvey R. Smith ("Dick

Smith") on behalf of YPFH ("Smith YPFH Deposition") of September 15, 2006.

51. Attached hereto as Exhibit "50" is a true copy of relevant portions from the Leiva Deposition.

52. Attached hereto as Exhibit "51" is a true copy of the Credit Contract between YPF and YPFH effective Aug. 1, 2005 ("Credit Contract").

53. Attached hereto as Exhibit "52" is a true copy of the First Amendment to the Credit Contract effective November 25, 2005.

54. Attached hereto as Exhibit "53" is a true copy of the Second Amendment to the Credit Contract effective February 24, 2006.

55. Attached hereto as Exhibit "54" is a true copy of the Third Amendment of the Credit Contract effective May 3, 2006.

56. Attached hereto as Exhibit "55" is a true copy of relevant portions from the Smith YPFH Deposition.

57. Attached hereto as Exhibit "56" is a true copy of relevant portions from the Smith YPFH Deposition.

58. Attached hereto as Exhibit "57" is a true copy of relevant portions from the Smith YPFH Deposition.

59. Attached hereto as Exhibit "58" is a true copy of relevant portions from the Leiva Deposition.

60. Attached hereto as Exhibit "59" is a true copy relevant portions from the Smith YPFH Deposition.

61. Attached hereto as Exhibit "60" is a true copy of relevant portions from the Smith YPFH Deposition.

62. Attached hereto as Exhibit "61" is a true copy of relevant portions from the Smith YPFH Deposition.

63. Attached hereto as Exhibit "62" is a true copy of correspondence from Carlos Olivieri to YPFH dated March 8, 2005.

64. Attached hereto as Exhibit "63" is a true copy of correspondence from Carlos Olivieri to YPFH dated October 6, 2005.

65. Attached hereto as Exhibit "64" is a true copy of correspondence from Carlos Olivieri to YPFH dated May 3, 2006.

66. Attached hereto as Exhibit "65" is a true copy of correspondence from Carlos Olivieri to YPFH dated August 8, 2006.

67. Attached hereto as Exhibit "66" is a true copy of relevant portions from the Leiva Deposition.

68. Attached hereto as Exhibit "67" is a true copy of relevant portions from the Leiva Deposition.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



JEFFREY A. SIROT

Dated: January 8, 2007

EXHIBIT 1

***YPF Holdings, Inc. and
Subsidiaries***
***(A Wholly Owned Subsidiary of
YPF S.A.)***

*Consolidated Financial Statements
as of and for the Years Ended
December 31, 2005 and 2004, and
Independent Auditors' Report*

The major components of reserves as of December 31, 2005 and 2004, are as follows (in thousands):

	2005	2004
Current—environmental liabilities	<u>\$ 20,900</u>	<u>\$ 20,900</u>
Noncurrent:		
Environmental liabilities	64,315	77,389
Black lung benefits act liabilities	9,625	10,027
Miscellaneous liabilities (1)	<u>1,233</u>	<u>1,308</u>
Total reserves—noncurrent	<u>75,173</u>	<u>88,724</u>
Total	<u>\$ 96,073</u>	<u>\$ 109,624</u>

(1) Miscellaneous liabilities are not significant individually.

Laws and regulations relating to health and environmental quality in the United States affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

The Company believes that its policies and procedures in the area of pollution control, product safety, and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of the Company and, as discussed below, Maxus Energy Corporation (“Maxus”) and Tierra Solutions, Inc. (“Tierra”) have certain potential liabilities associated with operations of Maxus’ former chemical subsidiary. The Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by the Company for the installation and operation of systems and equipment for remedial measures, possible dredging requirements and in certain other respects. Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

In connection with the sale of Maxus’ former chemical subsidiary, Diamond Shamrock Chemicals Company (“Chemicals”), to Occidental Petroleum Corporation (together with its subsidiary Occidental Chemical Corporation, “Occidental”) in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the September 4, 1986, closing date (the “Closing Date”), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date.

In addition, under the agreement pursuant to which Maxus sold Chemicals to Occidental, Maxus is obligated to indemnify Chemicals and Occidental for 50% of certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the Closing Date and for any period of time following the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by Chemicals and as to which Chemicals provided written notice prior to September 4, 1996, irrespective of when Chemicals incurs and gives notice of such costs, with Maxus’ aggregate exposure

EXHIBIT 2

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT (the "Agreement"), dated as of August 14, 1996, is made and entered into by and among CHEMICAL LAND HOLDINGS, INC., a Delaware corporation ("CLH") and MAXUS ENERGY CORPORATION, a Delaware corporation ("Maxus").

RECITALS

A. Immediately prior to the execution, and delivery of this Agreement, CLH has become a wholly-owned subsidiary of CLH Holdings, Inc., a Delaware corporation.

B. The parties hereto desire to transfer certain assets and liabilities related primarily to certain environmental matters, and the management thereof, to CLH.

C. CLH is willing to assume such liabilities and the management thereof in consideration of, among other things, the assignment of certain assets to CLH and the agreements to make certain capital commitments to CLH by its stockholder and its parent companies pursuant to the Contribution Agreement.

AGREEMENTS

In consideration of the mutual undertakings and agreements contained herein and in the Contribution Agreement, the parties covenant and agree as follows:

ARTICLE ONE

DEFINITIONS

The following terms have the meanings assigned:

"*Administrative Proceeding*" means any action taken by any Governmental Authority pursuant to or under any Environmental Law, including, but not limited to, any clean up, removal or remediation activity, notice of violation, notice of deficiency, notice of potential liability, inspection, investigation, site characterization, or any notice or directive given by such Governmental Authority in connection with clean up, removal or remediation activity.

"*Assigned Assets*" is defined in Section 3.1 of this Agreement.

"*Assumed Liabilities*" is defined in Section 2.1 of this Agreement.

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"*Contribution Agreement*" shall mean that certain Contribution Agreement dated an even date herewith by and among YPF Sociedad Anónima, YPF International Ltd., YPF Holdings, Inc., CLH Holdings, Inc., Maxus and CLH.

"*DSRM Agreement*" means that certain Distribution Agreement dated as of April 22, 1987 by and between Diamond Shamrock Corporation and Diamond Shamrock R&M, Inc., as amended as of the date hereof.

"*Effective Time*" shall mean 12:01 a.m., Central Time, on August 1, 1996.

"*Environmental Claim*" means any claim, demand, liability (including strict liability); loss, obligation, damage (whether for property damage, natural resource damage or bodily injury and including depreciation of property values and consequential, punitive and exemplary damages), cause of action, judgment, civil penalty, payment, fine, cost and related expense (including, but not limited to, reasonable expenses, costs and fees of attorneys, legal assistants, consultants, contractors, experts and laboratories) arising out of activities, or allegations of activities which (a) are associated with the ownership, use or operation of property at any time, including, but not limited to, those related to any compliance, investigative, enforcement, cleanup, removal, containment, remedial, response, cost recovery, contribution or other private or governmental or regulatory action at any time threatened, instituted or completed, which in any way is connected with any Hazardous Material, and (b) (i) are in violation of any Environmental Law, (ii) constitute nuisance, trespass or negligence in the creating and/or allowing to exist or remain, or threatening to move, any Hazardous Material on, in, under or over any property, (iii) result in the commencement of any Administrative Proceeding, or (iv) if reported to a Governmental Authority would likely result in the commencement of any Administrative Proceeding.

"*Environmental Law*" means any federal, state or local law, statute, ordinance, code, rule, regulation, license, permit, authorization, decision, order, injunction, requirement, ~~decree or restriction, which pertains to health, safety, environment, or natural resources, or any~~ Hazardous Materials (including, without limitation, the presence, use, handling, treatment, recycling, transportation, production, disposal, release, discharge or storage thereof), whether in effect presently, or prior to, or after the date hereof. The term "Environmental Law" shall include, but not be limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 *et seq.* ("CERCLA"), Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901 *et seq.* ("RCRA"), the Solid Waste Disposal Act of 1976, 42 U.S.C. § 6901 *et seq.*, those provisions of the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.* which pertain to environmental matters, the Clean Air Act, 42 U.S.C. § 7401 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. § 1101 *et seq.* and any similar law, regulation or requirement of any Governmental Authority having jurisdiction over the subject property, as such laws, regulations and requirements have been or may be amended or supplemented.

"Governmental Authority" means any federal, state or local government or administrative or regulatory agency or commission or other such instrumentality operating under any such governmental authority and exercising competent jurisdiction.

"Hazardous Materials" means any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar meaning and regulatory effect.

"Indemnified Parties" is defined in Section 2.2 of this Agreement.

"Independent Director" is defined in Section 4.1(b) of this Agreement.

"Insurance Litigation" shall mean the action styled *Diamond Shamrock Chemicals Company v. Anglo French Insurance Company, Ltd., et al*, Cause No. L-01591-86 in the Superior Court of New Jersey, Morris County, and all claims asserted or disposed of therein.

"Obligations" is defined in Section 2.1 of this Agreement.

"Retained Obligations" is defined in Section 2.3 of this Agreement.

"Stock Purchase Agreement" means that certain Stock Purchase Agreement dated September 4, 1986 by and among Diamond Shamrock Corporation, Occidental Petroleum Corporation, Occidental Chemical Holding Corporation and Oxy-Diamond Alkali Corporation.

"YPF Affiliate" means (i) YPF Sociedad Anónima and (ii) any corporation or other business entity in which YPF Sociedad Anónima owns directly, or indirectly through one or more other YPF Affiliates, 50% or more of the outstanding voting capital stock or equity capital of the entity, other than CLH.

ARTICLE TWO

ASSUMPTION OF CERTAIN OBLIGATIONS

2.1 *Assumption of Obligations by CLH.* Subject to Section 5.1 hereof and effective as of the Effective Time, CLH hereby assumes and undertakes to pay, perform and discharge the debts, liabilities, obligations and commitments, whether known or unknown, contingent or absolute or accrued or not accrued (collectively, "Obligations") set forth below to the extent that Maxus or one of its other subsidiaries (or any officer, director, employee, agent, representative or controlling person of Maxus and its subsidiaries) is or may become liable for such Obligations:

(a) any and all Obligations of Maxus under (i) Sections 8.19 and 8.21 of the Stock Purchase Agreement, (ii) Section 9.03(a) of the Stock Purchase Agreement, but only to the extent such Obligations either (A) relate to Indemnifiable Losses (as defined in Section 9.03) relating to, resulting from or arising out of the matters described in clauses (iii) or (iv) of such Section 9.03(a) or (B) arise in connection with Indemnifiable Losses that relate to, result from or arise out of an Environmental Claim, (iii) Article X of the Stock Purchase Agreement or (iv) that certain action styled *Occidental Chemical Corporation and Henkel Corporation v. Maxus Energy Corporation* filed in the 68th Judicial District Court of Dallas County, Texas (Cause No. 95-11776);

(b) any and all Obligations of Maxus or its subsidiaries arising out of any Environmental Claim relating to or arising out of the ownership, lease, operation or use of (i) any real property owned by CLH on or prior to the date hereof, (ii) any of the Inactive Sites (as defined in the Stock Purchase Agreement), (iii) the former business and assets of Diamond Shamrock Agricultural Chemicals division, and (iv) any of the sites or matters identified, listed or described on Exhibit A hereto; and

(c) any other Obligations of Maxus or its consolidated subsidiaries related to the Obligations described in clauses (a) and (b) hereof for which amounts have been accrued as a liability reserve on the consolidated balance sheet of Maxus as of July 31, 1996 prepared in accordance with generally accepted accounting principles;

provided, however, that notwithstanding the foregoing, the Obligations assumed by CLH pursuant to this Section 2.1 shall not include (i) Obligations constituting Retained Obligations, (ii) Obligations to the extent of receipt by Maxus or its other subsidiaries (other than CLH) of insurance proceeds or amounts in settlement of insurance coverage in respect of the foregoing Obligations or (iii) Obligations to the extent that Maxus or any of its subsidiaries (other than ~~CLH~~) receives payments in indemnification or contribution in respect of the foregoing Obligations from any party other than a YPF Affiliate. The Obligations assumed by CLH pursuant to this Section 2.1 are herein referred to as the "Assumed Liabilities."

2.2 *Indemnification.* Subject to Section 5.1 hereof and effective at the Effective Time, CLH shall indemnify without duplication each of Maxus, its other subsidiaries, and their respective directors, officers, employees, stockholders, partners and agents (the "Indemnified Parties") against, and hold the Indemnified Parties harmless from, any and all claims, demands, liabilities (including strict liability), losses, obligations, damages (whether for property damage, natural resource damage or bodily injury and including depreciation of property values and consequential, punitive and exemplary damages), causes of action, judgments, civil penalties, payments, fines, costs and related expenses (including reasonable attorneys fees and expenses incurred in connection with investigations and settlements) resulting from or arising out of the Assumed Liabilities. The indemnification provided by this Section 2.2 shall extend to the benefit of the Indemnified Parties to the fullest extent permitted by law, without regard to, or limitation by, the standard of conduct of any Indemnified Party or any other third party,

including without limitation any act or omission by any Indemnified Party that may constitute negligence or fraud.

2.3 *Retained Liabilities.* Maxus agrees to retain and remain responsible for all Obligations in respect of the following (collectively, the "Retained Obligations"):

(a) all Obligations to third parties (other than parties to this Agreement and the Stock Purchase Agreement) resulting from or arising out of claims, demands, liabilities (including strict liability), losses, obligations, damages (whether for property damage or bodily injury and including depreciation of property values and consequential, punitive and exemplary damages), causes of action, judgments, civil penalties, payments, fines, costs and related expenses (including reasonable attorneys fees and expenses incurred in connection with investigations and settlements) based upon an assertion or allegation that a manufactured product was defective or unreasonably dangerous or unsafe, or that the manufacturer had failed to warn of defective, dangerous or unsafe characteristics or potential consequences of improper use, handling, transport, storage or disposal, of a product, regardless of whether such assertion or allegation includes claims of injury or damages associated with environmental contamination as a result of an alleged product defect;

(b) all Obligations incurred by Maxus and its subsidiaries relating to the Insurance Litigation;

(c) all Obligations incurred by Maxus and its subsidiaries under workers' compensation and other employer's liability laws; and

(d) all Obligations incurred directly in connection with operating and/or plugging and abandoning the gas wells identified on Exhibit B hereto. (Exhibit B also lists certain other matters for which Maxus retains responsibility.)

2.4 *Waiver of Rights of Recovery.* Maxus shall waive, and shall cause its subsidiaries to waive, any and all rights of recovery, claims, actions and causes of action against CLH, its officers, directors, stockholders, agents and representatives that Maxus or its other subsidiaries may have to recover any proceeds from insurance policies or portion thereof covering the Obligations set forth in clauses (a), (b) and (c) of Section 2.1 hereof, unless giving such waiver would adversely affect the right to receive such payments from any insurance carrier.

2.5 *Reimbursement of Certain Costs and Expenses.* Maxus shall promptly reimburse CLH for any and all costs and expenses incurred and paid by CLH with respect to any of the Obligations set forth in clauses (a), (b) and (c) of Section 2.1 hereof in the event that such costs and expenses are determined not to constitute Assumed Liabilities by reason of the proviso of Section 2.1 or otherwise.

ARTICLE III

TRANSFER OF CERTAIN ASSETS

3.1 *Transfer of Certain Assets.* Subject to Sections 3.5 and 5.1 hereof and effective as of the Effective Time, Maxus hereby agrees to grant, bargain, convey, contribute, transfer, assign and deliver unto CLH all of the rights, titles and interests of Maxus in and to the following (collectively, the "Assigned Assets"):

(a) all benefits accruing to Maxus after the Effective Time under Section 3.03 of the DSRM Agreement, except to the extent that such benefits constitute or relate to the reimbursement of funds paid, received or advanced from settlements or other disposition of the Insurance Litigation or *Rosario et al. v. Diamond Shamrock Corporation et al.*, Cause No. 687219-1, Superior Court, Alameda County, California and related cases;

(b) all rights to insurance proceeds, and settlements of related insured matters, to the extent such payments represent reimbursement of Assumed Liabilities, excluding any payments by insurance carriers made in connection with the settlement or other disposition of the Insurance Litigation (which payments shall be retained by Maxus) but including the right to receive any future payments made from insurance carriers under the terms of settlement of the Insurance Litigation made in respect of the Cedartown, Georgia, Deer Park, Texas, Muscle Shoals, Alabama, Belle, West Virginia and Castle Hayne, North Carolina plant sites and any presently unknown sites;

(c) all rights of recovery, contribution, reimbursement, claims, actions and causes of action against any party (including without limitation Diamond Shamrock, Inc., Occidental Chemical Corporation or any of their affiliates or any insurance carrier) other than ~~Maxus or its subsidiaries in respect of the Assumed Liabilities, except for payments made to~~ Maxus by any third party in respect of same prior to the Effective Time (which payments shall be retained by Maxus);

(d) all permits or licenses issued by, or agreements with, any Governmental Authority, or any agreement with any party other than Maxus (other than those agreements relating to the matters expressly excepted in clauses (b) and (c) above), relating to the Assumed Liabilities and the assets of CLH and necessary for the management or operation thereof; and

(e) all documents, studies, files, photographs, maps, charts and other records relating to the Assumed Liabilities and the assets of CLH and the management thereof or to CLH employees, provided that Maxus shall retain the right to have reasonable access to such documents.

3.2 *Instruments of Transfer; Further Assurances.* Maxus covenants and agrees to furnish in proper form (and if applicable, in suitable form for recording) any other bills of sale,

endorsements, assignments, certificates and other instruments of transfer and conveyance as CLH shall reasonably deem necessary to vest in CLH such title to the Assigned Assets hereof as Maxus may possess.

3.3 *Transfers Requiring Consent.* Maxus shall use its reasonable efforts to obtain, or cause to be obtained, as promptly as practicable all consents, if any, necessary to assign, transfer, convey or deliver the Assigned Assets to CLH. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to transfer or assign, or a transfer or assignment of, any contract right, agreement, license or permit or document, if a transfer or assignment thereof without the consent of any other party or parties thereto (other than Maxus or its affiliates) required or necessary for such transfer or assignment would constitute a breach thereof or in any way adversely affect the rights of Maxus thereunder (any such assets are hereinafter referred to as "Non-Assignable Assets"). In order to provide CLH with the utilization of every Non-Assignable Asset, unless and until the necessary consent is obtained, Maxus shall take or cause to be taken, and shall cause each of its subsidiaries (other than CLH) to take or cause to be taken, all reasonable action in cooperation with CLH and do or cause to be done all such things as may be reasonably necessary and proper to: (a) hold in trust for the benefit of CLH all Non-Assignable Assets and any consideration received by Maxus with respect thereto, (b) preserve the material rights and obligations under the Non-Assignable Assets for the benefit of CLH, (c) facilitate the receipt of any consideration to be received by Maxus or its other subsidiaries with respect to any Non-Assignable Asset, and promptly pay or cause to be paid to CLH any such consideration received by Maxus or its other subsidiaries, and (d) make arrangements designed to provide to CLH the material benefits of each Non-Assignable Asset, including without limitation the appointment of an attorney-in-fact for CLH or subcontracting with CLH to effect a "pass-through" of the material rights and obligations of Maxus and its other subsidiaries thereunder. Notwithstanding the foregoing, Maxus shall not be obligated to take any action to ensure that CLH will be allowed the use of, or access to, any technology, whether protected by copyright, patent, license or otherwise, if such action will require the expenditure of funds by Maxus or materially adversely affect the benefits or rights required to be retained by Maxus, unless the parties agree otherwise.

3.4 *Right of Collection and Endorsement.* Should Maxus or any of its subsidiaries (other than CLH) receive payment of any account receivable, note receivable or other asset of CLH, it shall promptly remit or pay over, or cause its subsidiaries to remit or pay over, such payment or other asset to CLH. Should CLH receive payment of any account receivable, note receivable or other asset of Maxus or any of its subsidiaries, it shall promptly remit or pay over such payment or other asset to Maxus or the appropriate subsidiary.

3.5 *Reassignment in the Event of Default by CLH.* In the event that CLH defaults in the payment of any Obligation that constitutes an Assumed Liability, then, in addition to any other remedy available under this Agreement or in law, CLH shall convey, assign and pay over to Maxus all rights and payments set forth in clauses (a), (b) and (c) of Section 3.1 to the extent that (i) such rights and payments are asserted or made after the date of default of CLH and

(ii) such rights and payments relate to the Obligation on which CLH defaulted. Any payments made to Maxus pursuant to this Section 3.5 shall reduce and mitigate the damages suffered by Maxus as a result of such default.

ARTICLE FOUR

CERTAIN COVENANTS

4.1 *Management Responsibilities.* In addition to the responsibilities and management of the Obligations associated with the Assumed Liabilities, the parties acknowledge and agree that as between them CLH shall have primary responsibility for the management and handling after the Effective Time of the business, legal and technical aspects of environmental matters associated with (a) the alleged generation, handling, transportation, storage and disposal of wastes from the former businesses, operations and properties of Diamond Shamrock Chemicals Company, including its predecessors ("DSCC") or (b) the chemical manufacturing operating practices of DSCC.

4.2 *Access and Records.* Each of Maxus and CLH will afford the other, its officers, employees, agents and representatives reasonable access to its documents, records, instruments and property to the extent such documents, records, instruments and property are properly required in order for each to fulfill its management or legally required duties. Each of Maxus and CLH will cause documents, records and instruments to be retained if requested by the other for legal or other proper reasons. Without limiting the foregoing, upon reasonable request, Maxus, its officers, employees, agents and representatives shall be permitted (a) to review the activities and books and records of CLH and (b) if deemed necessary or appropriate by Maxus, to inspect CLH's property or property being administered, remediated or maintained by CLH for the purpose of complying with its legal and audit disclosure requirements. ~~CLH shall not be responsible for maintenance of records required under the Occupational Safety and Health Act or medical or other records compiled and maintained on a corporate-wide basis, and not uniquely for or related to the former business, operations or property of DSCC or CLH and to the liabilities assumed by CLH hereunder.~~

4.3 *Mutual Covenants to Maintain Corporate Independence.* It is the intent of the parties to this Agreement that each of CLH and Maxus maintain separate existence and independence and remain responsible for its own respective business, assets and liabilities, except to the extent as expressly provided in this Agreement, the Contribution Agreement and other written agreements between the companies. In furtherance of such intent, Maxus and CLH covenant and agree as follows:

(a) The books of account of CLH shall be maintained separately from those of Maxus and any other YPF Affiliate and other affiliates of Maxus. The assets of CLH shall not be commingled with the assets of Maxus or any other YPF Affiliate.

(b) To the extent feasible, at least one member of the Board of Directors of CLH shall be a person who is not also a director, officer or employee of CLH, Maxus or any other YPF Affiliate (the "Independent Director").

(c) To the extent services are furnished to CLH by Maxus or any other YPF Affiliate, or to Maxus or any other YPF Affiliate by CLH, such services shall be provided under a services agreement between CLH and Maxus or such other YPF Affiliate, as the case may be, which describes the services to be provided, establishes compensation rates to be charged for such services at a rate consistent with sound business practices and which provides for, among other things, reimbursement of out-of-pocket expenses incurred in connection with rendering such services.

(d) CLH shall have its own U.S. taxpayer identification number.

(e) CLH shall maintain bank accounts in its own name and utilize its own letterhead for all correspondence.

(f) All agreements relating to the business of CLH shall be entered into by it in its own name and executed on its behalf by one of its officers or other authorized representative. CLH shall not grant a general power of attorney to Maxus or any other YPF Affiliate or to any person who is an officer, director or employee of Maxus or any other YPF Affiliate (other than a person who is also an officer of CLH and who is granted such power of attorney by reason of his office with CLH).

(g) CLH shall maintain all required corporate formalities as required under Delaware law, including the maintenance of books and records and the conduct of shareholders' and Board of Directors' meetings.

(h) CLH shall obtain in its own name any government permits which are necessary or appropriate to conduct its business.

(i) Except as may be provided in any services agreement referred to in Section 4.3(c), CLH shall not engage in any transaction with Maxus or any other YPF Affiliate which is not related to the business and operations of CLH. Any such transaction related to the business and operations of CLH engaged in by CLH with Maxus or any other YPF Affiliate is and will be on an arms' length basis and will be approved by a majority of CLH's directors, including, if a person is so serving at the time, the Independent Director.

(j) Except to the extent set forth in this Agreement, CLH has not agreed to assume any liabilities or other obligations of Maxus or any other YPF Affiliate.

(k) Any transaction that affects the fundamental organization of CLH (including, without limitation, any voluntary bankruptcy filing by CLH) shall have the prior

approval of a majority of CLH's directors, including, if one is serving on the Board of Directors at such time, the Independent Director.

(l) CLH shall not hold itself out, or permit its officers, employees or agents to hold themselves out, as employees or agents of Maxus or any other YPF Affiliate, or as authorized to represent Maxus or any other YPF Affiliate absent an express agreement granting such authority.

Nothing contained in this Section 4.3 shall prevent Maxus, YPF or any other YPF Affiliate from issuing guarantees or providing other financial assurances to third parties for the benefit of CLH for the purpose of ensuring the performance or payment of its obligations.

ARTICLE FIVE

GENERAL PROVISIONS

5.1 *Conditions Precedent to Effectiveness of Assumption and Transfer.* Notwithstanding anything to the contrary herein, this Agreement shall not be effective unless and until (i) the Contribution Agreement is executed and delivered by all parties thereto and (ii) all of the issued and outstanding capital stock of CLH is transferred and assigned to YPF Holdings (USA), Inc., a Delaware corporation; provided, however, that this entire Agreement shall terminate and cease to be of any force and effect if each of the events described in clauses (i) and (ii) do not occur on or prior to August 31, 1996.

5.2 *Further Assurances.*

(a) Without further consideration, Maxus shall execute, acknowledge and deliver, or cause its subsidiaries to execute, acknowledge and deliver, all such further documents and instruments and shall do all such further acts and things as may be necessary or useful in order to fully and effectively carry out the purposes and intent of this Agreement.

(b) Without further consideration, CLH shall execute, acknowledge and deliver all such further documents and instruments and shall do all such further acts and things as may be necessary or useful in order to fully and effectively carry out the purposes and intent of this Agreement.

5.3 *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the parties signatory hereto and their respective successors and assigns.

5.4 *No Third Party Rights.* The provisions of this Agreement are intended to bind the parties hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is

or is intended to be a third party beneficiary of any of the provisions of this Agreement, except in respect of Section 2.2 hereof, the Indemnified Parties expressly set forth therein.

5.5 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state.

5.6 *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

5.7 *Construction of Agreement.* In construing this Agreement (i) no consideration shall be given to the captions of the articles, sections, subsections, or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in its construction and (ii) no consideration shall be given to the fact, nor shall there be any presumption, that one party had a greater or lesser hand in drafting this Agreement.

5.8 *Severability.* If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the parties expressed in this Agreement at the time of execution of this Agreement.

This Assumption Agreement is executed and delivered as of the date first above written but effective as of the Effective Time.

CHEMICAL LAND HOLDINGS, INC.

By: M. M. Skaggs, Jr.
Name: M. M. SKAGGS, Jr.
Title: PRESIDENT

MAXUS ENERGY CORPORATION

By: W. Mark Miller
Name: W. Mark Miller
Title: Executive Vice President

LIMITED PURPOSE-CLAIMS LISTING

<u>ID</u>	<u>NAME</u>	<u>SUBJECT</u>	<u>OUT/CNSL</u>
ENV:			
101.1	Transtech v A&Z Septic, et al	Kin-Buc Lndfil.	M. Gordon
102	Bayou Sorrell C-L-O-S-E-D	Lndfil.Cleanup	
105	Lone Pine C-L-O-S-E-D	Lndfil.Cleanup	
106	SCP/Carlstadt	Lndfil.Cleanup	
107	Kingsville Twtnship, Dump I-N-A-C-T-I-V-E	Lndfil.Cleanup	
108	Duane Marine Salvage Corp. I-N-A-C-T-I-V-E	Lndfil.Cleanup	
109	MOTCO C-L-O-S-E-D	Lndfil.Cleanup	
109.1	Crofton v. Amoco, et al.	BI & PD	J. McNerney
110	Ashtabula Plant	Env.Contam.	
111	Carlstadt Plant	Env.Contam.	
111.1	Velsicol v. Am Cy, et al.(re:Berry'sCreek)	Env.Contam.	
111.2	Morton Int. v. Am Cy, et al.(")	Env.Contam.	
112	Cedartown, Ga. Plant	Env.Contam.	
112.1	Cedartown Municipal Landfill	Lndfil.Cleanup	J. Sasine
113	Deer Park Plant	Env.Contam.	
114	Delaware City Plant	Env.Contam.	
115	Harrison Plant	Env.Contam.	
116	Jersey City Plant	Env.Contam.	
117	Muscle Shoals Plant	Env.Contam.	
118	Painesville Chrome Site ("100 acres")	Env.Contam.	A&K
119	Mobile Plant	Env.Contam.	
120	Sheridan Disposal Svcs. C-L-O-S-E-D	Lndfil.Cleanup	
121	Princeton Plant C-L-O-S-E-D	Env.Contam.	
122	Greens Bayou Plant	Env.Contam.	
123	Painesville One-Acre Site	Env.Contam.	A&K
124	Bristol, PA I-N-A-C-T-I-V-E	Env.Contam.	
128	Belle, W.Va. Plant	Env.Contam.	
129	Strasburg Landfill	Lndfil.Cleanup	M. Gordon
130	Tybots Corner Site (USA v ICI, et al.) C-L-O-S-E-D	Lndfil.Cleanup	
132	Galloway Pits/Arlington Blinding C-L-O-S-E-D	Lndfil.Cleanup	
133	Blosenski Landfill (USA v Blosenski, et al.) C-L-O-S-E-D	Lndfil.Cleanup	M. Gordon
134	Castle Hayne Plant	Env.Contam.	
135	Chem. & Minerals Reclam. C-L-O-S-E-D	Lndfil.Cleanup	

136 & 136.1	Cortese Landfill (Y v SCA, et al.) C-L-O-S-E-D	Lndfil.Cleanup	M. Gordc
137	Fields Brook Site	Env.Contam.	
137.1	Gen-Corp. Inc. v DSCC, et al	Env.Contam.	
137.2	Cabot Corp. v DSCC, et al.	Env.Contam.	
137.3	OEPA Nat. Resource Damages	Env.Contam.	
138	Flemington Landfill C-L-O-S-E-D	Lndfil.Cleanup	
139	French Limited Site	Lndfil.Cleanup	
139.1-139.6	Various B/VPD claims C-L-O-S-E-D	BI & PD	
140	Jadco-Hughes Site	Lndfil.Cleanup	
141	Kearny (Hudson Co. Cr)	Env.Contam.	Various
141.12	NJ Turnpike case	Env.Contam.	J. Bolger
141.13	Kitsos case	Env.Contam.	J. Kosch
141.14	PPG v Lawrence, et al	Env.Contam.	J. Kosch
141.16	Metal Powder v Burnham v Oxy	Env.Contam.	M. Judge
196	Bentey case	Env.Contam.	J. Kosch
196.1	Settle case	Env.Contam.	J. Kosch
142	SCP/Newark Site C-L-O-S-E-D	Lndfil.Cleanup	
143	Tuscaloosa Plant	Env.Contam.	
147	Newark (80 Lister) Plant	Env.Contam.	C. Dinkins
147.1-147.13	(various claims/THRAC case) C-L-O-S-E-D	BI & PD	W. McCarter
Maxus v USA	(Newark contribution claim)	Contrib.	M. Gordon
147.14	Passaic River	Env.Contam.	C. Dinkins A&K Local
148	Sikes Pit C-L-O-S-E-D	Lndfil.Cleanup	
150	Atlanta, Ill. C-L-O-S-E-D	Env.Contam.	
151	Maxey Flats Site	Lndfil.Cleanup	
152	Nat'l. Presto (Eau Claire, Wis.) C-L-O-S-E-D	Env.Contam.	
153	Summit Nat'l. Site C-L-O-S-E-D	Lndfil.Cleanup	
154	Amer. Chem. Svcs. Site C-L-O-S-E-D	Lndfil.Cleanup	
155	Painesville Works & Settling Ponds	Env.Contam.	A&K
156	Old Mill Site C-L-O-S-E-D	Lndfil.Cleanup	
157	Chemical Control Site	Lndfil.Cleanup	
158	Cross Bros. Site C-L-O-S-E-D	Lndfil.Cleanup	
159	Conservation Chemical Site C-L-O-S-E-D	Lndfil.Cleanup	
160	Liberty Waste Site (B/VPD Claims: Barras v Exxon C-L-O-S-E-D Hollisv Exxon C-L-O-S-E-D Lowrey v Exxon C-L-O-S-E-D Sanders v Exxon C-L-O-S-E-D Chaplin C-L-O-S-E-D	BI & PD	W. Conrad
160.1	Fred Adams v Exxon	BI & PD	W. Conrad

	160.2 Baptiste v	in C-L-O-S-E-D	BI & PD	W. Conr
	160.3 Dartez v	Exxon	BI & PD	W. Conrad
161	Dixie Caverns	Landfill	Lndfil.Cleanup	
162	Pulverizing Services	Site	Lndfil.Cleanup	
162.1	325 New Albany	Asso. v PPG, et al	PD & Env.Contam	
163,163.1	Metcon Site (USA v	Pesses, et al.)	Env.Contam.	M. Gordon
164	GBF/Pittsburg	Landfill (Ca)	Lndfil.Cleanup	B. Stauffer
165-169	Five NY Landfills	C-L-O-S-E-D	Lndfil.Cleanup	
170	Delaware Sand & Gravel	Site C-L-O-S-E-D	Lndfil.Cleanup	R. Whetzel
	170.1 New Castle County	C-L-O-S-E-D	Cost recovery	"
	170.2 USA v Hercules, et al.	C-L-O-S-E-D	Cost recovery	"
	170.3 Crossan claim	C-L-O-S-E-D	BI (EPA worker)	"
171	Army Creek	Landfill	Lndfil.Cleanup	
171.1	New Castle County	demand	Cost Recovery.	
172	Syncon Resin Site	C-L-O-S-E-D	Env.Contam.	
175	PIP Landfill (NJ v PJP,	et al.)	Lndfil.Cleanup	J. Lynch
176	USA v Lord (New Lyme	Landfill)	Lndfil.Cleanup	K. Kammer
176.1	State of Ohio v Aardvark		"	K. Kammer
177	Fisher-Calo Site (In.)	C-L-O-S-E-D	Lndfil.Cleanup	
178	Metamora Site (Mich.)		Lndfil.Cleanup	
179	Powder River Crude	C-L-O-S-E-D	Lndfil.Cleanup	
181	IWC Site (Ark)[DaSoto case]	C-L-O-S-E-D	Lndfil.Cleanup	
182	Redwood City Plant		Env.Contam.	R. Tarr
180	Beegeer v Rohm and Haas,	et al	PD&Env.Contam	J.Darrell
183	Bay Area Drum Site (Ca)		Lndfil.Cleanup	J. Armap
184	Paddock Rd. (Cinn., Oh)		Env.Contam.	
186	Davis Liquid Waste Site (USA v Davis)		Lndfil.Cleanup	M. Gordon
188	Fiber Chem Site		Env.Contam	L. Mills
189	Des Moines Barrell & Drum	Site	Lndfil.Cleanup	
190	Cammarata case (White Chem. Co.)		BI	D. Apy
190.1	Rhone-Poulenc case	C-L-O-S-E-D	Env.Contam.	D. Apy
191	Rife v Agway, et al. (Sweden-3 site)		BI & PD	(Oxy)
191.1	Sheg v Agway, et al. (")		"	(Oxy)
192	Reserve Env. v Detrex v DSCC, et al.		Env.Contam.	(Oxy)
193	Huth Oil Site	C-L-O-S-E-D	Env.Contam.	
195	Fuels and Chemicals Site	C-L-O-S-E-D	Env.Contam.	
197	Marzone Site (Ga.)		Lndfil.Cleanup	
198	Bay Drum Site (Fla.)		Lndfil.Cleanup	
199	Bohaty Drum Site	C-L-O-S-E-D	Lndfil.Cleanup	
200	Chem-Trol Site		Lndfil.Cleanup	M. Gordon
201	Organic Chemical Site		Env.Contam.	
202	Picillo Pig Farm (ArnCy v 3M)		Lndfil.Cleanup	M. Gordon
	Rohm and Haas case		"	"

203	Uniroyal Site (Maxus Plant)	Env. Contam.	
204	Geothermal, Inc. Site (Middletown)	Lndfil. Cleanup	
	State of NJ v Ace, et al	Cost Recovery	L. Kurzweil
	Recluse Gas Plant	Env. Contam.	
	Oxy vs Maxus	Contract (Art. X)	L. Schreve
	Oxy v Maxus (Fields Brook Indemnity)	Contract	
	Neidenberg Claim (Cr./Lung Cancer)	Wrong/Death	
	Marco of Iota Site (Midgard)	Env. Contam.	
	Martin's Oil Country Tubulars Site (Midgard?)	Env. Contam.	
	Patterson Tubular (Patterson Trucking) Site (Midgard?)	Env. Contam.	

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LIMITED PURPOSE--CLAIMS LISTING

<u>ID</u>	<u>NAME</u>	<u>SUBJECT</u>	<u>OUT/CNSL</u>	<u>RESP.CO.</u>
ENV:				
103	McKee Refinery	Env.Contam.		R&M
104	Three Rivers Refinery	Env.Contam.		R&M
126	(incl. 126.1-126.10) Sigmor Stations C-L-O-S-E-D	PD or Env.Contam.		R&M
127	Freddie Harris Site	Lndfil.Cleanup		R&M
173	Sacramento Savings v Natomas C-L-O-S-E-D	Env.Contam.	J. Darrell	Natomas/MXS
174	NY v SDS (Suffolk County Dacthal) Shorewood Water v SDS	Prod.Liab/Env.	ISK Sharing	DSCC/ISK
185, 185.1	Schwartzman/Berber v Chevron	Env.Contam		R&M
187	McGinnis Waste Site (Whalen case)	BI & PD		R&M
194	American Zinc Site (Tx)	Env.Contam.		MXS-E&P
Non-ENV-No.:				
	Borough of Park Ridge case	Prod.Liab.		DSCC/OXY
	Florida v Southern Solvents	Prod.Liab.		DSCC/OXY(?)
	W. P. Ballard Co. claims	Prod.Liab.	C. Tisdale	DSCC/MXS
	Pilgrim Enterprises claims	Prod.Liab.	N. Batey	DSCC/OXY
	Hayhurst v Gateway	PD	R. Gladstone	GATEWAY/MXS
	Gateway v Cyprus	Contract Indemn.	R. Gladstone	GATEWAY/MXS
	Gateway Mine Reclamation/Bond	Reclamation	R. Gladstone	GATEWAY/MXS
	Old O&G Property (Wyo., Mont., etc.) (Except as expressly assumed by CLH)	Plug/Abandon/Contam.		MXS-E&P
	Hansford County	Env.Contam.		MXS-E&P
	O & G wells	Maint./Plug/Abandon		MXS-E&P
	The following wells are located in Lake County, Ohio:			
	Midgard Energy Company Well Nos.:			
	Fee --	C-1 in Perry Township		
		C-6 in Painesville Township		
		C-9 in Painesville Township		
	Lease--	C-4 in Painesville Township		
		C-5 in Painesville Township		
		C-12 in Painesville Township		
		C-13 in Painesville Township		
		C-2 in Painesville Township		
		CL-2A in Painesville Township		

Prod.Liab. BI claims:

Agent Orange Claims	Prod.Liab.	M. Gordon	DSCC/MXS
Abarca v Adco, et al	"	R. Faulk	DSCC/MXS
Fuller v DOW, et al	"	"	"
Hickman v Mobil Oil, et al C-L-O-S-E-D	"	"	"
Kapelan v L-N-S, et al	"	"	"
Labombardo v Maxwell House, et al	"	J. Rasnek	DSCC/MXS
Larson v PPG, et al	"	"	"
Mathews v DSCC, et al	"	"	"
Overstreet v Exxon, et al	"	"	"
Mattie Lee Powell claim	"	"	"
Ross v Conoco, et al (VCM)	"	"	DSCC/OXY
Sabb v Hayward Pool, et al	"	J. Kosch	DSCC/MXS
Turner v Firestone, et al	"	"	DSCC/MXS
Vassar, Jr. v Air Products, et al (VCM)	"	"	DSCC/OXY
Woodward claim	"	B. Olsson	DSCC/MXS
BCME Claims (from Redwood City Plant) Rosario, et al.	Employer's Liab.	R. Burgess	DSCC/MXS

Premises - Asbestos/Other

Allen/Hicks C-L-O-S-E-D

Cleo Abbott v Appalachian Power

Stanley Abbott

J. Beeson

Charles Abrams v AC&S

Ronnie Abrams v Appalachian Power

J. Beeson

Lester Adams v Appalachian Power

J. Beeson

Frank Adams v Amoco C-L-O-S-E-D

Allcorn v Amoco

K. Wall

Armstead v AC&S

Bagley, et al

D. Ledyard

Bentley v Shell

Borel v Texaco

Forrestier v AC&S

Jones v Clemtex

Doug King v DuPont

K. Wall

Russ King v DuPont

R. Faulk

Conrad Korff

B. Worthington

Taylor v AC&S

Wolfe v Monsanto

Other:

Alvarez v. ISK

DSCC/ISK

Insurance coverage case - DSCC v Anglo French

M. Tierney

SDS Pension Plan dispute

Squire, Sanders

Worker's Comp claims

Charles Koch v Shell Oil, et al.

I. Jones

DSCC/OXY

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EXHIBIT 3

AGREEMENT OF MERGER

Among

YPF Sociedad Anonima /

YPF Acquisition Corp.

and

Maxus Energy Corporation

February 28, 1995

YPF 437

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Closing	2.3
Code	4.17 (a)
Commission	1.2
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Company	Preamble
Competing Transaction	7.1
Confidentiality Agreement	1.1
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D&O Insurance	5.8
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Director Plan	4.2
Domestic Taxes	4.17 (a)
Effective Time	2.1.2
ERISA	4.19 (a)
Exchange Act	1:1
\$4.00 Preferred Stock	1.1
401(k) Plan	4.2
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Parent	Preamble
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PBGC	4.19 (e)
Person	7.6
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Proxy Statement	3.4
Purchaser	Preamble

AGREEMENT OF MERGER

AGREEMENT OF MERGER, dated as of February 28, 1995 (the "Agreement"), among YPF Sociedad Anonima, a sociedad anonima organized under the laws of the Republic of Argentina ("Parent"), YPF Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("Purchaser"), and Maxus Energy Corporation, a Delaware corporation (the "Company").

Parent, Purchaser and the Company hereby agree as follows:

I. THE TENDER OFFER

1.1. The Offer. Provided that this Agreement has not been terminated in accordance with Section 7.1 hereof and none of the events set forth in Exhibit A hereto has occurred or exists, Purchaser will, and Parent will cause Purchaser to, commence (within the meaning of Rule 14d-2(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as promptly as practicable after the date hereof, but in any event not later than March 7, 1995, a tender offer for all outstanding shares of Common Stock, par value \$1.00 per share ("Common Stock"), of the Company at a price of \$5.50 per share, net to the seller in cash. (Such tender offer, as it may be amended from time to time pursuant to this Agreement, is referred to herein as the "Offer.") The Offer will be subject only to the conditions set forth in Exhibit A, including without limitation the conditions that (a) the Board of Directors of the Company, within the time provided in the Rights Agreement, dated as of September 8, 1988, between the Company and AmeriTrust Company National Association

discretion. Purchaser may, at any time, transfer or assign to one or more corporations directly or indirectly wholly owned by Parent the right to purchase all or any portion of the shares of Common Stock tendered pursuant to the Offer, but any such transfer or assignment will not relieve Purchaser of its obligations under the Offer or prejudice the rights of tendering stockholders to receive payment for shares of Common Stock validly tendered and accepted for payment. Purchaser will accept for payment all shares of Common Stock validly tendered pursuant to the Offer and not withdrawn as soon as legally permissible, and pay for all such shares of Common Stock as promptly as practicable thereafter, in each case upon the terms and subject to the conditions of the Offer. Purchaser reserves the right to increase the price per share of Common Stock payable in the Offer or otherwise to amend the Offer; provided, however, that no such amendment may be made that decreases the price per share of Common Stock payable pursuant to the Offer, reduces the minimum

number of shares of Common Stock to be purchased in the Offer, imposes additional conditions to the Offer or makes any other change in the terms and conditions of the Offer that is materially adverse to the holders of shares of Common Stock. If the Agreement is terminated pursuant to Section 7.1 hereof,

(A) Parent and Purchaser will not, and will cause their subsidiaries and affiliates controlled by them not to, acquire or offer to acquire or request permission to acquire or offer to acquire (either directly or pursuant to a waiver of this or any other covenant) shares of Voting Stock otherwise than pursuant to

Section 203(a) of the DGCL, (c) subject to the fiduciary duties of the Board of Directors, recommended acceptance of the Offer and adoption of this Agreement by the holders of shares of Common Stock, (d) taken all such action as may be required by law and the Rights Agreement to redeem the Rights, and (e) taken all such action as may be required by law and the Company's Restated Certificate of Incorporation (the "Certificate") so that Sections 1 and 2 of Article Ninth of the Certificate are not applicable to the transactions contemplated in this Agreement and, as a result, the requirements of Sections 1 and 2 of Article Ninth of the Certificate will not apply to the Offer, the Merger, and the transactions with Parent and Purchaser contemplated in this Agreement. The Company will provide Purchaser's counsel a reasonable opportunity to review and comment on the Schedule 14D-9 prior to its being filed with the Commission. The Company will provide Purchaser's counsel a copy of any written comments or a summary of telephonic notification of any verbal comments

the Company or its counsel may receive from the Commission or its Staff with respect to the Schedule 14D-9 promptly after receipt of such comments and provide Purchaser's counsel with a copy of any written responses and a summary of any such verbal responses. The Company further represents and warrants that CSFB has advised the Board of Directors of the Company that, in the opinion of CSFB as of the date hereof, the consideration to be received by the existing holders of shares of Common Stock pursuant to the Offer and the Merger is fair to such stockholders from a financial point of view. The Company will, and the Board of

long as Parent and/or any of its direct or indirect wholly owned subsidiaries (including Purchaser) owns a majority of the outstanding shares of Voting Stock, Parent will be entitled, subject to compliance with applicable law, the Certificate and the provisions of the next sentence, to designate at its option up to that number of directors, rounded up to the nearest whole number, of the Company's Board of Directors as will make the percentage of the Company's directors designated by Parent equal to the percentage of outstanding shares of Voting Stock held by Parent and any of its direct or indirect wholly owned subsidiaries (including Purchaser), including shares of Common Stock accepted for payment pursuant to the Offer. The Company will, upon the request of Parent, promptly increase the size of its Board of Directors and/or use its reasonable best efforts to secure the resignation of such number of directors as is necessary to enable Parent's designees to be elected to the Company's Board of Directors and will use its reasonable best efforts to cause Parent's designees to be so elected, subject in all cases to Section 14(f) of the Exchange Act, it being understood that the Company will have no obligation to comply with Section 14(f) of the Exchange Act until after the Offer is completed in accordance with the terms hereof and that the Company agrees to comply with such Section of the Exchange Act as promptly as practicable thereafter, provided that, prior to the Effective Time (as defined in Section 2.1.2 hereof), the Company will use its reasonable best efforts to assure that the Company's Board of Directors always has (at its election) at least three

the Secretary of State of the State of Delaware (the "Effective Time").

2.1.3. Effect of Merger. The Company will be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation") and will continue to be governed by the laws of the State of Delaware, and the separate corporate existence of the Company and all of its rights, privileges, powers and franchises of a public as well as of a private nature, and being subject to all of the restrictions, disabilities and duties as a corporation organized under the DGCL, will continue unaffected by the Merger. The Merger will have the effects specified in the DGCL. The Certificate and the By-Laws of the Company in effect at the Effective Time will be the Certificate of Incorporation and By-Laws of the Surviving Corporation until duly amended in accordance with their terms and the DGCL. The directors of Purchaser immediately prior to the Effective Time will be the directors of the Surviving Corporation, and the officers of the Company immediately prior to the Effective Time will be the officers of the Surviving Corporation, from and after the Effective Time, until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the terms of Surviving Corporation's Certificate of Incorporation and By-Laws and the DGCL.

2.1.4. Conversion of Shares of Common Stock. At the Effective Time, (a) each then-outstanding share of Common Stock

2.2. Stockholders' Meeting of the Company. The Company will take all action necessary in accordance with applicable law and the Certificate and its By-Laws to convene a meeting of its stockholders as promptly as reasonably practicable following the date hereof to consider and vote upon the adoption of this Agreement, if such stockholder approval is required by applicable law; provided, however, that nothing herein will affect the right of Purchaser to take action by written consent in lieu of a meeting or otherwise to the extent permitted by applicable law. At any such meeting, all shares of Voting Stock then owned by Parent, Purchaser or any other direct or indirect subsidiary of Parent will be voted in favor of adoption of this Agreement. Subject to its fiduciary duties under applicable law, the Board of Directors of the Company will recommend that the Company's stockholders approve adoption of this Agreement if such stockholder approval is required.

2.3. Consummation of the Merger. The closing of the Merger (the "Closing") will take place (a) at the principal executive offices of the Company as promptly as practicable after the later of (i) the business day of (and immediately following) the receipt of approval of adoption of this Agreement by the Company's stockholders if such approval is required, or as soon as practicable after completion of the Offer if such approval by stockholders is not required, and (ii) the day on which the last of the conditions set forth in Article VI hereof is satisfied or duly waived or (b) at such other time and place and on such other date as Purchaser and the Company may agree.

of Parent and shares of Common Stock held by stockholders who perfect their appraisal rights under the DGCL) (a "Stock Certificate") will be deemed for all corporate purposes to evidence only the right to receive upon such surrender the aggregate amount of cash into which the shares of Common Stock represented thereby will have been converted, subject to any required withholding of taxes. No interest will be paid on the cash payable upon the surrender of the Stock Certificate or Stock Certificates. Any cash delivered or made available to the Paying Agent pursuant to this Section 2.4 and not exchanged for Stock Certificates within three months after the Effective Time will be returned by the Paying Agent to the Surviving Corporation which thereafter will act as Paying Agent, subject to the rights of holders of unsurrendered Stock Certificates under this Article II, and any former stockholders of the Company who have not theretofore complied with the instructions for exchanging their Stock Certificates will thereafter look only to the Surviving Corporation for payment of their claim for the consideration set forth in Section 2.1, without any interest thereon, but will have no greater rights against the Surviving Corporation (or either Constituent Corporation) than may be accorded to general creditors thereof under applicable law. Notwithstanding the foregoing, neither the Paying Agent nor any party hereto will be liable to a holder of shares of Common Stock for any cash or interest thereon delivered to a public official pursuant to applicable abandoned property laws. Promptly after the Effective Time, the Paying Agent will mail to each record holder of Stock

obtain the surrender of all options to purchase shares of Common Stock and other rights (collectively, "Options") granted pursuant to the 1992 Director Stock Option Plan, the 1992 Long-Term Incentive Plan, the 1986 Long-Term Incentive Plan, the 1980 Long-Term Incentive Plan or any other plans in effect as of the date hereof (collectively, the "Option Plans") in accordance with the provisions of Schedule 2.6. Effective immediately prior to the Effective Time, the restrictions on all shares of restricted Common Stock identified in Schedule 2.6 will lapse without further action.

III. REPRESENTATIONS AND WARRANTIES OF PARENT AND PURCHASER

Parent and Purchaser hereby jointly and severally represent and warrant to the Company that:

3.1. Corporate Organization. Each of Parent and Purchaser is a corporation duly organized, validly existing and in good standing under the laws of its state or other jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted, except where the failure to have such power or authority would not individually or in the aggregate have a material adverse effect on the financial condition, properties, business or results of operations of Parent and Purchaser, taken as a whole. Parent beneficially owns all of the outstanding capital stock of Purchaser.

3.2. Authority. Each of Parent and Purchaser has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated

14D-1 as so corrected to be filed with the Commission and such Offer Documents as so corrected to be disseminated to holders of shares of Common Stock, in each case as and to the extent required by applicable law.

3.4. Proxy Statement. None of the information to be supplied by Parent or Purchaser in writing expressly for inclusion in a proxy or information statement of the Company required to be mailed to the Company's stockholders in connection with the adoption of this Agreement (the "Proxy Statement"), or in any amendments or supplements thereto will, at the time of (a) the first mailing thereof and (b) the meeting, if any, of stockholders to be held in connection with the adoption of this Agreement, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.5. Fees. In no event, including without limitation termination of this Agreement and abandonment of the Merger pursuant to Section 7.1 hereof, will the Company or any of its subsidiaries, prior to the Merger, be obligated to pay any fee or commission to any financial advisor, broker, finder or intermediary in connection with the transactions contemplated hereby pursuant to or as a consequence of any agreement or commitment of Parent, Purchaser or any of their respective affiliates.

3.6. Consents and Approvals; No Violation. Except as set forth in Schedule 3.6, neither the execution and delivery of this

the various states, (iv) filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (v) consents, approvals, authorizations, permits, filings or notifications under laws and regulations of various foreign jurisdictions, other than Argentina and its provinces, or (vi) consents, approvals, authorizations, permits, filings or notifications which if not obtained or made will not, individually or in the aggregate, have a material adverse effect on the business, financial condition or results of operations of Parent and its subsidiaries, taken as a whole.

3.7. Financing. Prior to the execution of this Agreement by the parties hereto, Parent executed a commitment letter with Chase Manhattan Bank, N.A. (the "Commitment"), a copy of which has been previously furnished to the Company, providing for up to \$800 million of acquisition financing. As of the date hereof, the executive officers of Parent have no reason to believe that any condition to the financing contemplated by the Commitment

will not be satisfied in accordance with the terms of the Commitment. Parent and Purchaser hereby covenant that they will use their respective reasonable best efforts to obtain the financing contemplated by the Commitment.

3.8. Operations of the Company Following the Merger. Based upon, among other things, Parent's review of the Company's financial condition and operations, the Company's business plan, and the representations made by the Company in this Agreement, the financial condition of Parent and its subsidiaries and Parent's and Purchaser's present plans with respect to the

(or other governing instruments) as so delivered are in full force and effect.

4.2. Capitalization. As of the date hereof, the authorized capital stock of the Company consists of (i) 300,000,000 shares of Common Stock and (ii) 100,000,000 shares of Preferred Stock. As of the close of business on February 23, 1995, (a) 135,497,705 shares of Common Stock were validly issued and outstanding, fully paid and nonassessable and not subject to preemptive rights, (b) 4,358,658 shares of \$4.00 Preferred Stock were validly issued and outstanding, fully paid and nonassessable, (c) 1,250,000 shares of \$9.75 Preferred Stock were validly issued and outstanding, fully paid and nonassessable, and (d) 3,500,000 shares of \$2.50 Preferred Stock were validly issued and outstanding, fully paid and nonassessable. Since such date, the Company has not issued any additional shares of capital stock other than pursuant to (i) the exercise or conversion of Options and Converts, (ii) the Company's Employee Shareholding and Investment Plan (the "401(k) Plan"), or (iii) the Company's Director Stock Compensation Plan (the "Director Plan"). Except for the Options and Converts, the Rights, shares issued pursuant to the Director Plan and as otherwise set forth in this Section 4.2, there are not now, and at the Effective Time there will not be, any shares of capital stock of the Company authorized, issued or outstanding and there are not now, and at the Effective Time there will not be, any outstanding subscriptions, options, warrants, rights, convertible securities or any other agreements or commitments of any character relating

delivered by, and constitutes a valid and binding obligation of, the Company, enforceable against the Company in accordance with its terms.

4.4. Consents and Approvals; No Violation. Neither the execution and delivery of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby will (a) conflict with or result in any breach or violation of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in the creation of any lien or other encumbrance upon any of the properties or assets of the Company or any of its subsidiaries under, any of the terms, conditions or provisions of (i) their respective certificates of incorporation or by-laws or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company or any such subsidiary is a party or to which they or any of their respective properties or assets are subject, except for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of liens or other encumbrances which are set forth on Schedule 4.4 or which, individually or in the aggregate, will not have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, or (b) require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) pursuant to

in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The audited and unaudited consolidated financial statements, together with the notes thereto, of the Company included (or incorporated by reference) in the SEC Documents present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of the dates thereof and the results of their operations and changes in financial position for the periods then ended in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis (except as stated in such financial statements), subject, in the case of the unaudited financial statements, to normal year-end audit adjustments.

4.6. Absence of Certain Changes. Except as disclosed in the SEC Documents, as disclosed to Parent by the Company in a writing which makes express reference to this Section 4.6 or as set forth on Schedule 4.6, since December 31, 1994, the Company and its subsidiaries have conducted their respective businesses only in the ordinary course, and there has not been (a) any event or change having or that is reasonably expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, (b) in the case of the Company, any declaration, setting aside or payment of any dividend or other distribution with respect to its capital stock, other than the regular cash dividends on shares of \$4.00 Preferred Stock, \$9.75 Preferred Stock and \$2.50 Preferred Stock, or relating to the redemption of

threatened against or affecting the Company or any subsidiary of the Company which is reasonably expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company having, or which, insofar as reasonably can be foreseen, in the future would have, any such effect.

4.8. Compliance with Applicable Laws. The Company and each of its subsidiaries hold, and at all relevant times have held, all material licenses, franchises, permits and authorizations necessary for the lawful conduct of its business substantially as it is currently conducted. Except as required to be disclosed in the SEC Documents filed prior to the date of this Agreement or as to matters for which reserves have been established and which reserves have been disclosed to Purchaser, to the knowledge of the executive officers of the Company, the businesses of the Company and its subsidiaries are not presently being conducted, and to the knowledge of the executive officers of the Company, have not previously been conducted, in violation of any law, ordinance or regulation of any Governmental Entity, except for possible violations which individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not, have a material adverse effect on the Company and its subsidiaries taken as a whole. Except as described in SEC Documents filed prior to the date of this Agreement, no investigation or review by any Governmental Entity concerning any such possible violations by the Company or any of its

omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company will promptly correct any statements in the Schedule 14D-9 that have become materially false or misleading and take all steps necessary to cause such Schedule 14D-9 as so corrected to be filed with the Commission and to be disseminated to holders of shares of Voting Stock, in each case as and to the extent required by applicable law.

4.12. Proxy Statement. The Proxy Statement and all amendments and supplements thereto will comply as to form in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder and will not, at the time of (a) the first mailing thereof and (b) the meeting, if any, of stockholders to be held in connection with the Merger, together with any amendments and supplements thereto, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied in writing by Parent or any affiliate of Parent expressly for inclusion in the Proxy Statement.

4.13. Rights. The Company has, or prior to the commencement of the Offer shall have, taken the necessary steps to redeem prior to the close of business on the 20th calendar day after commencement of the Offer all of the outstanding Rights

Schedule 4.15(a) and except for insignificant equity or other interests received in the ordinary course of business of the Company, the Company does not own, directly or indirectly, or have voting rights with respect to, any capital stock or other equity securities of any corporation or have any direct or indirect equity or ownership interest in any business.

(b) Except as disclosed on Schedule 4.15(a) or 4.15(b), or as may be disclosed on the certificates representing the capital stock of the subsidiaries of the Company or provided pursuant to the terms of partnership agreements, joint venture agreements or other constituent documentation, copies of which have been provided or made available to representatives of Parent, and except as may be required under the securities laws of any jurisdiction, (i) all of the outstanding capital stock of, or other ownership interests in, each subsidiary of the Company, has been validly issued, is (in the case of capital stock) fully paid and nonassessable and (in the case of partnership interests) not subject to current or future capital calls, and is owned by the Company, directly or indirectly, free and clear of any lien and free of any other charge, claim, encumbrance, limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests) and (ii) there are not now, and at the Effective Time there will not be, any outstanding subscriptions, options, warrants, calls, rights, convertible securities or other agreements or commitments of any character relating to the issued or unissued capital stock or other securities of any of the

subsidiaries and has paid or caused to be paid, or has made adequate provision or set up adequate accruals or reserves which, in the aggregate, are adequate under GAAP in respect of, liabilities for taxes required to be paid in respect of the periods for which returns are due, and has established (or will establish at least quarterly) similar accruals or reserves for the payment of all taxes payable in respect of periods subsequent to the last of such periods required to be so accrued or reserved, as the case may be. Except as set forth in Schedule 4.17, neither the Company nor any of its Tax Affiliates or subsidiaries has entered into any written agreement or other document waiving or extending the time to assess any taxes due to any United States jurisdiction ("Domestic Taxes") nor, to the knowledge of the executive officers of the Company, has any such entity entered into any such agreement or other document in respect of any tax due to any jurisdiction outside the United States. Except as set forth in Schedule 4.17, the tax returns of the Company, its Tax Affiliates and subsidiaries of the Company relating to Domestic Taxes are not under active audit by the Internal Revenue Service or any comparable state or local agency. The open taxable years of the Company, its Tax Affiliates and its subsidiaries relating to United States federal income taxes are set forth in Schedule 4.17. At no time within the last five years, and to the knowledge of the executive officers of the Company, (i) at no time in the preceding eight years, have the Company, any of its Tax Affiliates or any of its subsidiaries ever filed a consent under Section 341(f) of the Internal Revenue

except as set forth in Schedule 4.17 or as otherwise disclosed to Purchaser.

(b) For the purposes of this Section, (i) the term "tax" means income, gross receipts, payroll, employment, excise, severance, stamp, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax of any kind, levies, penalties, or interest imposed by any United States federal, state, local and foreign or other taxing authority on the Company or any of its Tax Affiliates, and (ii) the term "tax return" includes any return, declaration, claim for refund or information return relating to taxes, including without limitation any schedule or attachment thereto and including any amendment thereof.

4.18. Insurance. Schedule 4.18 lists all insurance policies carried by the Company or any of its subsidiaries insuring occurrences or claims on or made on the date hereof. There is no default by the Company or any subsidiary with respect to any provision contained in any such insurance policy which would permit the denial of coverage or cancellation of coverage thereunder, except for defaults or failures which, individually or in the aggregate, would not have a material adverse effect on the Company and its subsidiaries taken as a whole.

relating to or for benefits under the Benefit Plans, except for those suits or claims set forth on Schedule 4.19(c) or which, individually or in the aggregate, will not have a material adverse effect on the business, financial condition or results of operation of the Company or its subsidiaries, taken as a whole.

(d) (i) Each Benefit Plan has been established and administered in all material respects in accordance with its terms, and in all material respects in compliance with the applicable provisions of ERISA, the Code and other applicable laws, rules and regulations and (ii) each Benefit Plan which is intended to be qualified within the meaning of Code Section 401(a) is so qualified and nothing has occurred, to the knowledge of the executive officers of the Company, whether by action or failure to act, which is reasonably expected to cause the loss of such qualification except where such loss of qualification would not have a material adverse effect on the business, financial condition or results of operation of the Company or its subsidiaries, taken as a whole.

(e) Except as set forth on Schedule 4.19(e), (i) no Benefit Plan currently has any "accumulated funding deficiency" as such term is defined in ERISA Section 302 and Code Section 412 (whether or not waived); (ii) to the knowledge of the executive officers of the Company, no event or condition exists which is a reportable event within the meaning of ERISA Section 4043 with respect to any Benefit Plan that is subject to Title IV of ERISA; (iii) each member of the Company's Controlled Group (as defined below) has made all required premium payments when due to the

charge or complaint pending nor, to the knowledge of the executive officers of the Company, threatened, with regard to employees of the Company or any of its subsidiaries; (c) there is no labor strike, material organized slowdown, material organized work stoppage or other material organized labor controversy in effect or, to the knowledge of the executive officers of the Company, threatened against the Company or any of its subsidiaries; (d) as of the date hereof, to the knowledge of the executive officers of the Company, no representation question exists and no campaigns are being conducted to solicit cards from the employees of the Company or any subsidiary of the Company to authorize representation by any labor organization; (e) neither the Company nor any subsidiary of the Company is party to, or is otherwise bound by, any consent decree with any governmental authority relating to employees or employment practices of the Company or any subsidiary of the Company which is material to the Company or its subsidiaries taken as a whole; and (f) the Company and each subsidiary of the Company is in compliance with all applicable agreements, contracts and policies relating to employment, employment practices, wages, hours and terms and conditions of employment of the employees except where failure to be in compliance with each such agreement, contract and policy is not, individually or in the aggregate, reasonably likely to have a material adverse effect on the financial condition, properties, business or results of operations of the Company and its subsidiaries taken as a whole.

Board of Directors that any such action is required for the Company's directors to satisfy their fiduciary duties to the Company and its constituencies under applicable law. The Company will (a) promptly notify Parent in the event of any discussion, negotiation, proposal or offer of the type referred to in the first sentence of this Section 5.1 or any decision to furnish information or take any other action referred to in the second sentence of this Section 5.1 and (b) promptly furnish Parent copies of all written information furnished to any Person pursuant to the second sentence of this Section 5.1 to the extent not previously furnished to Parent.

5.2. Interim Operations. During the period from the date of this Agreement to the earlier of the time that the designees of Parent have been elected to, and constitute a majority of, the Board of Directors of the Company pursuant to Section 1.4 hereof or the Effective Time, except as specifically contemplated by this Agreement, as set forth in Schedule 5.2 or as otherwise approved by Parent in a writing which makes express reference to this Section 5.2:

5.2.1. Conduct of Business. The Company will, and will cause each of its subsidiaries to, conduct their respective businesses only in, and not take any action except in, the ordinary and usual course of business substantially consistent with past practice. The Company will use reasonable efforts to preserve intact the business organization of the Company and each of its subsidiaries, to keep available the services of its and their present

their capital stock, or adjust, split, combine or reclassify any of their capital stock or other securities, or make any other changes in their capital structures.

5.2.4. Dividends. The Company will not and will not permit any of its subsidiaries to declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of the capital stock of any of them other than (a) regular quarterly cash dividends on the \$4.00 Preferred Stock, the \$9.75 Preferred Stock and the \$2.50 Preferred Stock, (b) dividends, distributions or payments paid by its subsidiaries to the Company or its subsidiaries with respect to their capital stock, (c) the Rights in accordance with the Rights Agreement, and (d) loans and payments from the Company to any of its subsidiaries or from any of such subsidiaries to the Company or another such subsidiary.

5.2.5. Debt. Except as set forth in Schedule 5.2.5, the Company and its subsidiaries will not, except in the ordinary course of business, (a) incur or assume any indebtedness, (b) assume, guarantee, endorse or otherwise become liable (whether directly, contingently or otherwise) for the obligation of any other Person except in the ordinary course of business and consistent with past practice, or (c) make any loans, advances or capital contributions to, or investments (other than intercompany accounts and short-term investments pursuant to customary

plans, funds or other such arrangements or enter into any contract to do any of the foregoing.

(b) Subject to Purchaser's purchase of Common Stock pursuant to the Offer and for a period of 12 months following the Effective Time, the Company or Surviving Corporation, as the case may be, will continue without amendment or change, except changes which increase compensation or benefits paid or payable thereunder or as may be required by law, the Benefit Plans and other sponsored, maintained or offered compensation and benefit policies, practices, programs and arrangements which provide compensation or benefits to employees of the Company or its subsidiaries. Anything in the preceding sentence to the contrary notwithstanding, (i) to the extent any Benefit Plan, or such other compensation or benefit policy, practice, program or arrangement other than any stock option, restricted stock or other stock-based award plan or program ("Stock Plans") so allows, the Surviving Corporation may replace any of such individual plans, policies, practices, programs or arrangements with another plan, policy, practice, program or arrangement providing, in the aggregate, not less than a substantially equivalent level of compensation or benefits, as the case may be, and (ii) the Company or the Surviving Corporation, as the case may be, may amend or replace any Stock Plan of the Company with another plan, policy, practice, program or arrangement that the Board of Directors of the Company or the Surviving Corporation, as the case may be, determines in good faith provides comparable incentive compensation opportunities.

access, during normal business hours throughout the period prior to the Effective Time, to the Company's books, records (including without limitation tax returns and work papers of the Company's independent auditors), properties, personnel and to such other information as Parent reasonably requests and will permit Parent to make such inspections as Parent may reasonably request and will cause the officers of the Company and those of its subsidiaries to furnish Parent with such financial and operating data and other information with respect to the business, properties and personnel of the Company and its subsidiaries as Parent may from time to time reasonably request, provided, however, that no investigation pursuant to this Section 5.4 will affect or be deemed to modify any of the representations or warranties made by the Company in this Agreement. Subject to the requirements of law, Parent will hold in confidence, and will instruct and use its reasonable best efforts to cause its representatives to keep confidential, all such non-public information it may acquire in its investigation pursuant to this Section 5.4, and if this Agreement is terminated, Parent will, and will instruct and use its reasonable best efforts to cause its representatives to, destroy or deliver to the Company all documents, work papers and other material (including copies) obtained by Parent or such representatives pursuant to this Section 5.4 and such of the foregoing as has been furnished by the Company to Parent or Purchaser prior to the date hereof, whether so obtained or furnished before or after the execution hereof. Nothing in this Section 5.4 will require the Company to

Proxy Statement, file it with the Commission and mail it to all holders of shares of Voting Stock. Parent, Purchaser and the Company will cooperate with each other in the preparation of the Proxy Statement; without limiting the generality of the foregoing, Parent and Purchaser will furnish to the Company the information relating to Parent and Purchaser required by the Exchange Act to be set forth in the Proxy Statement. The Company, acting through its Board of Directors, subject to the fiduciary duties of the Company's Board of Directors as advised by counsel, will include in the Proxy Statement the recommendation of its Board of Directors that stockholders of the Company vote in favor of the adoption of this Agreement and use its reasonable best efforts to secure such adoption.

5.8. Indemnification and Insurance. For seven years after the Effective Time, Parent will cause the Surviving Corporation to indemnify, defend and hold harmless the present and former officers, directors, employees and agents of the Company and its subsidiaries (an "Indemnified Party") against all losses, claims, damages or liabilities arising out of actions or omissions occurring on, prior to or after the Effective Time (whether or not based in whole or in part on the sole or concurrent negligence of the Indemnified Party or on the theory of strict products liability) to the full extent provided under Delaware law, the Certificate and By-Laws of the Company in effect at the date hereof and under all agreements to which the Company is a party as of the date hereof, including without limitation provisions relating to advances of expenses incurred in the

promptly, all actions and to do promptly, or cause to be done promptly, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using its reasonable best efforts to obtain all necessary actions or non-actions, extensions, waivers, consents and approvals from all applicable Governmental Entities, effecting all necessary registrations and filings (including without limitation filings under the HSR Act) and obtaining any required contractual consents, subject, however, to any required vote of the stockholders of the Company. If, at any time after the Effective Time, the Surviving Corporation considers or is advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of the Constituent Corporations acquired or to be acquired by the Surviving Corporation as a result of, or in connection with the Merger or otherwise to carry out the purposes of this Agreement, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of each of the Constituent Corporations or otherwise, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of the Constituent Corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest

with any Governmental Entity or with any national securities exchange with respect thereto, and will not issue any such press release or make any such public statement prior to such consultation except as may be required by law or by obligation pursuant to any listing agreement with any national securities exchange or the National Association of Securities Dealers or any rules or regulations of a foreign securities exchange upon which the securities are traded.

5.12. Notice of Actions and Proceedings. The Company will promptly notify Parent of any actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the executive officers of the Company, threatened in writing against, relating to or involving or otherwise affecting the Company or any of its subsidiaries which, if pending on the date hereof, would have been required to have been disclosed in writing pursuant to any Schedule required hereby or which relates to the consummation of the Offer or the Merger.

5.13. Notification of Certain Other Matters. The Company will promptly notify Parent of:

(a) any written notice or other written communication from any third party alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement;

(b) any written notice or other written communication from any Governmental Entity in connection with the transactions contemplated hereby; and

Company in an amount necessary to permit the Company to meet such obligations, provided that Parent's aggregate obligation under this Section 5.15 shall be (a) limited to the amount of debt service obligations under "Tranche 1" of the loan agreement contemplated by the Commitment and, to the extent "Tranche 1" is replaced by "Tranche 2 and/or Tranche 3" under the Commitment, the amount of debt service obligations under such "Tranche 2 and/or Tranche 3," and (b) reduced by the amount, if any, of capital contributions received by the Company after the Effective Time and the net proceeds of any sale by the Company of common stock or non-redeemable preferred stock after the Effective Time. Notwithstanding anything in this Agreement to the contrary, the obligations of Parent under this Section 5.15 will survive until the ninth anniversary of the Effective Time.

VI. CONDITIONS

6.1. Conditions. The obligations of Parent, Purchaser and the Company to consummate the Merger are subject to the satisfaction, at or before the Effective Time, of each of the following conditions, as applicable thereto:

6.1.1. Stockholder Approval. The holders of the Voting Stock shall have duly adopted this Agreement.

6.1.2. Purchase of Shares of Voting Stock. Purchaser shall have accepted for payment shares of Common Stock pursuant to the Offer.

6.1.3. Injunctions; Illegality. The consummation of the Merger shall not be precluded or materially restricted by any order, injunction, decree or ruling of a court of

VII. MISCELLANEOUS

7.1. Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned (a) by the mutual consent of the Boards of Directors of Parent, Purchaser and the Company; (b) by Parent and Purchaser, on the one hand, or the Company, on the other hand, if the Offer expires or is terminated or withdrawn in accordance with the terms hereof without any shares of Common Stock being purchased thereunder or the Offer is terminated, or has not been commenced in accordance with the terms hereof by the close of business on March 7, 1995, or if Purchaser has not purchased shares of Common Stock validly tendered and not withdrawn pursuant to the Offer in accordance with the terms hereof within 75 calendar days after commencement of the Offer; provided, however, that the party seeking to terminate this Agreement pursuant to this Section 7.1(b) is not in material breach of this Agreement; (c) by the Company, if Parent or Purchaser materially breaches any of the representations and warranties or covenants contained in this Agreement, or by Parent and Purchaser if the Company materially breaches any of the representations and warranties or covenants contained in this Agreement; (d) by either Parent and Purchaser or the Company, if the Merger is not consummated prior to June 30, 1995; provided, however, that the right to terminate this Agreement under this Section 7.1(d) will not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or before such date; (e) by either

ownership or any "group" (as such term is defined under Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) shall have been formed which beneficially owns, or has the right to acquire "beneficial ownership" (as defined in the Rights Agreement) of, more than 20% of the then-outstanding shares of Common Stock of the Company. For the purposes of this Agreement, "Competing Transaction" means any of the following involving the Company or any of its subsidiaries: (i) any merger, consolidation, share exchange, business combination or other similar transaction except for such of the foregoing as to which the only parties are the Company or one or more subsidiaries of the Company; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets of the Company or any of its subsidiaries constituting 5% or more of the consolidated assets of the Company or accounting for 5% or more of the consolidated revenues of the Company in a single transaction or series of related transactions involving any Person other than the Company or one or more subsidiaries of the Company; or (iii) any tender or exchange offer for 20% or more of the outstanding shares of Voting Stock or the filing of a registration statement under the Securities Act in connection therewith. In the event of any termination and abandonment pursuant to this Section 7.1, no party hereto (or any of its directors or officers) will have any liability or further obligation to any other party to this Agreement, except for obligations under the last sentences of Sections 1.1 and 1.3, the second sentence of Section 5.4 and all of Section 7.10 hereof and

further that any action by the Company to waive or amend any provision of this Agreement will require the approval of a majority of the Continuing Directors. No such waiver, amendment or supplement will be effective unless in a writing which makes express reference to this Section 7.3 and is signed by the party or parties sought to be bound thereby.

7.4. Entire Agreement. This Agreement contains the entire agreement among Parent, Purchaser and the Company with respect to the Offer, the Merger and the other transactions contemplated hereby and thereby, and supersedes all prior agreements among the parties with respect to such matters other than, prior to the Effective Time, the Confidentiality Agreement.

7.5. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect in the principles of conflict of laws of that State.

7.6. Interpretation. For purposes of this Agreement, a "subsidiary" of a corporation means any corporation or other legal entity (including without limitation partnerships or limited liability companies) more than 50% of the outstanding voting securities or similar rights of which are directly or indirectly owned by such other corporation and "Person" means an individual or legal entity. The descriptive headings contained herein are for convenience and reference only and will not affect in any way the meaning or interpretation of this Agreement.

7.7. Notices. All notices and other communications hereunder will be in writing and will be given by delivery (and

7.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original but all of which together will constitute but one agreement.

7.9. Parties in Interest; Assignment. Except for Sections 2.6 and 5.3 hereof (which are intended to be for the benefit of directors and Senior Executives to the extent contemplated thereby and their beneficiaries, and may be enforced by such persons) and Section 5.8 hereof (which is intended to be for the benefit of directors, officers, agents and employees to the extent contemplated thereby and their beneficiaries, and may be enforced by such persons), this Agreement is not intended to nor will it confer upon any other person (other than the parties hereto) any rights or remedies. Except as otherwise expressly provided herein, this Agreement is binding upon and is solely for the benefit of the parties hereto and their respective successors, legal representatives and assigns. Purchaser will have the right (a) to assign to Parent or any direct or indirect wholly owned subsidiary of Parent any and all rights and obligations of Purchaser under this Agreement, including without limitation the right to substitute in its place Parent or such a subsidiary as one of the constituent corporations in the Merger (such subsidiary assuming all of the obligations of Purchaser in connection with the Merger), provided that any such assignment will not relieve Parent or Purchaser from any of its obligations hereunder, and (b) to transfer to Parent or to any direct or indirect wholly owned subsidiary of Parent the right to purchase

of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any State of the United States having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, including without limitation under Section 7.10 hereof.

7.13. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party hereto. Upon any such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are consummated to the extent possible.

7.14. Consent to Jurisdiction and Service of Process.
(a) Parent consents to the non-exclusive jurisdiction of any court of the State of New York or any United States federal court sitting in the Borough of Manhattan, New York City, New York, United States, and any appellate court from any thereof, and

Parent of a successor in The City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor. Parent further agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. If CT Corporation System shall cease to be Parent's agent for service of process, Parent shall appoint without delay another such agent and provide prompt written notice to the Company, to the extent known to it, of such appointment. With respect to any such action in any court of the State of New York or any United States federal court in the Borough of Manhattan, New York City, service of process upon CT Corporation System, as the authorized agent of Parent for service of process, and written notice of such service to Parent, shall be deemed, in every respect, effective service of process upon Parent.

(c) Nothing in this Section 7.14 shall affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any action or proceeding against any other party or its property in the courts of other jurisdictions.

CONDITIONS TO THE OFFER

Notwithstanding any other provision of the Offer, Purchaser shall not be required to accept for payment, purchase or pay for any shares of Common Stock tendered pursuant to the Offer (the "Shares"), and may postpone the acceptance for payment, the purchase of, and/or payment for Shares, and/or may, subject to the terms of the Agreement, amend or terminate the Offer if (i) the Minimum Share Condition has not been satisfied, (ii) the Company shall not have taken the steps necessary to redeem the Rights, (iii) the applicable waiting period under the HSR Act shall not have expired or been terminated, (iv) the closing of the loans in connection with the Offer shall not have occurred under the Loan Agreement contemplated by the commitment letter, dated February 24, 1995, addressed to Parent from The Chase Manhattan Bank (National Association), a copy of which has heretofore been delivered to the Company, or (v) at any time at or before payment for any Shares (whether or not any Shares have theretofore been accepted for payment or paid for pursuant to the Offer), any of the following events shall have occurred and be continuing:

- (a) there shall be in effect any temporary restraining order, preliminary or final injunction or other order or decree issued by any United States federal or state court of competent jurisdiction or

any Shares, as a consequence of the Offer, Merger or Parent or Purchaser's acquisition of shares of Common Stock; or

(b) there shall be any statute, rule, regulation or order promulgated, enacted, entered or deemed applicable to the Offer or the Merger, or any other action shall have been taken, by any Governmental Entity that is reasonably likely to result in any of the consequences referred to in clauses (1) through (4) of paragraph (a) above; or

(c) there shall have occurred (1) any general suspension of trading in, or limitation on prices for, trading in securities on the New York Stock Exchange or in the over-the-counter-market, (2) a declaration of a banking moratorium or any limitation or suspension of payments by United States authorities on the extension of credit by United States lending institutions, (3) a commencement of war, armed hostilities or other international or national calamity directly or indirectly involving the United States, or (4) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or

(d) it shall have been publicly disclosed or Purchaser shall have learned that any Person shall have entered into a definitive agreement or an agreement in principle with the Company with respect to a tender

(except that the foregoing shall not apply to a modification or amendment solely in the reasons for such recommendation and approval so long as the Board of Directors of the Company continues to recommend and approve acceptance of the Offer and adoption of the Merger Agreement by holders of Voting Stock); or

(h) without limiting the generality or effect of Paragraph (e) of this Section, except as disclosed to Parent pursuant to the Agreement, there shall have been any material adverse change in the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole;

which, in the sole judgment of Purchaser, in any such case regardless of the circumstances (including any action or inaction by Purchaser or any of its affiliates other than a material breach by Purchaser or Parent of the Agreement) giving rise to any such condition, makes it inadvisable to proceed with the Offer or with such acceptance for payment or purchase of or payment for any of the Shares.

The foregoing conditions (i) may be asserted by Purchaser regardless of the circumstances (including any action or inaction by Purchaser or any of its affiliates other than a breach by Purchaser or Parent of the Agreement) giving rise to such condition and (ii) other than the Minimum Share Condition, are for the sole benefit of Purchaser and its affiliates. The foregoing conditions, other than the Minimum Share Condition, may be waived by Purchaser in whole or in part at any time and from

EXHIBIT 4

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 MR. JACKSON: Fifty-five is the Maxus
3 10-K dated December 31, 1995.

4 Fifty-six is the offer to purchase for
5 cash all outstanding shares, common stock of Maxus
6 Energy at 5.50 per share.

7 Fifty-seven is the SEC schedule 14D-9/A.

8 Fifty-eight is the Credit Suisse First
9 Boston opinion letter.

10 And Plaintiffs' Exhibit 59 is the
11 Houlihan, Lokey opinion letter dated April 5th, 1995.

12 MR. CROUT: Thank you.

13 MR. JACKSON: Do we need a translation
14 of what we have marked as Plaintiffs' Exhibit 55
15 through 59?

16 MS. BLANCO: No.

17 Q. Mr. Leiva, are you familiar with these
18 documents?

19 A. Yes, most of them. I didn't know this
20 one, 58. That's a document from First Boston to the
21 board of Maxus. Exhibits 57, 56, 55 are public
22 documents.

23 Q. So, you've seen those documents before?

24 A. I don't remember this one well, but
25 Exhibit 59 I need a moment to look it over to see.

1 G. Leiva

2 Q. Okay.

3 A. But in general.

4 Q. Tell you what, why don't we go ahead and
5 talk generally about some of the transactions at
6 issue, and then if you need to review any of these
7 documents in more detail, we can go off the record
8 while you do so.

9 A. Okay.

10 Q. Did YPF acquire Maxus through the merger
11 of YPF's subsidiary, YPF Acquisition Corporation,
12 into Maxus effective June 8, 1995?

13 A. YPF acquired Maxus through YPF
14 Acquisition Corporation in April, April 1995. What
15 happened then in June 1995 was the merger between YPF
16 Acquisition and Maxus.]

17 Q. That merger was June 8th of 1995,
18 effective June 8, 1995?

19 A. It was in 1995, but if it's precisely
20 June 8th, we could see it here.

21 Q. I don't want to spend a lot of time
22 going through the public documents. As corporate
23 representative of YPF, do you have any reason to
24 contest the accuracy of the statements made in the
25 public filings that are at Plaintiffs' Exhibit 55, 56

G. Leiva

1

2 and 57?

3 A. No.

4 Q. How was Maxus originally identified by
5 YPF for acquisition?

6 A. What does identified mean? What do you
7 mean identified?

8 Q. Why did YPF want to acquire Maxus?

9 A. At that moment YPF's strategy was their
10 internationalization and not only a company based in
11 Argentina.

12 Now, why was it Maxus and not another?
13 It could have been a question of opportunity. It was
14 a job done personally by the president of YPF who
15 died a month after the acquisition.

16 The general comments among the top
17 management was that nobody knew exactly what the
18 president proposed or what was the strategy of the
19 president as to this new acquisition.

20 In reality, a year later, that was when
21 top management, the new president and the board,
22 reached an agreement of organization that was carried
23 out in 1996.

24 Q. What was the president of YPF's name who
25 was personally involved?

EXHIBIT 5

File

Dick Smith

October 17, 1996

Maxus Energy and CLH Reorganization

The following summarizes the subject reorganization.

Date	Transaction
June 4, 1996	Approval of corporate reorganization by YPF S.A.
July 31, 1996	YPF Holdings, Inc. formed as a subsidiary of YPF International Ltd.
August 5, 1996	CLH Holdings, Inc. formed as a subsidiary of YPF Holdings, Inc.
August 13, 1996	Transfer of the common stock of Maxus Energy Corporation from YPF S.A. to YPF International Ltd. and thence to YPF
	Holdings, Inc., all by contributions to capital.
August 14, 1996	Stock Purchase and Sale Agreement whereby Maxus Corporate Company sold all the stock of Chemical Land Holdings, Inc. to YPF Holdings, Inc.

summary.clh

YPFH 531

EXHIBIT 6

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PR

Form 20-F

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

MAR - 9 2001

For the fiscal year ended: **December 31, 2000**
Commission file number: **1-10220**

Repsol YPF, S.A.
(Exact name of registrant as specified in its charter)

Kingdom of Spain
(Jurisdiction of incorporation of organization)

Paseo de la Castellana, 278—28046 Madrid, Spain
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Ordinary shares of Repsol YPF, S.A., par value €1.00 per share	New York Stock Exchange*
American Depositary Shares, each representing the right to receive one ordinary share of Repsol YPF, S.A., par value €1.00 per share	New York Stock Exchange
Series A 7.45% non-cumulative guaranteed preference shares of Repsol International Capital Limited	New York Stock Exchange

* Shares are not listed for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

The number of outstanding shares of each class of stock of Repsol International Capital Limited benefiting from a guarantee of Repsol YPF, S.A. at December 31, 2000 was:

Series A 7.45% non-cumulative guaranteed preference shares 29,000,000

The number of outstanding shares of each class of stock of Repsol YPF, S.A. as of December 31, 2000 was:

Ordinary shares, par value €1.00 per share 1,220,863,463

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 Item 18

Please send copies of notices and communications from the Securities and Exchange Commission to:
NICHOLAS A. KRONFELD
Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

REP 13674

2. Information about Repsol YPF

2.1 Repsol YPF

2.1.1 Overview

Repsol YPF is an integrated oil and gas company engaged in all aspects of the petroleum business, including exploration, development and production of crude oil and natural gas, transportation of petroleum products, liquefied petroleum gas and natural gas, petroleum refining, production of a wide range of petrochemicals and marketing of petroleum products, petroleum derivatives, petrochemicals, liquefied petroleum gas and natural gas.

Repsol YPF began operations in October 1987 as part of a reorganization of the oil and gas businesses then owned by Instituto Nacional de Hidrocarburos, a Spanish government agency which acted as a holding company of government-owned oil and gas businesses. In April 1997, the Spanish State sold in a global public offering its entire remaining participation in Repsol YPF. Two years later and as part of its international growth strategy, Repsol YPF acquired, through a series of acquisitions, a total of 97.81% of the outstanding capital stock of YPF, S.A., a leading Argentine petroleum company and the former state oil and gas monopolist in Argentina. Repsol YPF initially acquired a 14.99% equity stake in YPF from the Argentine government on January 20, 1999. On June 23, 1999, Repsol YPF acquired an additional 82.47% of the outstanding capital stock of YPF pursuant to a tender offer. During the course of the remaining of 1999 and 2000 Repsol YPF acquired additional shares of YPF and, as of December 31, 2000, Repsol YPF owned 99.0% of YPF.

As a result of the acquisition of YPF, Repsol YPF is Spain's largest company in terms of revenues, the largest private sector energy company in Latin America in terms of total assets and one of the world's ten largest oil companies on the basis of market capitalization and proved reserves.

Through the acquisition of YPF, Repsol YPF sought to achieve a balance between upstream and downstream operations, position itself as a market leader in Latin America, achieve operating and capital expenditure synergies and consolidate its business scale and financial strength. As part of its integration strategy, Repsol YPF has begun to dispose of select assets which do not correspond to its core businesses outlined above or to its core geographic areas which include Spain, Latin America and North Africa.

2.1.2 Organization of Repsol YPF

Repsol YPF engages in all aspects of the petroleum business, including the exploration, development and production of crude oil and natural gas, the transportation of petroleum products, liquefied petroleum gas and natural gas, petroleum refining, petrochemical production and the marketing of petroleum products, petroleum derivatives, petrochemicals, LPG and natural gas. Repsol YPF organizes its business into four segments:

- Exploration and Production (E&P).
- Refining and Marketing.
- Chemicals.
- Gas and Electricity.

Repsol YPF today has operations in 30 countries, most significantly in Spain and Argentina. Repsol YPF has a unified global corporate structure with headquarters in Madrid, Spain and Buenos Aires, Argentina. Repsol YPF manages its business as a single organization at both the operational and organizational levels. Key functions such as strategic planning, control, finance and human resources are

EXHIBIT 7

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
NEWARK DIVISION

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION AND THE ADMINISTRATOR OF THE NEW JERSEY SPILL COMPENSATION FUND,

Plaintiffs,

v.

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS, INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A., YPF, S.A., YPF HOLDINGS, INC., AND CLH HOLDINGS,

Defendants.

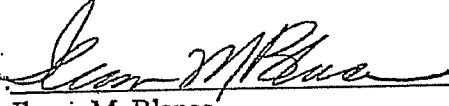
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CIVIL ACTION NO. 06-00401
JUDGE JOHN C. LIFLAND
JURY DEMANDED

ANSWERS AND OBJECTIONS TO INTERROGATORIES OF DEFENDANT YPF, S.A.

To: Plaintiffs New Jersey Department of Environmental Protection and the Administrator of the New Jersey Department of Environmental Protection and the Administrator of the New Jersey Spill Compensation Fund, Zulima V. Farber Attorney General of New Jersey.

Defendant YPF, S.A. ("YPF") answers and objects to Plaintiffs' Interrogatories pursuant to Federal Rules of Civil Procedure as follows. YPF objects to the definitions and instructions to the extent they seek to impose on YPF obligations that exceed the requirements of the Federal Rules of Civil Procedure. To ensure that the discovery requests were understood, they were first translated into Spanish and personally reviewed and answered in Spanish by the responding parties. See Exhibit A attached hereto. They were then translated back into English to produce to opposing counsel.

By: 
Ileana M. Blanco
Southern District of Texas No. 948

Christina E. Ponig
Southern District of Texas No. 600217

711 Louisiana St., Suite 2300
Houston, Texas 77002
(713) 223-2300 (Telephone)
(713) 221-1212 (Telecopy)

BRACEWELL & GIULIANI
711 Louisiana Street
Suite 2300
Houston, Texas 77002
713 / 221-1584

And

GREENBAUM, ROWE, SMITH & DAVIS
LLP
6 Becker Farm Road
Roseland, New Jersey 07068
973/ 535-1600
Attorneys for Repsol YPF, S.A., YPF, S.A.,
YPF Holdings, Inc. and CLH Holdings

Of Counsel

Marc J. Gross, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Answers and Objections to Interrogatories of Defendant YPF, S.A. the foregoing document, has been forwarded to counsel of record by electronic transmission and/or personal delivery, on this 19th day of June 2006, as follows:

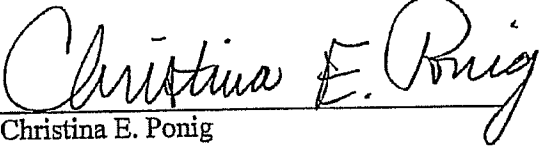
Michael Gordon
Gordon & Gordon
80 Main Street
West Orange, New Jersey 07052
By E-mail

Michael Connelly
Bill Jackson
Connelly Baker Maston Wotring
Jackson LLP
700 Louisiana Street, Suite 1850
Houston, Texas 77002-2778
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Thomas E. Starnes
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1351 I Street
Washington, DC 20005
By E-mail

William L. Warren
Drinker Biddle & Reath LLP
105 College Road East
Box 627
Princeton, New Jersey 08542
By E-mail

Carol Dinkins
Vinson & Elkins
1001 Fannin, Suite 2300
Houston, Texas 77002
By Email


Christina E. Ponig

Interrogatory 1:

Identify and describe each and every transaction, contract, agreement, and/or understanding (including inter-company transactions, contracts, agreements, and/or understandings) between or among the Repsol Group and/or any of its members concerning New Jersey, including, but not limited to, compliance with the Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, and including, but not limited to, the management of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances, and all financial records related to same.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only.

YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to this objection, please refer to documents produced in response to Requests for Production Nos. 1, 2, 3, and 4. F.R.C.P. 33(d)

Interrogatory 2:

Identify each and every officer, director, manager, and executive of the Repsol Group and/or any of its members. In Identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment, and/or relationship and/or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity. Further, for each responsive person, identify whether they have now or ever have had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental contamination, and/or Hazardous Substances.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only. YPF further objects to this interrogatory because the terms "manager" and "executive" are vague and undefined and because the interrogatory is overly broad and burdensome.

YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, please refer to documents produced in response to Request for Production 10. F.R.C.P. 33(d).

Interrogatory 3:

Identify each and every employee, contractor, or representative of the Repsol Group and/or any of its members who has now or ever had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only. YPF objects to "representative" as vague and not defined and because the interrogatory is overly broad and burdensome. Subject to these objections, YPF does not have an employee or contractor with responsibility for, or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances of New Jersey.

YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory 4:

Identify each and every of your employees; contractors, and/or representatives and each and every of your former employees, contractors, and/or representatives who currently or has ever worked, contracted, or represented at a location of another Repsol Group entity and/or who currently or has ever worked for, contracted with, or represented another Repsol Group entity. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only. YPF objects to "representative" as vague and not defined and because the interrogatory is overly broad and burdensome. It would be incredibly burdensome to provide this information which has no relevance to the jurisdictional issues before this Court.

Subject to the foregoing objections, YPF does not have any employees in the State of New Jersey. YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory 5:

Identify and describe the corporate structure and the processes of corporate governance, control, and management of the operations of the Repsol Group and each of its members, including, but not limited to, ownership, finances, management, and control, and identify and describe the reasons for and the bases, purposes, and actual and/or intended effects of such structures, processes, and management.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only. Subject to this objection, see documents produced in response to Request 10. F.R.C.P. 33(d).

Interrogatory 6:

Identify and describe all business and other purposes for: the Assumption Agreement, dated August 14, 1996; the Contribution Agreement, dated August 14, 1996; and the reorganization of assets and liabilities by and between YPF, YPF International Ltd., YPF Holdings, Inc., CLH Holdings, Chemical Land Holdings, Inc. (n/k/a Tierra), and Maxus during that time period.

ANSWER:

YPF responds that the Assumption Agreement and Contribution Agreement identify and fully describe their purposes.

Interrogatory 7:

Identify and describe any and all contacts with or concerning New Jersey, including but not limited to the types of contacts identified by the courts as relevant to the inquiry as to personal jurisdiction in *Rocker Management, L.L.C. v. Lernout & Hauspie Speech Products, N. V.*, No. Civ. A. 00-5965 JCL, 2005 WL 3658006 (D.N.J. 2005) and cases cited therein, *Pfundstein v. Omnicom Group Inc.*, 666 A.2d 1013, 285 N.J. Super. 245 (App. Div. 1995) and cases cited therein, and *Toys R Us, Inc. v. Step Two, SA.*, 318 F.3d 446 (3rd Cir. 2003) and cases cited therein.

ANSWER:

YPF does not have contacts with the State of New Jersey. YPF objects to this interrogatory on the basis that it directs the person verifying these answers to review and analyze the above-referenced cases, AND the cases cited therein, to determine what kinds of contacts were identified therein as relevant to the personal jurisdiction and then somehow determine whether YPF has such contacts; it is, therefore improper. *See Lugo, et al. v. Heckler*, 98 F.R.D. 709, 714-715 (E.D. Pa. 1983) ("[N]o party should be required to do independent research in order to acquire information with which to answer interrogatories."), *citing Kluchenac v. Oswald & Hess Co.*, 20 F.R.D. 87, 88-89 (W.D. Pa. 1957).

Subject to these objections, the person verifying YPF's answers to these interrogatories has not read the above-referenced cases and does not know what contacts were involved.

YPF is an Argentinean business corporation with its principal place of business in Buenos Aires, Argentina. YPF does not have a designated agent for service of process in New Jersey. YPF does not maintain an office in New Jersey. YPF makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. YPF does not recruit any employees out of New Jersey. YPF does not buy or sell goods or services in New Jersey. YPF does not own any real property located in New Jersey. Further, YPF has no phone listing in New Jersey and does not advertise in New Jersey. YPF does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. YPF does not pay any taxes in New Jersey. YPF does not control the environmental practices of Tierra and Maxus. YPF does not control the activities of Tierra or Maxus. YPF does not control the marketing or operational policies of Tierra or Maxus. YPF respects the separate corporate existence of Tierra or Maxus. YPF's web site operator does not intentionally target New Jersey, nor does YPF solicit business in New Jersey via its web site.

Interrogatory 8:

Identify and describe how the Repsol Group and each of its members manages, accounts for, and reports Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and Hazardous Substances, including identifying and describing any inter-company agreements, processes, understandings, or involvement in the same by one member of the Repsol Group with respect to any other member of the Repsol Group.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only.

Subject to these objections, YPF does not perform this function in connection with the State of New Jersey. YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory 9:

Identify any and all agents, consultants, and other third parties doing business or otherwise acting on your behalf in New Jersey, including, but not limited to, any and all attorneys, consultants,

agents, representatives, and lobbyists. For each identified person, identify and describe the scope of the representation and any and all documents and communications concerning the representation, including, but limited to, contracts, agreements, and/or understandings, by or between any member of the Repsol Group and such identified person.

ANSWER:

YPF objects to the definition of "Repsol Group." YPF responds to these interrogatories on behalf of YPF only. YPF objects to "agents, consultants, and third parties doing business or otherwise acting on your behalf in New Jersey" as vague and undefined.

YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, YPF is being represented by attorneys in this lawsuit.

Interrogatory 10:

Identify and describe the annual total value of all business transactions that inured to you from New Jersey for each of the last five (5) years, including, but not limited to, all assets, liabilities, income and expenses.

ANSWER:

YPF objects to this interrogatory since "inured" is vague and undefined. Subject to this objection, there is none.

YPF is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

YPF is an Argentinean business corporation with its principal place of business in Buenos Aires, Argentina. YPF does not have a designated agent for service of process in New Jersey. YPF does not maintain an office in New Jersey. YPF makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. YPF does not recruit any employees out of New Jersey. YPF does not buy or sell goods or services in New Jersey. YPF does not own any real property located in New Jersey. Further, YPF has no phone listing in New Jersey and does not advertise in New Jersey. YPF does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. YPF does not pay any taxes in New Jersey. YPF does not control the environmental practices of Tierra and Maxus. YPF does not control the activities of Tierra or Maxus. YPF does not control the marketing or operational policies of Tierra or Maxus. YPF respects the separate corporate existence of Tierra or Maxus. YPF's web site operator does not intentionally target New Jersey, nor does YPF solicit business in New Jersey via its web site.

**ANTE EL TRIBUNAL DE DISTRITO DE LOS ESTADOS UNIDOS
DISTRITO DE NEW JERSEY
DIVISIÓN NEWARK**

DEPARTAMENTO DE PROTECCIÓN :
AMBIENTAL DE NEW JERSEY y :
EL ADMINISTRADOR DEL FONDO DE :
NEW JERSEY PARA COMPENSACIÓN :
POR DERRAMES, :

Demandantes :

Contra :

OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA SOLUTIONS, :
INC., MAXUS ENERGY CORPORATION, :
REPSOL YPF, S.A., YPF S.A., :
YPF HOLDINGS, INC., y CLH :
HOLDINGS, :

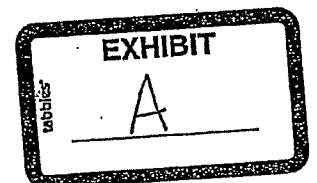
Demandadas :

Acción Civil N° 06-00401
JUEZ JOHN C. LIFLAND
CON PETICIÓN DE JURADO

RESPUESTAS E IMPUGNACIONES AL INTERROGATORIO A LA DEMANDADA
YPF, S.A.

A: Los Demandantes, Departamento de Protección Ambiental de New Jersey y el Administrador del Departamento de Protección Ambiental de New Jersey y el Administrador del Fondo de New Jersey para Compensación por Derrames, y a Zulima V. Farber, Procurador General de New Jersey.

La Demandada YPF, S.A. ("YPF") responde e impugna las Preguntas de los Demandantes de acuerdo con lo que se consigna a continuación. YPF impugna a las definiciones y las instrucciones en la medida que pretenden imponer a YPF obligaciones que exceden los requisitos de las Normas Federales de Procedimientos Civiles. Para asegurar que las preguntas fueron entendidas, las mismas fueron primero traducidas al español y analizadas personalmente y



contestadas por las partes requeridas. Ver Anexo A adjunto al presente. Luego fueron traducidas al inglés para ser presentadas a los abogados de la parte opuesta.

BRACEWELL & GIULIANI LLP
711 Louisiana Street
Suite 2300
Houston, Texas 77002-2770
713 / 221-1584

Y

GREENBAUM, ROWE, SMITH & DAVIS
LLP
6 Becker Farm Road
Roseland, New Jersey 07068
973/ 535-1600
Abogados de: Repsol YPF S.A., YPF S.A., YPF
Holdings, Inc. y CLH Holdings

Asesor Letrado

Marc J. Gross, Abogado

CERTIFICADO DE DILIGENCIAMIENTO

Por el presente certifico que una copia fiel y auténtica de las Respuestas e Impugnaciones de la Demandada Repsol YPF, S.A. a los Interrogatorios, el documento precedente, ha sido enviada a los abogados representantes mediante correo certificado de transmisión electrónica a los _____ días de junio de 2006, a los destinatarios que se detallan a continuación:

Michael Gordon
Gordon & Gordon
80 Main Street
West Orange, New Jersey 07052
Por email solo

*(también mediante correo
certificado, con aviso de retorno)*

Michael Connelly
Bill Jackson
Connelly Baker Maston Wotring
Jackson LLP
700 Louisiana Street, Suite 1850
Houston, Texas 77002-2778

William L. Warren
Drinker Biddle & Reath LLP
105 College Road East
Box 627
Princeton, New Jersey 08542

Carol Dinkins
Vinson & Elkins
1001 Fannin, Suite 2300
Houston, Texas 77002
Por email

Thomas E. Starnes
Andrews Kurth Washington
1351 I Street
Washington, DC 20005

Por email

Christina E. Ponig

Pregunta N° 1:

Identifique y describa todas y cada una de las operaciones, contratos, acuerdos y / o entendimientos (incluyendo las operaciones, contratos, acuerdos, y / o entendimientos inter-compañías) entre el Grupo Repsol y / o cualquiera de sus miembros con relación a New Jersey, incluyendo, pero no taxativamente, el cumplimiento de Leyes Ambientales, Contaminación Ambiental y / o Sustancias Peligrosas en New Jersey, e incluyendo, pero no taxativamente, la administración de Responsabilidades Ambientales, el cumplimiento de Leyes Ambientales, Contaminación Ambiental, y / o Sustancias Peligrosas, y todos los registros financieros relacionados con los mismos.

RESPUESTA:

Pregunta N° 2:

Identifique a todos y cada uno de los funcionarios, directores, gerentes y ejecutivos del Grupo Repsol y / o cualquiera de sus miembros. Al identificar a esas personas, incluya sus nombres, domicilios, cargos, empleadores, ubicación de la oficina principal y cualquier otras ubicaciones de oficinas, entidad relevante del Grupo Repsol, y años respectivos de empleo y / o afiliación. Si la persona requerida tuviere más de un cargo y / o posición, identifique cada cargo y / o posición y los respectivos años de empleo, y / o relación y / o afiliación con cada cargo y / o posición. En forma parecida, si la persona en cuestión hubiere estado empleada por o afiliada con más de una entidad del Grupo Repsol, identifique a cada entidad del Grupo Repsol y los respectivos años de empleo y / o afiliación con cada entidad del Grupo Repsol. Además, por cada persona en cuestión, identifique si tienen ahora o si han tenido alguna vez alguna incumbencia o alguna responsabilidad por el cumplimiento de Leyes Ambientales, Contaminación Ambiental, y / o Sustancias Peligrosas en New Jersey, incluyendo, pero no taxativamente, la administración, contabilidad e informes de Responsabilidades Ambientales, cumplimiento de Leyes Ambientales, contaminación Ambiental, y / o Sustancias Peligrosas.

RESPUESTA:

Pregunta N° 3:

Identifique a todos y cada uno de los empleados, contratistas o representantes del Grupo Repsol y / o de sus miembros que ahora tuviere o que haya alguna vez tenido responsabilidad por o participación en el cumplimiento de Leyes Ambientales, Contaminación Ambiental, y / o Sustancias Peligrosas en New Jersey, incluyendo, pero no taxativamente, la administración, contabilidad e informes sobre Responsabilidades Ambientales, cumplimiento de Leyes Ambientales, Contaminación Ambiental, y / o Sustancias Peligrosas. Al identificar a esas personas, incluya sus nombres, domicilios, cargos, empleadores, ubicación de la oficina

principal, y cualesquiera otras ubicaciones de oficinas, entidad relevante del Grupo Repsol, y años respectivos de empleo y / o afiliación. Si la persona en cuestión tuviere más de un cargo y / o posición, identifique cada cargo y / o posición y los respectivos años de empleo, y / o relación o afiliación con cada cargo y / o posición. En forma parecida, si la persona en cuestión hubiere estado empleada por o afiliada con más de una entidad del Grupo Repsol, identifique a cada entidad del Grupo Repsol y los respectivos años de empleo y / o afiliación con cada entidad del Grupo Repsol.

RESPUESTA:

Pregunta N° 4:

Identifique a todos y cada uno de sus empleados, contratistas y / o representantes y a todos y cada uno de sus ex empleados, contratistas, y / o representantes que actualmente o que alguna vez han trabajado, han sido contratados o lo han representado en un sitio de otra entidad del Grupo Repsol y / o que actualmente trabaja o que alguna vez ha trabajado, contratado con o representado a otra entidad del Grupo Repsol. Al identificar a esas personas, incluya sus nombres, domicilios, cargos, empleadores, ubicación de la oficina principal, cualesquiera otras ubicaciones de oficinas, entidad relevante del Grupo Repsol y años respectivos de empleo y / o afiliación. Si la persona en cuestión tuviere más de un cargo y / o posición, identifique cada cargo y / o posición y los respectivos años de empleo, y / o relación o afiliación con cada cargo y / o posición. En forma parecida, si la persona en cuestión hubiere estado empleada por o afiliada con más de una entidad del Grupo Repsol, identifique a cada entidad del Grupo Repsol y los respectivos años de empleo y / o afiliación con cada entidad del Grupo Repsol.

RESPUESTA:

Pregunta N° 5:

Identifique y describa la estructura corporativa y los procesos de la conducción corporativa, de control y gerenciamiento de las operaciones del Grupo Repsol y de cada uno de sus miembros, incluyendo, pero no taxativamente, títulos de propiedad, finanzas, gerenciamiento y control, e identifique y describa las razones y las bases, fines y efectos reales y / o esperados de esas estructuras, procesos y gerenciamiento.

RESPUESTA:

Pregunta N° 6:

Identifique y describa todas las actividades comerciales y otros fines para: el Acuerdo de Asunción, fechado el 14 de agosto de 1996; el Acuerdo de Aportes, fechado el 14 de agosto de 1996; y la reorganización de activos y pasivos entre YPF, YPF International Ltd., YPF Holdings, Inc., CLH Holdings, Chemical Land Holdings, Inc. (conocido como Tierra), y Maxus durante ese período.

RESPUESTA:

Pregunta N° 7:

Identifique y describa a todos y cada uno de los contactos con New Jersey, o relacionados con New Jersey, incluyendo, pero no taxativamente, los tipos de contactos identificados por los tribunales como relevantes para la investigación en cuanto a jurisdicción personal en *Rocker Management, L.L.C. v. Lernout & Hauspie Speech Products, N.V.*, N° Civ. A. 00-5965 JCL, 2005 WL 3658006 (D.N.J. 2005) y casos citados allí, *Pfundstein v. Omnicom Group Inc.*, 666 A.2d 1013, 285 N.J. Super.. 245 (División de Apelaciones 1995) y casos citados allí, y *Toys R Us, Inc. v. Step Two, S.A.*, 318 F.3d 446 (3er. Circuito, 2003) y casos citados allí.

RESPUESTA:

Pregunta N° 8:

Identifique y describa cómo el Grupo Repsol y cada uno de sus miembros gerencia, contabiliza, e informa Responsabilidades Ambientales, el cumplimiento de Leyes Ambientales, Contaminación Ambiental y Sustancias Peligrosas, incluyendo la identificación y descripción de los acuerdos, procesos y entendimientos inter-compañías, o participación en los mismos por un miembro del Grupo Repsol con respecto a cualquier otro miembro del Grupo Repsol.

RESPUESTA:

Pregunta N° 9:

Identifique a todos y cada uno de los agentes, consultores, y otros terceros que hacen negocios o que de algún otro modo actúan en su nombre en New Jersey, incluyendo, pero no taxativamente, todos y cada uno de los abogados, consultores, agentes, representantes y lobistas. Para cada

persona identificada, identifique y describa el alcance de la representación y todos y cada uno de los documentos y comunicaciones concernientes a la representación, incluyendo, taxativamente, contratos, acuerdos y / o entendimientos, entre cualquiera de los miembros del Grupo Repsol y esa persona identificada.

RESPUESTA:

Pregunta N° 10:

Identifique y describa el valor total anual de todas las operaciones comerciales que operaron en beneficio suyo de New Jersey para cada uno de los últimos cinco (5) años, incluyendo, pero no taxativamente, todos los activos, pasivos, ingresos y gastos.

RESPUESTA:

EXHIBIT 8

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
NEWARK DIVISION

NEW JERSEY DEPARTMENT OF §
ENVIRONMENTAL PROTECTION §
AND THE ADMINISTRATOR OF THE §
NEW JERSEY SPILL COMPENSATION §
FUND, §
§

Plaintiffs,

v.

OCCIDENTAL CHEMICAL §
CORPORATION, TIERRA §
SOLUTIONS, INC., MAXUS ENERGY §
CORPORATION, REPSOL, YPF, S.A., §
YPF, S.A., YPF HOLDINGS, INC., AND §
CLH HOLDINGS, §

Defendants. §
§
§

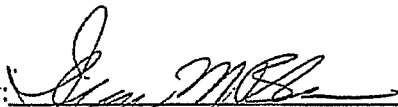
CIVIL ACTION NO. 06-00401
JUDGE JOHN C. LIFLAND
JURY DEMANDED

**ANSWERS AND OBJECTIONS TO INTERROGATORIES OF DEFENDANT YPF
HOLDINGS, INC.**

TO: Plaintiffs New Jersey Department of Environmental Protection and the Administrator of the New Jersey Department of Environmental Protection and the Administrator of the New Jersey Spill Compensation Fund, Zulima V. Farber Attorney General of New Jersey.

Defendant YPF Holdings, Inc. ("YPFH") answers and objects to Plaintiffs' Interrogatories as follows. YPFH objects to the definitions and instructions to the extent they seek to impose on YPFH obligations that exceed the requirements of the Federal Rules of Civil Procedure.

By:



Ileana M. Blanco
Southern District of Texas No. 948
Christina E. Ponig
Southern District of Texas No. 600217

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And

GREENBAUM, ROWE, SMITH & DAVIS
LLP
6 Becker Farm Road
Roseland, New Jersey 07068
973/ 535-1600
Attorneys for Repsol YPF, S.A., YPF, S.A.,
YPF Holdings, Inc. and CLH Holdings

Of Counsel

Marc J. Gross, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Answers and Objections to Interrogatories of Defendant YPF Holdings, Inc. has been forwarded to counsel of record by electronic transmission and/or personal delivery, on this 19th day of June 2006, as follows:

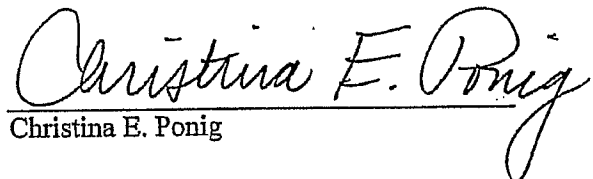
Michael Gordon
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Bill Jackson
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Carol Dinkins
Vinson & Elkins
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By E-mail

Thomas E. Starnes
Andrews Kurth L.L.P.
1351 I Street
Washington, DC 20005
By E-mail


Christina E. Ponig

Interrogatory No. 1:

Identify and describe each and every transaction, contract, agreement, and/or understanding (including inter-company transactions, contracts, agreements, and/or understandings) between or among the Repsol Group and/or any of its members concerning New Jersey, including, but not limited to, compliance with the Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, and including, but not limited to, the management of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances, and all financial records related to same.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only.

YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, please refer to documents produced in response to Requests for Production 1, 2, 3, and 4. F.R.C.P. 33(d).

Interrogatory No. 2:

Identify each and every officer, director, manager, and executive of the Repsol Group and/or any of its members. In Identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment, and/or relationship and/or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity. Further, for each responsive person, identify whether they have now or ever have had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental contamination, and/or Hazardous Substances.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only. YPFH further objects to this interrogatory because the terms "manager" and "executive" are vague and undefined and because the interrogatory is overly broad and burdensome.

YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, please refer to documents produced in response to Request for Production 10. F.R.C.P. 33(d).

Interrogatory No. 3:

Identify each and every employee, contractor, or representative of the Repsol Group and/or any of its members who has now or ever had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only. YPFH further objects to this interrogatory because "representative" is vague and not defined and because the interrogatory is overly broad and burdensome.

Subject to these objections, YPFH does not have an employee or contractor with responsibility for, or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances of New Jersey.

YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 4:

Identify each and every of your employees, contractors, and/or representatives and each and every of your former employees, contractors, and/or representatives who currently or has ever worked, contracted, or represented at a location of another Repsol Group entity and/or who currently or has ever worked for, contracted with, or represented another Repsol Group entity. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only. YPFH objects to this interrogatory because "representative" is vague and not defined and because the interrogatory is overly broad and burdensome; it would be incredibly burdensome to attempt to obtain this information which has no relevance to the jurisdictional issues before this Court.

Subject to the foregoing objections, YPFH does not have any employees in the State of New Jersey. YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 5:

Identify and describe the corporate structure and the processes of corporate governance, control, and management of the operations of the Repsol Group and each of its members, including, but not limited to, ownership, finances, management, and control, and identify and describe the reasons for and the bases, purposes, and actual and/or intended effects of such structures, processes, and management.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only. Subject to this objection, YPFH refers to documents produced in response to Request for Production 10. F.R.C.P. 33(d).

Interrogatory No. 6:

Identify and describe all business and other purposes for: the Assumption Agreement, dated August 14, 1996; the Contribution Agreement, dated August 14, 1996; and the reorganization of assets and liabilities by and between YPF, YPF International Ltd., WIT Holdings, Inc., CLH Holdings, Chemical Land Holdings, Inc. (n/k/a Tierra), and Maxus during that time period.

ANSWER

YPFH responds that the Assumption Agreement and Contribution Agreement identify and describe fully their purposes.

Interrogatory No. 7:

Identify and describe any and all contacts with or concerning New Jersey, including but not limited to the types of contacts identified by the courts as relevant to the inquiry as to personal jurisdiction in *Rocker Management, L.L. C. v. Lernout & Hauspie Speech Products, N. V.*, No. Civ. A. 00-5965 JCL, 2005 WL 3658006 (D.N.J. 2005) and cases cited therein, *Pfundstein v. Omnicom Group Inc.*, 666 A.2d 1013, 285 N.J. Super. 245 (App. Div. 1995) and cases cited therein, and *Toys R Us, Inc. v. Step Two, S.A.*, 318 F.3d 446 (3rd Cir. 2003) and cases cited therein.

ANSWER

YPFH does not have contacts with the State of New Jersey. YPFH objects to this interrogatory on the basis that it directs the person verifying these answers to review and analyze the above-referenced cases, AND the cases cited therein, to determine what kinds of contacts were identified therein as relevant to the personal jurisdiction inquiry and then somehow determine whether YPFH has such contacts; it is, therefore, improper. *See Lugo, et al. v. Heckler*, 98 F.R.D. 709, 714-715 (E.D. Pa. 1983) ("[N]o party should be required to do independent research in order to acquire information with which to answer interrogatories."), *citing Kluchenac v. Oswald & Hess Co.*, 20 F.R.D. 87, 88-89 (W.D. Pa. 1957).

Subject to these objections, the person verifying YPFH's answers to these interrogatories has not read the above-referenced cases and does not know what contacts were involved.

YPFH is a Delaware business corporation with its principal place of business in The Woodlands, Texas. YPFH does not have a designated agent for service of process in New Jersey. YPFH does not maintain an office in New Jersey. YPFH makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. YPFH does not recruit any employees out of New Jersey. YPFH does not buy or sell goods or services in New Jersey. YPFH does not own any real property located in New Jersey. Further, YPFH has no phone listing in New Jersey and does not advertise in New Jersey. YPFH does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. YPFH does not pay any taxes in New Jersey. YPFH does not control the environmental practices of Tierra and Maxus. YPFH does not control the activities of Tierra or Maxus. YPFH does not control the marketing or operational policies of Tierra or Maxus. YPFH respects the separate corporate existence of Tierra or Maxus. YPFH does not maintain a web site.

Interrogatory No. 8:

Identify and describe how the Repsol Group and each of its members manages, accounts for, and reports Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and Hazardous Substances, including identifying and describing any inter-company agreements, processes, understandings, or involvement in the same by one member of the Repsol Group with respect to any other member of the Repsol Group.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only.

Subject to this objection, YPFH does not perform this function in connection with the State of New Jersey. YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 9:

Identify any and all agents, consultants, and other third parties doing business or otherwise acting

on your behalf in New Jersey, including, but not limited to, any and all attorneys, consultants, agents, representatives, and lobbyists. For each identified person, identify and describe the scope of the representation and any and all documents and communications concerning the representation, including, but limited to, contracts, agreements, and/or understandings, by or between any member of the Repsol Group and such identified person.

ANSWER

YPFH objects to the definition of "Repsol Group." YPFH responds to these interrogatories on behalf of YPFH only. YPFH objects to "agents, consultants, and other third parties doing business or otherwise acting on your behalf in New Jersey" as vague and undefined.

YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, YPFH is being represented by attorneys in this lawsuit.

Interrogatory No. 10:

Identify and describe the annual total value of all business transactions that inured to you from New Jersey for each of the last five (5) years, including, but not limited to, all assets, liabilities, income and expenses.

ANSWER

YPFH objects to this interrogatory because the term "inured" is vague and undefined. Subject to this objection, there is none.

YPFH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

YPFH is a Delaware business corporation with its principal place of business in The Woodlands, Texas. YPFH does not have a designated agent for service of process in New Jersey. YPFH does not maintain an office in New Jersey. YPFH makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. YPFH does not recruit any employees out of New Jersey. YPFH does not buy or sell goods or services in New Jersey. YPFH does not own any real property located in New Jersey. Further, YPFH has no phone listing in New Jersey and does not advertise in New Jersey. YPFH does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. YPFH does not pay any taxes in New Jersey. YPFH does not control the environmental practices of Tierra and Maxus. YPFH does not control the activities of Tierra or Maxus. YPFH does not control the marketing or operational policies of Tierra or Maxus. YPFH respects the separate corporate existence of Tierra or Maxus. YPFH's web site operator does not intentionally target New Jersey, nor does YPFH solicit business in New Jersey via its web site.

EXHIBIT 9

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
NEWARK DIVISION**

**NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION
AND THE ADMINISTRATOR OF THE
NEW JERSEY SPILL COMPENSATION
FUND,**

Plaintiffs,

v.

**OCCIDENTAL CHEMICAL
CORPORATION, TIERRA
SOLUTIONS, INC., MAXUS ENERGY
CORPORATION, CLHH, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., AND
CLH HOLDINGS,**

Defendants.

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**CIVIL ACTION NO. 06-00401
JUDGE JOHN C. LIFLAND
JURY DEMANDED**

**ANSWERS AND OBJECTIONS TO INTERROGATORIES OF DEFENDANT CLH
HOLDINGS**

TO: Plaintiffs New Jersey Department of Environmental Protection and the Administrator of the New Jersey Department of Environmental Protection and the Administrator of the New Jersey Spill Compensation Fund, Zulima V. Farber Attorney General of New Jersey.

Defendant CLH Holdings ("CLHH") answers and objects to Plaintiffs' Interrogatories as follows. CLHH objects to the definitions and instructions to the extent they seek to impose on CLHH obligations that exceed the requirements of the Federal Rules of Civil Procedure.

By: _____

**Ileana M. Blanco
Southern District of Texas No. 948
Christina E. Ponig
Southern District of Texas No. 600217**

711 Louisiana St., Suite 2300

Houston, Texas 77002
(713) 223-2300 (Telephone)
(713) 221-1212 (Telecopy)

BRACEWELL & GIULIANI LLP
711 Louisiana Street
Suite 2300
Houston, Texas 77002-2770
713 / 221-1584

And

GREENBAUM, ROWE, SMITH & DAVIS
LLP
6 Becker Farm Road
Roseland, New Jersey 07068
973/ 535-1600

Attorneys for Repsol YPF, S.A., YPF, S.A.,
YPF Holdings, Inc., and CLH Holdings

Of Counsel

Marc J. Gross, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Answers and Objections to Interrogatories of Defendant CLH Holdings has been forwarded to counsel of record by electronic transmission and/or personal delivery, on this 19th day of June 2006, as follows:

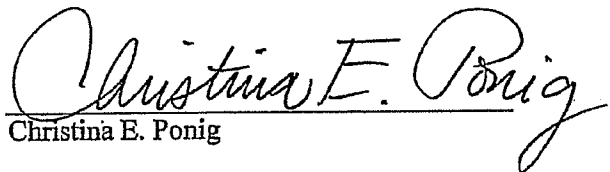
Michael Gordon
Gordon & Gordon
80 Main Street
West Orange, New Jersey 07052
By E-mail

Michael Connelly
Bill Jackson
Connelly Baker Maston Wotring Jackson LLP
700 Louisiana Street, Suite 1850
Houston, Texas 77002-2778
By E-mail

William L. Warren
Drinker Biddle & Reath LLP
105 College Road East
Box 627
Princeton, New Jersey 08542
By E-mail

Carol Dinkins
Vinson & Elkins
1001 Fannin, Suite 2300
Houston, Texas 77002
By Email

Thomas E. Starnes
Andrews Kurth Washington
1351 I Street
Washington, DC 20005
By E-mail


Christina E. Ponig

Interrogatory No. 1:

Identify and describe each and every transaction, contract, agreement, and/or understanding (including inter-company transactions, contracts, agreements, and/or understandings) between or among the Repsol Group and/or any of its members concerning New Jersey, including, but not limited to, compliance with the Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, and including, but not limited to, the management of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances, and all financial records related to same.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only.

CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, please refer to documents produced in response to Requests for Production 1, 2, 3, and 4. F.R.C.P. 33(d).

Interrogatory No. 2:

Identify each and every officer, director, manager, and executive of the Repsol Group and/or any of its members. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment, and/or relationship and/or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity. Further, for each responsive person, identify whether they have now or ever have had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental contamination, and/or Hazardous Substances.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only. CLHH further objects to this interrogatory because the terms "manager" and "executive" are vague and undefined and because the interrogatory is overly broad and burdensome.

CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, please refer to documents produced in response to Request for Production 10. F.R.C.P. 33(d).

Interrogatory No. 3:

Identify each and every employee, contractor, or representative of the Repsol Group and/or any of its members who has now or ever had any responsibility for or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances in New Jersey, including but not limited to the management of, accounting for, and reporting of Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only. CLHH further objects to this interrogatory because "representative" is vague and not defined and because the interrogatory is overly broad and burdensome.

Subject to these objections, CLHH does not have an employee or contractor with responsibility for, or involvement in compliance with Environmental Laws, Environmental Contamination, and/or Hazardous Substances of New Jersey.

CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 4:

Identify each and every of your employees, contractors, and/or representatives and each and every of your former employees, contractors, and/or representatives who currently or has ever worked, contracted, or represented at a location of another Repsol Group entity and/or who currently or has ever worked for, contracted with, or represented another Repsol Group entity. In identifying such persons, include their names, addresses, titles, employers, primary office location, any other office locations, relevant Repsol Group entity, and respective years of employment and/or affiliation. If the responsive person had more than one title and/or position, identify each title and/or position and the respective years of employment and/or relationship or affiliation at each title and/or position. Similarly, if the responsive person was employed by or affiliated with more than one Repsol Group entity, identify each Repsol Group entity and the respective years of employment and/or affiliation with each Repsol Group entity.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only. CLHH further objects to this interrogatory because "representative" is vague and not defined and because the interrogatory is overly broad and burdensome; it would be incredibly burdensome to attempt to obtain this information which has no relevance to the jurisdictional issues before this Court.

Subject to the foregoing objections, CLHH does not have any employees in the State of New Jersey. CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 5:

Identify and describe the corporate structure and the processes of corporate governance, control, and management of the operations of the Repsol Group and each of its members, including, but not limited to, ownership, finances, management, and control, and identify and describe the reasons for and the bases, purposes, and actual and/or intended effects of such structures, processes, and management.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only. Subject to this objection, CLHH refers to documents produced in response to Request for Production 10. F.R.C.P. 33(d).

Interrogatory No. 6:

Identify and describe all business and other purposes for: the Assumption Agreement, dated August 14, 1996; the Contribution Agreement, dated August 14, 1996; and the reorganization of assets and liabilities by and between YPF, YPF International Ltd., YPF Holdings, Inc., CLH Holdings, Chemical Land Holdings, Inc. (n/k/a Tierra), and Maxus during that time period.

ANSWER

CLHH responds that the Assumption Agreement and Contribution Agreement identify and describe fully their purposes.

ANSWER

Interrogatory No. 7:

Identify and describe any and all contacts with or concerning New Jersey, including but not limited to the types of contacts identified by the courts as relevant to the inquiry as to personal jurisdiction in *Rocker Management, L.L.C. v. Lernout & Hauspie Speech Products, N. V.*, No. Civ. A. 00-5965 JCL, 2005 WL 3658006 (D.N.J. 2005) and cases cited therein, *Pfundstein v. Omnicom Group Inc.*, 666 A.2d 10131 285 N.J. Super. 245 (App. Div. 1995) and cases cited

therein, and *Toys R Us, Inc. v. Step Two, S.A.*, 318 F.3d 446 (3rd Cir. 2003) and cases cited therein.

ANSWER

CLHH does not have contacts with the State of New Jersey. CLHH objects to this interrogatory on the basis that it directs the person verifying these answers to review and analyze the above-referenced cases, AND the cases cited therein, to determine what kinds of contacts were identified therein as relevant to the personal jurisdiction inquiry and then somehow determine whether CLHH has such contacts; it is, therefore, improper. See *Lugo, et al. v. Heckler*, 98 F.R.D. 709, 714-715 (E.D. Pa. 1983) ("[N]o party should be required to do independent research in order to acquire information with which to answer interrogatories."), citing *Kluchencac v. Oswald & Hess Co.*, 20 F.R.D. 87, 88-89 (W.D. Pa. 1957).

Subject to these objections, the person verifying CLHH's answers to these interrogatories has not read the above-referenced cases and does not know what contacts were involved.

CLHH is a Delaware business corporation with its principal place of business in The Woodlands, Texas. CLHH does not have a designated agent for service of process in New Jersey. CLHH does not maintain an office in New Jersey. CLHH makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. CLHH does not recruit any employees out of New Jersey. CLHH does not buy or sell goods or services in New Jersey. CLHH does not own any real property located in New Jersey. Further, CLHH has no phone listing in New Jersey and does not advertise in New Jersey. CLHH does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. CLHH does not pay any taxes in New Jersey. CLHH does not control the environmental practices of Tierra and Maxus. CLHH does not control the activities of Tierra or Maxus. CLHH does not control the marketing or operational policies of Tierra or Maxus. CLHH respects the separate corporate existence of Tierra or Maxus. CLHH does not maintain a web site.

Interrogatory No. 8:

Identify and describe how the Repsol Group and each of its members manages, accounts for, and reports Environmental Liabilities, compliance with Environmental Laws, Environmental Contamination, and Hazardous Substances, including identifying and describing any inter-company agreements, processes, understandings, or involvement in the same by one member of the Repsol Group with respect to any other member of the Repsol Group.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only.

Subject to this objection, CLHH does not perform this function in connection with the State of New Jersey. CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Interrogatory No. 9:

Identify any and all agents, consultants, and other third parties doing business or otherwise acting on your behalf in New Jersey, including, but not limited to, any and all attorneys, consultants, agents, representatives, and lobbyists. For each identified person, identify and describe the scope of the representation and any and all documents and communications concerning the representation, including, but limited to, contracts, agreements, and/or understandings, by or between any member of the Repsol Group and such identified person.

ANSWER

CLHH objects to the definition of "Repsol Group." CLHH responds to these interrogatories on behalf of CLHH only. CLHH objects to "agents, consultants, and other third parties doing business or otherwise acting on your behalf in New Jersey" as vague and undefined.

CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

Subject to these objections, CLHH is being represented by attorneys in this lawsuit.

Interrogatory No. 10:

Identify and describe the annual total value of all business transactions that inured to you from New Jersey for each of the last five (5) years, including, but not limited to, all assets, liabilities, income and expenses.

ANSWER

CLHH objects to this interrogatory because the term "inured" is vague and undefined. Subject to this objection, there is none.

CLHH is not responsible for, and does not direct, communications of its subsidiaries with the State of New Jersey.

CLHH is a Delaware business corporation with its principal place of business in The Woodlands, Texas. CLHH does not have a designated agent for service of process in New Jersey. CLHH does not maintain an office in New Jersey. CLHH makes no business decisions in New Jersey and has no contracts with any residents of New Jersey. CLHH does not recruit any employees out of New Jersey. CLHH does not buy or sell goods or services in New Jersey. CLHH does not own any real property located in New Jersey. Further, CLHH has no phone listing in New Jersey and does not advertise in New Jersey. CLHH does not maintain a bank account in New Jersey, nor does it transact banking business in New Jersey. CLHH does not pay any taxes in New Jersey. CLHH does not control the environmental practices of Tierra and Maxus. CLHH does not control the activities of Tierra or Maxus. CLHH does not control the marketing or operational policies of Tierra or Maxus. CLHH respects the separate corporate existence of Tierra or Maxus. CLHH's web site operator does not intentionally target New Jersey, nor does CLHH solicit business in New Jersey via its web site.

EXHIBIT 10

[Execution Copy]

STOCK PURCHASE AGREEMENT

By and Among

DIAMOND SHAMROCK CORPORATION

OCCIDENTAL PETROLEUM CORPORATION

OCCIDENTAL CHEMICAL HOLDING CORPORATION

and

OXY-DIAMOND ALKALI CORPORATION

dated

September 4, 1986

likewise be deemed to be reduced, in each case until the amount of such reserves is reduced to zero.

(c) Except as otherwise expressly provided in this Agreement, Article IX shall be exclusive with respect to any of the matters covered thereby. Nothing in this Article IX shall be deemed to limit or supercede any insurance coverage available to or provided on behalf of any party hereto by any of the Existing Policies.

Section 9.03 Indemnification. Subject to the terms and limitations set forth in Sections 9.01, 9.02, 9.04 and 9.05 hereof:

(a) Seller shall indemnify, defend and hold harmless each of OPC, Oxy-Chem, Buyer, each of the DSCC Companies and each Pass-Through Purchaser, each of their respective subsidiaries and affiliates and each of their respective directors, officers, agents and representatives, from and against any and all claims, demands or suits (by any Entity, including, without limitation, any Governmental Agency), losses, liabilities, damages, obligations, payments, costs and expenses, paid or incurred, whether or not relating to, resulting from or arising out of any Third Party Claim (including, without limitation, the reasonable cost and expenses of any and

all actions, suits, proceedings, demands, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees in connection therewith), and whether for property damage, natural resource damage, bodily injury (including, without limitation, damage and injury related to products and injury to any person living or dead on the date hereof or born hereafter), governmental fines or penalties (including, without limitation, for the violation of permits), pollution, threat to the environment, environmental remediation, or otherwise (individually and collectively "Indemnifiable Losses") relating to, resulting from or arising out of any of the following:

(i) any material breach of any of the representations or warranties of any Diamond Company (including, without limitation, any DSCC Company) contained in this Agreement or any Related Document as of the Closing Date but excluding matters expressly covered by Article X hereof;

(ii) any Litigation, ^(incl. govt. inquiry) whether commenced before or after the Closing Date but prior to the expiration of 12 years following the Closing Date, relating to any actions or

omissions of any Diamond Company (including, without limitation, any DSCC Company) or any predecessor-in-interest thereof prior to the Closing Date, or any occurrences, accidents, incidents or events prior to the Closing Date, relating to the business or activity of any Diamond Company (including, without limitation, any DSCC Company) or any predecessor-in-interest thereof, including, without limitation, the Litigation identified in Schedule 2.07, but excluding (A) matters expressly covered by Section 9.03(a)(i) which do not involve Third Party Claims, Section 9.03(a)(iii) or Article X hereof and (B) all matters with respect to which Litigation is commenced after the expiration of 12 years following the Closing Date;

(iii) any (A) Superfund Site and (B) any Litigation commenced after the Closing pursuant to the provisions of CERCLA or RCRA with respect to any release, storage or disposal of Polluting Substances at any commercial waste disposal facility ("Federal Superfund Litigation") to the extent, but only to

the extent, that such Federal Superfund Litigation relates to, results from or arises out of the actions or omissions of any Diamond Company (including, without limitation, any DSCC Company) or any predecessor-in-interest thereof prior to the Closing, but excluding matters expressly covered by Article X hereof;

(iv) the "Inactive Sites"

(which for purposes of this Agreement, shall mean those former chemical plants and commercial waste disposal sites listed on Schedule 9.03(a)(iv) and all other properties which were previously, but which, as of the Closing Date, are not, owned, leased, operated or used in connection with the business or operations of any Diamond Company, including, without limitation, any DSCC Company, or any predecessor-in-interest thereof), including, without limitation, any matter relating to any of the Inactive Sites for which (A) any Diamond Company (including, without limitation, any DSCC Company) on or prior to the Closing Date agreed to indemnify, defend or hold harmless any Entity,

or (B) any Diamond Company may otherwise be held liable;

(v) any of the Excluded

Assets;

(vi) any of the Excluded

Liabilities;

(vii) any indebtedness for borrowed money assumed, incurred or guaranteed by any Diamond Company (including, without limitation, any DSCC Company prior to the Closing) other than (A) the Assumed Obligations, (B) indebtedness which is otherwise expressly assumed by any DSCC Company, Buyer, OPC or Oxy-Chem under this Agreement or under any Related Document or (C) indebtedness which is reflected in Net Working Capital;

(viii) the Historical Obligations and any other obligations or liabilities (absolute or contingent) of any Diamond Company (including, without limitation, any DSCC Company prior to the Closing) or any predecessor-in-interest thereof or of any DSCC Company unrelated to the Chemicals Business, including, without limitation, obligations and liabilities

arising out of, resulting from or incurred in connection with, any ownership, use or operation of the business or assets of any Diamond Company other than a DSCC Company, whether before or after the Closing Date; and

(ix) any Third Party Claim in which it is asserted that there has been a failure by any Diamond Company prior to the Closing to maintain insurance coverage which is sufficient for compliance (A) with the requirements of any Law applicable to the DSCC Companies, (B) in all material respects with any Contract or Lease to which any DSCC Company is a party or by which any of them or their respective properties is bound, and (C) with any agreement relating to the Assumed Obligations; provided, however, that the relevant DSCC Company shall use all reasonable efforts to resist the assertion of any claim that any such non-compliance exists; and provided further that, except with respect to the Assumed Obligations relating to the Convent Plant, any such Third Party Claim shall have been asserted prior to the second anniversary of the Closing Date.

(b) Buyer shall indemnify, defend and hold harmless each of the Diamond Companies (other than the DSCC Companies) and each of their respective subsidiaries and affiliates, and each of their respective directors, officers, agents and representatives, from and against any and all Indemnifiable Losses relating to, resulting from or arising out of any of the following:

(i) any material breach of any of the representations or warranties of Buyer contained in this Agreement or any Related Document but excluding matters expressly covered by Article X hereof;

(ii) any obligations or liabilities of Buyer or any subsidiary of Buyer (other than any DSCC Company) prior to the Closing Date; and

(iii) any liabilities or obligations of Buyer resulting from the existence of withdrawal liability under Part 1 of Subtitle E of Part IV of ERISA with respect to any multiemployer plan to the extent that any such liability or obligation shall have accrued by reason of some act or omission of Buyer subsequent to the Closing Date or shall have

resulted from the voluntary partial or complete withdrawal of Buyer from such multiemployer plan subsequent to the Closing Date.

(c) OPC shall indemnify, defend and hold harmless each of the Diamond Companies (other than the DSCC Companies) and each of their respective subsidiaries and affiliates and each of their respective directors, officers, agents and representatives, from and against any and all Indemnifiable Losses relating to, resulting from or arising out of any of the following:

(i) any material breach of any of the representations or warranties of OPC contained in this Agreement or any Related Document but excluding matters specifically covered by Article X hereof; and

(ii) any obligations or liabilities of OPC or any subsidiary of OPC (other than any DSCC Company) prior to the Closing Date.

(d) Oxy-Chem shall indemnify, defend and hold harmless each of the Diamond Companies (other than the DSCC Companies) and each of their respective subsidiaries and affiliates and each of their respective directors, officers, agents and representatives, from and

against any and all Indemnifiable Losses relating to, resulting from or arising out of any material breach of any of the representations or warranties of Oxy-Chem contained in this Agreement or any Related Document but excluding matters specifically covered by Article X hereof.

(e) DSCC shall indemnify, defend and hold harmless each of the Diamond Companies (other than the DSCC Companies) and each of their respective subsidiaries and affiliates and each of their respective directors, officers, agents and representatives, from and against any and all Indemnifiable Losses relating to, resulting from or arising out of any of the following:

(i) any of the Assumed Obligations or any other indebtedness for borrowed money expressly assumed by any DSCC Company, Buyer, OPC or Oxy-Chem under this Agreement or under any Related Document or which is reflected in Net Working Capital, other than any liabilities or obligations arising from any breach, default or any other noncompliance with the terms of any such Assumed Obligation or indebtedness by any Diamond Company (including, without limitation, any DSCC Company prior to

the Closing) occurring before or after the Closing, but excluding matters, if any, specifically covered by Section 1.06 hereof or listed in Schedule 6.09; and

(ii) any liabilities or obligations of any DSCC Company resulting from the existence of withdrawal liability under Part 1 of Subtitle E of Part IV of ERISA with respect to any multiemployer plan to the extent that any such liability or obligation shall have accrued by reason of some act or omission of any DSCC Company subsequent to the Closing Date or shall have resulted from the voluntary partial or complete withdrawal of any DSCC Company from such multiemployer plan subsequent to the Closing Date.

Oxy-Chem hereby agrees to guarantee the performance by DSCC of its obligations under this subparagraph (e).

(f) DSCC shall indemnify, defend and hold harmless Seller from and against all reasonable costs and expenses (including reasonable attorney's fees) paid or incurred in connection with any Litigation commenced at any time within 12 years following the Closing Date, relating to any actions or omissions of any DSCC

Company subsequent to the Closing Date, or any occurrences, accidents, incidents or events subsequent to the Closing Date relating to the business of or activity of any DSCC Company in which Seller is involved by reason of its having owned or operated the Chemicals Business prior to the Closing but excluding matters expressly covered by Article X hereof. Oxy-Chem hereby agrees to guarantee the performance by DSCC of its obligations under this Subparagraph (f).

(g) For purposes of this Agreement, "Indemnity Payment" shall mean any amounts of Indemnifiable Losses required to be paid pursuant to this Section 9.03.

(h) For purposes of this Agreement, "Indemnitee" shall mean any Entity entitled to indemnification under this Agreement.

(i) For purposes of this Agreement, "Indemnifying Party" shall mean any Entity required to provide indemnification under this Agreement.

Section 9.04 Defense of Claims.

(a) If an Indemnitee receives notice of the assertion of any claim or of the commencement of any action or proceeding by any Entity who is not a party to this Agreement (a "Third Party Claim") against such In-

SCHEDULE 9.03(a)(iv)

INACTIVE SITES

Former Chemical Plant Sites

1. Montgomery, AL
2. Tuscaloosa, AL
3. Tuscumbia, AL
4. Pine Bluff Arsenal, AR
5. Van Buren, AR
6. Redwood City, CA
7. Emeryville, CA
8. Oxnard, CA (limited to the polyester resins plant purchased by Koppers Corporation from DSCC)
9. Fresno, CA
10. Los Angeles, CA
11. Greenwich, CT
12. Stratford, CT
13. West Haven, CT
14. Delaware City, DE (limited to the PVC plant and the PVC treatment facilities purchased by Ethyl Corporation)
15. Naples, FL
16. Palm Beach, FL
17. Atlanta, IL
18. Franklin Park, IL
19. Joliet, IL
20. Frankfort, IL
21. Elkhart, IN
22. Evansville, IN
23. Des Moines, IA
24. Louisville, KY
25. Murtis, LA
26. Shiever, LA
27. Baltimore, MD (manganese and yeast plants)
28. Edgewood Arsenal, MD
29. Rodgers City, MI
30. Minneapolis, MN
31. St. Louis, MO
32. Maryland Heights, MO
33. Salisbury, NC
34. Ralston, NE
35. Bayonne, NJ
36. Clifford, NJ

37. Kearny, NJ
38. Linden, NJ
39. Newark, NJ
40. North Arlington, NJ
41. Plainfield, NJ
42. Princeton, NJ
43. Brooklyn, NY
44. Fairport Harbor, OH
45. Painesville, OH
46. Chardon, OH
47. Spencerville, OH
48. Solon, OH
49. Bessemer, PA
50. Bristol, PA
51. Mountain Top, PA
52. Neville Island, PA
53. Philadelphia, PA
54. Chattanooga, TN
55. Greens Bayou, TX
56. La Porte, TX (limited to vinyl chloride monomer and EDC plant (Independence Plant) now owned by B. F. Goodrich and polypropylene plant owned by Arco)
57. Deer Park, TX (limited to PVC reactors purchased by B. F. Goodrich by Agreement dated December 31, 1981)
58. Terlingua, TX
59. Waco, TX
60. Wausau, WI
61. Kingwood, WV

Commercial Waste Disposal Sites

1. Duane Marine (NJ)
2. Flemington Landfill (NC)
3. Gaess Environmental (NJ)
4. Kingsville Township Dump (OH)
5. Madison (NJ)
6. Modern Transportation (NJ)
7. SCA-Oswego (NY)
8. Scientific Chemical Processing, Inc. - Newark and Carlstadt (NJ)
9. Sheridan Site (TX)
10. Strasburg Landfill (PA)
11. Williamsburg (OH)
12. Scientific, Inc. (NJ)
13. Chemical Control (NJ)
14. Chemicals & Minerals Reclamation (OH)
15. Pinewood (SC)

8566G

EXHIBIT 11

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

G. Leiva

1

2 Q. Also, if I refer to YPF Holdings, can we
3 agree that I'm referring to YPF Holdings, Inc.,
4 another defendant in this action?

5 A. Okay.

6 Q. Likewise, CLH Holdings will refer to CLH
7 Holdings, Inc.?

8 A. Yes.

9 Q. Also, when we refer to Tierra, can we
10 agree that we are referring to Tierra Solutions,
11 Inc.?

12 A. Okay.

13 Q. Do you understand that Tierra Solutions,
14 Inc. was formerly known as Chemical Land Holdings,
15 Inc.?

16 A. Okay.

17 Q. Also, when we refer to Maxus, we're
18 referring to Maxus Energy Corporation?

19 A. Okay.

20 Q. Do you understand that YPF Holdings owns
21 directly or indirectly Maxus and its subsidiaries as
22 well as CLH Holdings and Tierra?

23 A. Yes, okay.

24 Q. Do you understand that YPF Holdings is
25 the highest tiered American company in the Repsol YPF

1 G. Leiva

2 family of companies?

3 A. Yes, the company holdings of the
4 American companies.

5 Q. YPF Holdings?

6 A. YPF Holdings is a parent company of the
7 American companies.

8 Q. For purposes of today, can we agree that
9 that group of American companies, we can refer to as
10 the YPF American unit?

11 A. Could you repeat?

12 Q. Can we agree for purposes of today that
13 if I refer to the YPF American unit, I am referring
14 to YPF Holdings and its American subsidiaries as a
15 group?

16 A. Okay.

17 Q. Thank you. Mr. Leiva, what positions do
18 you hold with YPF?

19 A. I am the manager in charge of
20 administration. You can also call it comptroller.

21 Q. How long have you held that position?

22 A. Since the year 2003, beginning.

23 Q. Is that the only position that you
24 currently hold with YPF?

25 A. Yes.

1 G. Leiva

2 Q. Prior to 2003, did you hold other
3 positions with YPF?

4 A. Yes, I've worked in YPF since the year
5 '94 always in the administration area, and in that
6 area I've held different positions. Finally, in 2003
7 I was named responsible for the area.

8 Q. Can you tell me what responsibilities
9 you had in your prior positions in the administration
10 department?

11 A. Yes, I was in charge of the accounting.
12 I'm responsible for reporting. That's it.

13 Q. When you were in charge of accounting,
14 what were your job responsibilities?

15 A. Which were my responsibilities?

16 Q. Right. What were your job
17 responsibilities when you were in charge of
18 accounting?

19 A. Keep the books of the company, ensure
20 that they met the accepted principles in Argentina.

21 MS. BLANCO: Excuse me, generally
22 accepted accounting procedures.

23 INTERPRETER: Sorry, generally accepted
24 accounting principles. Thank you.

25 A. Monthly, quarterly, and yearly, the

1 G. Leiva

2 yearly --

3 MR. JACKSON: Let's start over.

4 Q. You were discussing your reporting of
5 the books of the company?

6 A. Yes.

7 Q. Would you repeat your answer, please,
8 with respect to that.

9 A. During the period that I was in charge
10 of the accounting, my responsibilities were to keep
11 all the accounting books according to the accounting
12 principles accepted generally in Argentina, and to do
13 the accounting reporting -- not reporting, accounting
14 closing monthly, quarterly, and yearly.

15 Q. Were you in charge of creating monthly,
16 quarterly, or annual financial statements?

17 A. Yes.

18 Q. Does that cover all of your
19 responsibilities prior to you becoming manager of the
20 department?

21 A. Yes. During the period of time that I
22 was in charge of the reporting, I was also
23 responsible for reporting the annual report of SEC,
24 for the SEC, and to comply with regulations of the
25 marketing -- of the --

1 G. Leiva

2 MS. BLANCO: Stock market.

3 A. -- in Argentina, and the markets where
4 YPF was quoting.

5 MR. JACKSON: Can we go off the record
6 for one minute, please.

7 VIDEOGRAPHER: Going off the record.
8 The time is 9:57.

9 (A discussion was held off the record.)

10 VIDEOGRAPHER: We're back on the record.
11 The time is 10:01.

12 MR. JACKSON: We had an off-the-record
13 discussion regarding the translation of the prior
14 question and answer. I understand that the
15 translator would like to make a correction to the
16 previous answer regarding the term marketing.

17 INTERPRETER: Stock market is the
18 correct term.

19 Q. Mr. Leiva, when you say that you were in
20 charge of the annual reports, does that include the
21 annual reports for YPF and for Repsol?

22 A. No, no, only YPF.

23 Q. Did you provide information to Repsol
24 for purposes of its creation of an annual report?

25 A. From the year 2000 we gave the

1 G. Leiva

2 information of YPF in the way that we prepared for
3 YPF so that they could incorporate whatever they had
4 to incorporate.

5 MS. BLANCO: I'm sorry, I need to object
6 to the translation. The witness talked about
7 preparing information for the 20-F's. I don't think
8 that was translated.

9 INTERPRETER: The interpreter did not.
10 20-F. I'm sorry. Thank you.

11 Q. Mr. Leiva, what information did you
12 supply Repsol for the preparation of 20-F's?

13 A. Well, the accounting information, the
14 financial statements, and notes for the financial
15 statements, and everything you could see on the
16 20-F's of YPF.

17 Q. Did you also assist Repsol in the
18 preparation of its 20-F's, those 20-F's filed on
19 behalf of Repsol?

20 A. Could you repeat?

21 (The requested portion was read.)

22 A. No.

23 Q. So the record is clear, did you provide
24 information to Repsol for the preparation of its
25 annual reports?

1 G. Leiva

2 A. Yes. As I said before, we sent the
3 information referred to of YPF, and at some point,
4 Repsol sent back their 20-F and the parts that have
5 to do with YPF in Argentina so that we can approve it
6 or make any revisions. Yes, revise it, the parts
7 that have to do with the 20-F's of Repsol that have
8 to do with the YPF activities.

9 Q. Have your responsibilities changed since
10 you became manager of the department in the beginning
11 of 2003?

12 A. No.]

13 (Whereupon, Form 20-F dated December 31,
14 2005 was received and marked Plaintiffs' Exhibit 53,
15 for identification, as of this date.)

16 Q. Mr. Leiva, I would like you to look at
17 what we previously marked as Plaintiffs' Exhibit 53.
18 Could you turn, sir, to page 87 and 88 of that
19 document.

20 A. Okay.

21 Q. Beginning at the bottom of page 87
22 there's a discussion of the Disclosure Committee.

23 A. Disclosure Committee.

24 Q. Are you a member of that committee?

25 A. I am present at the committee for being

1

G. Leiva

2 responsible for the preparing of this document.

3 Q. What is your role on the committee?

4 A. Basically in the committee the subjects
5 that have to be reported are done in the 20-F
6 document, and in those meetings I get the information
7 and events in order for them to be incorporated in
8 the document.

9 As you can see among the members, it
10 says that the Disclosure Committee is composed of
11 many people in charge of many different business
12 areas and corporations. The person who is third in
13 the list is my boss.

14 Q. David Esteban?

15 A. Yes. He's in charge of informing the
16 committee of the events that have to be the events to
17 be included in the area of administration that should
18 be incorporated to the 20-F documents.

19 Q. So that we're clear, which areas are
20 those?

21 A. The administration areas.

22 Q. Which includes financial reporting and
23 accounting?

24 A. Yes.

25 Q. Does it include reserves?

EXHIBIT 12

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 Q. Okay.

3 A. But in general.

4 Q. Tell you what, why don't we go ahead and
5 talk generally about some of the transactions at
6 issue, and then if you need to review any of these
7 documents in more detail, we can go off the record
8 while you do so.

9 A. Okay.

10 Q. Did YPF acquire Maxus through the merger
11 of YPF's subsidiary, YPF Acquisition Corporation,
12 into Maxus effective June 8, 1995?

13 A. YPF acquired Maxus through YPF
14 Acquisition Corporation in April, April 1995. What
15 happened then in June 1995 was the merger between YPF
16 Acquisition and Maxus.

17 Q. That merger was June 8th of 1995,
18 effective June 8, 1995?

19 A. It was in 1995, but if it's precisely
20 June 8th, we could see it here.

21 Q. I don't want to spend a lot of time
22 going through the public documents. As corporate
23 representative of YPF, do you have any reason to
24 contest the accuracy of the statements made in the
25 public filings that are at Plaintiffs' Exhibit 55, 56

G. Leiva

1

2 and 57?

3 A. No.

4 Q. How was Maxus originally identified by
5 YPF for acquisition?

6 A. What does identified mean? What do you
7 mean identified?

8 Q. Why did YPF want to acquire Maxus?

9 A. At that moment YPF's strategy was their
10 internationalization and not only a company based in
11 Argentina.]

12 Now, why was it Maxus and not another?
13 It could have been a question of opportunity. It was
14 a job done personally by the president of YPF who
15 died a month after the acquisition.

16 The general comments among the top
17 management was that nobody knew exactly what the
18 president proposed or what was the strategy of the
19 president as to this new acquisition.

20 In reality, a year later, that was when
21 top management, the new president and the board,
22 reached an agreement of organization that was carried
23 out in 1996.

24 Q. What was the president of YPF's name who
25 was personally involved?

1 G. Leiva

2 A. Jose Estenssoro.

3 Q. Do you recall did he pass away after the
4 merger was effective in June of '05?

5 A. No, he died the first of May of '95, but
6 the decision of the merger was part of the
7 acquisition.

8 Q. Did you say March or May?

9 A. May.

10 Q. To your knowledge, had Maxus and YPF
11 conducted business prior to the acquisition?

12 A. No.

13 Q. Did YPF acquire Maxus for approximately
14 \$762 million in stock and one billion dollars in
15 guaranteed debt?

16 A. YPF acquired Maxus for approximately
17 that amount, maybe approximately 780, but that was to
18 guarantee the debt --

19 MS. BLANCO: Object to the translation.

20 INTERPRETER: The interpreter has not
21 finished.

22 MS. BLANCO: Wait. I'm sorry.

23 INTERPRETER: The interpreter would like
24 the witness to please start the response again.

25 MS. BLANCO: Agreed.

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 One, that the structural organizations of other
3 international oil companies might have been
4 considered for their international subsidiaries.
5 That's what I understand was done.

6 And also, I understand that Carlos
7 Olivieri is in love with this word and in the
8 12 years that I have met him, he has used the word in
9 every single presentation that has been done.

10 MS. BLANCO: Object to the translation.

11 "Known him."

12 MR. JACKSON: In the 12 years that he
13 has known him.

14 Q. On page 216 there's a graphic
15 representation. What does this represent?

16 A. The proposed structuring for the
17 reorganization.

18 Q. This would, for example, show the
19 creation of YPF/Maxus International as a subsidiary
20 of YPF?

21 A. Yes.

22 MR. JACKSON: We have to change the
23 tape. Let's take a quick break.

24 VIDEOGRAPHER: Going off the record.

25 The time is 11:33. This ends tape two.

1 G. Leiva

2 (Whereupon, a recess was taken.)

3 VIDEOGRAPHER: We are back on the
4 record. The time is 11:36. This is tape three.

5 Q. Mr. Leiva, can you turn, please, to YPF
6 217. Sir, can you read the first bullet point into
7 the record.

8 A. This new structure has the purpose to
9 organize the share holding organization that has been
10 proposed, and to have access -- and in order to
11 access in the model of reorganization, the YPF Maxus
12 group would have obtained to limit the taxing to the
13 benefits -- to the earnings, and the minimum
14 alternative tax on earnings made by Bolivia and
15 Venezuela, and would eliminate the withholding of
16 taxes on the earnings made in Ecuador and Indonesia.]

17 It would improve the taxing -- it would
18 have a benefit on the use of the taxes.

19 INTERPRETER: I'm lost.

20 MS. BLANCO: Wait.

21 A. To improve -- to improve how the taxes
22 on the debts would be used.

23 MS. BLANCO: Objection to translation.

24 INTERPRETER: I'm having problem with
25 the meaning.

1 G. Leiva

2 MS. BLANCO: I don't know how to
3 translate this.

4 INTERPRETER: I'm going to clarify.

5 A. To improve -- how the taxes on the debt
6 would be used -- the position of the taxing -- the
7 tax position -- to improve the tax positions of the
8 debt.

9 MS. BLANCO: No.

10 MR. JACKSON: To improve the tax
11 utilization of indebtedness?

12 MR. VITTORO: No.

13 MS. BLANCO: We can translate it
14 technically if it's okay with you.

15 MR. JACKSON: Sure.

16 MR. VITTORO: Let's go bullet by bullet.

17 MS. BLANCO: No, just that one.

18 MR. VITTORO: "It's improved the use of
19 the tax efficiencies on the debt."

20 A. The interest on the debt of Maxus could
21 not be used in a positive way because Maxus was
22 losing money. In this way it would be probable that
23 the cost of the debt could be used in a better way
24 tax wise.

25 Q. If you look back to page 214, bullet

EXHIBIT 13

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1

G. Leiva

2

A. Jose Estenssoro.

3

Q. Do you recall did he pass away after the
4 merger was effective in June of '05?

5

6

7

A. No, he died the first of May of '95, but
the decision of the merger was part of the
acquisition.

8

Q. Did you say March or May?

9

A. May.

10

Q. To your knowledge, had Maxus and YPF
11 conducted business prior to the acquisition?

12

A. No.

13

Q. Did YPF acquire Maxus for approximately
14 \$762 million in stock and one billion dollars in
15 guaranteed debt?

16

17

18

A. YPF acquired Maxus for approximately
that amount, maybe approximately 780, but that was to
guarantee the debt --

19

MS. BLANCO: Object to the translation.

20

21

INTERPRETER: The interpreter has not
finished.

22

MS. BLANCO: Wait. I'm sorry.

23

24

INTERPRETER: The interpreter would like
the witness to please start the response again.

25

MS. BLANCO: Agreed.

G. Leiva

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2 A. YPF acquired Maxus for approximately
3 that amount, 760 million, and what it did afterwards
4 is to guarantee to the third persons, the creditors,
5 bond holders, the debt that Maxus had guaranteed by
6 YPF.

7 MS. BLANCO: Could you please read the
8 testimony.

9 (The requested portion was read.)

10 MS. BLANCO: I object to the translation
11 after the purchase price. It's accurate with respect
12 to the amount paid, but the rest of the translation
13 is inaccurate. I object.

14 Q. In addition to the cash purchase price,
15 did YPF agree to guarantee approximately \$1 billion
16 of Maxus' debt to third-party creditors?

17 A. Correct.

[18 Q. Was there an analysis performed by YPF
19 of the value of Maxus to justify a commitment of
20 approximately \$1.8 billion, U.S.?

21 MS. BLANCO: Objection, form.

22 A. I understand that that's correct.

23 Q. That there was such an analysis?

24 A. Of the value, of the value of its
25 operations.] In truth, because of accounting

1 G. Leiva

2 requirements when we had to value each asset for the
3 accounting of the acquisition price, we had the cash
4 flows of each area of exploration and production.

5 Could you read what is there.

6 (The requested portion was read.)

7 Q. Is that what you intended to say?

8 A. In Spanish, yes.

9 MS. BLANCO: Could I have that read in
10 English, please.

11 (The requested portion was read.)

12 MS. BLANCO: I object to the
13 translation.

14 A. Do you want me to try it again?

15 Q. Let's see if we can break it down a
16 little bit.

17 A. Okay.

18 Q. Do you believe that there was a
19 valuation of Maxus that justified or supported the
20 acquisition at a total commitment of approximately
21 \$1.8 billion?

22 A. I think that for this magnitude of
23 acquisition was so important and was part of the
24 decision of the people who decided it, the president.

25 What I can say is that there were and I

EXHIBIT 14

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

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YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
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New York, New York

September 23, 2006
9:30 a.m.

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a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. Jose Estenssoro.

3 Q. Do you recall did he pass away after the
4 merger was effective in June of '05?

5 A. No, he died the first of May of '95, but
6 the decision of the merger was part of the
7 acquisition.

8 Q. Did you say March or May?

9 A. May.

10 Q. To your knowledge, had Maxus and YPF
11 conducted business prior to the acquisition?

12 A. No.

13 Q. Did YPF acquire Maxus for approximately
14 \$762 million in stock and one billion dollars in
15 guaranteed debt?

16 A. YPF acquired Maxus for approximately
17 that amount, maybe approximately 780, but that was to
18 guarantee the debt --

19 MS. BLANCO: Object to the translation.

20 INTERPRETER: The interpreter has not
21 finished.

22 MS. BLANCO: Wait. I'm sorry.

23 INTERPRETER: The interpreter would like
24 the witness to please start the response again.

25 MS. BLANCO: Agreed.

G. Leiva

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A. YPF acquired Maxus for approximately
3 that amount, 760 million, and what it did afterwards
4 is to guarantee to the third persons, the creditors,
5 bond holders, the debt that Maxus had guaranteed by
6 YPF.

7

MS. BLANCO: Could you please read the
8 testimony.

9

(The requested portion was read.)

10

MS. BLANCO: I object to the translation
11 after the purchase price. It's accurate with respect
12 to the amount paid, but the rest of the translation
13 is inaccurate.] I object.

14

Q. In addition to the cash purchase price,
15 did YPF agree to guarantee approximately \$1 billion
16 of Maxus' debt to third-party creditors?

17

A. Correct.

18

Q. Was there an analysis performed by YPF
19 of the value of Maxus to justify a commitment of
20 approximately \$1.8 billion, U.S.?

21

MS. BLANCO: Objection, form.

22

A. I understand that that's correct.

23

Q. That there was such an analysis?

24

A. Of the value, of the value of its
25 operations. In truth, because of accounting

1 G. Leiva

2 have seen the cash flows of the operations in
3 Venezuela, in Sumatra, that justified the value of
4 the price of the acquisition.

5 Q. Do you know how that purchase price was
6 determined?

7 A. No, it was a confidential job with
8 advice of some investment bank. I think it was First
9 Boston.]

10 Q. I'd like you to look at Plaintiffs'
11 Exhibit 55, the 10-K of Maxus for the fiscal period
12 ending December 31, 1995.

13 Did you participate in the creation of
14 this document?

15 A. No.

16 Q. At the time this document was created,
17 YPF had already acquired Maxus. So, I just wanted to
18 make sure that your group wouldn't have participated
19 in the creation of this document.

20 A. No, no, definitely no. This document at
21 this date was required by the Securities and Exchange
22 Commission because of the debt, because of Maxus'
23 debt that was authorized -- quoted by NASDAQ. That's
24 why this document was compulsory for Maxus.

25 Q. What about Maxus' debt, in your

1

G. Leiva

2 understanding, required the creation of this 10-K
3 that we've marked as Plaintiffs' Exhibit 55?

4 A. In the front it says the shares, the
5 bonds and the shares that were quoted or approved by
6 the Securities and Exchange Commission that made
7 necessary this document.

8 Q. If you can turn to page F 42. There's a
9 discussion on this page, and in particular at the
10 bottom paragraph, regarding the financial
11 transactions and the loans by which the funding of
12 YPF's acquisition of Maxus transpired.

13 Are you familiar with the financial
14 transactions and loans that were used by YPF in the
15 acquisition of Maxus?

16 A. Yes.

17 Q. Is it correct that YPF Acquisition Corp.
18 borrowed \$442 million from Chase Manhattan Bank to,
19 in part, fund the acquisition of the stock of Maxus?

20 MS. BLANCO: Wait. Objection to the
21 translation. 425.

22 MR. JACKSON: 442, the purchaser
23 facility.

24 MS. BLANCO: Okay.

25 A. The question is incorrect. No. No. If

EXHIBIT 15

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. Jose Estenssoro.

3 Q. Do you recall did he pass away after the
4 merger was effective in June of '05?

5 A. No, he died the first of May of '95, but
6 the decision of the merger was part of the
7 acquisition.

8 Q. Did you say March or May?

9 A. May.

10 Q. To your knowledge, had Maxus and YPF
11 conducted business prior to the acquisition?

12 A. No.

13 Q. Did YPF acquire Maxus for approximately
14 \$762 million in stock and one billion dollars in
15 guaranteed debt?

16 A. YPF acquired Maxus for approximately
17 that amount, maybe approximately 780, but that was to
18 guarantee the debt --

19 MS. BLANCO: Object to the translation.

20 INTERPRETER: The interpreter has not
21 finished.

22 MS. BLANCO: Wait. I'm sorry.

23 INTERPRETER: The interpreter would like
24 the witness to please start the response again.

25 MS. BLANCO: Agreed.

1 G. Leiva

2 A. YPF acquired Maxus for approximately
3 that amount, 760 million, and what it did afterwards
4 is to guarantee to the third persons, the creditors,
5 bond holders, the debt that Maxus had guaranteed by
6 YPF.

7 MS. BLANCO: Could you please read the
8 testimony.

9 (The requested portion was read.)

10 MS. BLANCO: I object to the translation
11 after the purchase price. It's accurate with respect
12 to the amount paid, but the rest of the translation
13 is inaccurate. I object.

14 Q. In addition to the cash purchase price,
15 did YPF agree to guarantee approximately \$1 billion
16 of Maxus' debt to third-party creditors?

17 A. Correct.]

18 Q. Was there an analysis performed by YPF
19 of the value of Maxus to justify a commitment of
20 approximately \$1.8 billion, U.S.?

21 MS. BLANCO: Objection, form.

22 A. I understand that that's correct.

23 Q. That there was such an analysis?

24 A. Of the value, of the value of its
25 operations. In truth, because of accounting

1 G. Leiva
2 requirements when we had to value each asset for the
3 accounting of the acquisition price, we had the cash
4 flows of each area of exploration and production.

5 Could you read what is there.

6 (The requested portion was read.)

7 Q. Is that what you intended to say?

8 A. In Spanish, yes.

9 MS. BLANCO: Could I have that read in
10 English, please.

11 (The requested portion was read.)

12 MS. BLANCO: I object to the
13 translation.

14 A. Do you want me to try it again?

15 Q. Let's see if we can break it down a
16 little bit.

17 A. Okay.

18 Q. Do you believe that there was a
19 valuation of Maxus that justified or supported the
20 acquisition at a total commitment of approximately
21 \$1.8 billion?

22 A. I think that for this magnitude of
23 acquisition was so important and was part of the
24 decision of the people who decided it, the president.

25 What I can say is that there were and I

EXHIBIT 16

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
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New York, New York

September 23, 2006
9:30 a.m.

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the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 Q. Would you agree that Mr. Olivieri would
3 have knowledge superior to you regarding this
4 transaction and the due diligence that was performed
5 in 1994 and 1995?

6 A. Yes, correct.

7 Q. Do you believe that Mr. Olivieri would
8 have access to the confidential documentation that
9 you have discussed here today?

10 A. I would think so. The president trusted
11 him.

12 Q. Can you turn with me, sir, or look at
13 Plaintiffs' Exhibit 59, please, the Houlihan, Lokey
14 letter to the board of directors of YPF. I'm sorry.
15 Have you seen this document before?

16 A. No.

17 Q. Would you like us to go off the record
18 so you can have an opportunity to read it?

19 A. Yes.

20 Q. Let's do that real quickly.

21 VIDEOGRAPHER: Going off the record.

22 The time is 6:29:

23 (Whereupon, a recess was taken.)

24 VIDEOGRAPHER: We are back on the

25 record. The time is 6:46.

G. Leiva

1

2 Q. Mr. Leiva, do you know what the Keepwell
3 Covenant is?

3

4 A. I think the Keepwell Covenant was a
5 clause under which YPF should respond to Maxus in
6 case of non-payment of debt.

4

7 Q. Do you know why the Keepwell Covenant
8 was required?

7

9 A. The guarantee of YPF was necessary
10 because the loans of Maxus had certain indentures
11 that required that guarantee.]

9

12 Q. May I interrupt? Are there two separate
13 obligations, one in the Keepwell Covenant that was in
14 the merger agreement, and separate and apart from
15 that, the \$1 billion approximate guarantee issued by
16 YPF?

12

17 A. I think there were two different
18 documents related to the same thing, but I'm not
19 sure.

17

20 Q. All I'm trying to get at is for purposes
21 of this discussion right now is why do you believe or
22 do you understand that those guaranties were
23 required?

20

24 MR. CROUT: Objection to form.

24

25 MS. BLANCO: Join the objection.

25

1 G. Leiva

2 A. I understand the guaranties were
3 necessary because of certain clauses that preexisted
4 in Maxus -- I don't know what I said.

5 MS. BLANCO: I object to the
6 translation. He said there were clauses in Maxus'
7 preexisting loans.

8 Q. At the time YPF acquired Maxus, it
9 already had approximately \$1 billion in third-party
10 debt; is that correct?

11 MR. CROUT: Objection to form.

12 A. Yes.

13 Q. For the financing that we've discussed,
14 an additional \$425 million of loans were taken out by
15 Maxus' subsidiaries, Midgard and Maxus Indonesia; is
16 that correct?

17 A. They were taken out?

18 Q. There may be an issue with the
19 translation. As part of the acquisition of Maxus and
20 the financial transactions associated with that
21 acquisition, did Midgard Energy and Maxus Indonesia
22 take out another \$425 million in loans to finance the
23 acquisition?

24 A. Yes, yes, it's correct what we're
25 talking about.

1 G. Leiva

2 Q. So, at the conclusion of the acquisition
3 transaction, the assets of Maxus and its subsidiaries
4 were encumbered by at least \$1.4 billion in
5 third-party debt; is that correct?

6 A. That is correct, yes.

7 Q. Was it that third-party debt level which
8 required YPF to undertake the Keepwell Covenant and
9 guarantee \$1 billion worth of Maxus' third-party
10 debt?

11 MS. BLANCO: Objection to the
12 translation.

13 Q. Was YPF required to issue the Keepwell
14 Covenant and the guarantee of approximately
15 \$1 billion of Maxus' debt because of Maxus' debt load
16 of nearly \$1.4 billion?

17 A. I don't know exactly whether the need
18 for the guarantee was the increase of the debt
19 because at the same time it happened that the assets
20 were re-valued to around \$1 billion, which were
21 guaranteed with the future cash flows, and to which I
22 would think and understand the need for the guarantee
23 were with existing clauses from the previous debts
24 that Maxus had that they would trigger the payment
25 clauses for an ownership change because according to

1 G. Leiva

2 the new cash flows, that surely must be here in the
3 oil and gas documents, the future cash flow of the
4 operations was more than the additional debt.

5 Q. Which operations?

6 A. Of Maxus operations, the Midgard
7 operations, Sumatra operations, and besides
8 operations in Venezuela, Bolivia and Ecuador.

9 Q. The operations you just named, were
10 those operations and assets, which were re-valued,
11 increased to \$1 billion approximately?

12 A. Yes, approximately. At the moment of
13 the acquisition, the net worth, Maxus' net worth, was
14 almost zero. After the acquisition, according to the
15 American accounting principles that permit the
16 revaluation of the assets, at the moment of the
17 acquisition to its fair market value determined the
18 net worth of approximately the price of the
19 acquisition.

20 Q. This resulted in the net increase of the
21 valuation of the assets of approximately
22 \$760 million, or was it more like a billion dollars?

23 A. The net between the asset valuation and
24 the new valuation is approximately 700 million.

25 Q. Did you have a chance to review the

EXHIBIT 17

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 today?

3 A. Fine. Thank you very much.

4 Q. What I would like to do today is pick up
5 where we left off yesterday. I'm going to hand you
6 what we have marked as Plaintiffs' Exhibit 75. This
7 is the Agreement of Merger between YPF Acquisition
8 Corp. and Maxus Energy.

9 Yesterday at the end of the day we were
10 discussing the Keepwell Covenant. What I would like
11 to ask you to do is turn to page 54 of Exhibit P 75.
12 Could you, sir, please review Section 5.15.

13 A. Okay.

14 Q. Sir, have you seen this document before?

15 A. At the time of this transaction.

16 Q. We discussed yesterday that in
17 connection with your preparation of the company's
18 20-F's, you are generally able to read English?

19 MS. BLANCO: Objection to the
20 translation.

21 INTERPRETER: Could you repeat your
22 question?

23 MR. JACKSON: Yes.

24 (The requested portion was read.)

25 A. Yes.

1 G. Leiva

2 Q. Are you able to read Section 5.15 of
3 this merger agreement?

4 A. Yes.

5 Q. Do you understand that Section 5.15 is
6 what is generally referred to by YPF as the Keepwell
7 Covenant?

8 A. Yes.

9 Q. The Keepwell Covenant obligates YPF to
10 capitalize Maxus in an amount necessary to permit
11 Maxus to meet such obligations as set forth in this
12 agreement up to a cap; is that correct?

13 A. That's correct.

14 Q. If you will turn to page 55, please,
15 there is a discussion of that cap. The cap speaks in
16 terms of the loan commitments. I'm not sure how this
17 is going to translate, but it talks in terms of three
18 tranches of loans, tranche one, two and three.

19 Are you familiar with those terms,
20 Mr. Leiva?

21 A. I'm not really sure what you mean by
22 tranche one, tranche two, and tranche three. I don't
23 know if it's stated in another section of the
24 covenant.

25 Q. Could you look at page 19, Section 3.7.

1 G. Leiva

2 This section refers to the commitment as a defining
3 term referencing the commitment letter from Chase
4 Manhattan Bank that we discussed yesterday.

5 Do you recall that, sir?

6 A. Yes.

7 Q. Under the terms of the Chase commitment
8 that we discussed yesterday, the trance one was the
9 loan to YPF Acquisition Corp.; do you recall that,
10 sir?

11 A. Yes.

12 Q. Trances two and three were the loans for
13 250 million and 175 million to Midgard and for the
14 Indonesian assets; is that correct?

15 A. That's correct.

16 Q. Under the terms of the Keepwell
17 Covenant, the cap for the Keepwell in the merger
18 agreement was established at \$442 million under
19 trance one, which was the amount of the loan to YPF
20 Acquisition Corp.?

21 MS. BLANCO: Objection, form. You can
22 answer.

23 A. Yes, I do understand as such.

24 Q. Actually, the provision goes on to say
25 "unless trance one was replaced by trances two and

EXHIBIT 18

AGREEMENT OF MERGER

Among

YPF Sociedad Anonima /

YPF Acquisition Corp.

and

Maxus Energy Corporation

February 28, 1995

YPF 437

(c) any fact, development or occurrence that constitutes a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole or is reasonably expected to result in such an effect.

5.14. Listing of Preferred Stock. The Company will, and Parent will cause the Surviving Corporation to, use their respective reasonable efforts to continue the listing on the New York Stock Exchange of the shares of Preferred Stock which are currently listed on such Exchange or, if such shares are delisted, to cause such shares of Preferred Stock to be listed on another national securities exchange within the United States or admitted to trading on the National Association of Securities Dealers Automated Quotation System and on other organized securities markets in such foreign jurisdictions in which such shares are presently traded. Notwithstanding anything in this Agreement to the contrary, the obligations of the Company and Parent under this Section 5.14 will survive the Effective Time with respect to any series of Preferred Stock until such time as the aggregate market value of all outstanding shares of such series is less than \$2 million or the number of outstanding shares of such series is less than 100,000.

5.15. Certain Obligations of Parent. In the event that the Company is unable to meet its obligations as they come due, whether at maturity or otherwise, including solely for the purposes of this Section 5.15 dividend and redemption payments with respect to the Preferred Stock, Parent will capitalize the

Company in an amount necessary to permit the Company to meet such obligations, provided that Parent's aggregate obligation under this Section 5.15 shall be (a) limited to the amount of debt service obligations under "Tranche 1" of the loan agreement contemplated by the Commitment and, to the extent "Tranche 1" is replaced by "Tranche 2 and/or Tranche 3" under the Commitment, the amount of debt service obligations under such "Tranche 2 and/or Tranche 3," and (b) reduced by the amount, if any, of capital contributions received by the Company after the Effective Time and the net proceeds of any sale by the Company of common stock or non-redeemable preferred stock after the Effective Time. Notwithstanding anything in this Agreement to the contrary, the obligations of Parent under this Section 5.15 will survive until the ninth anniversary of the Effective Time.

VI. CONDITIONS

6.1. Conditions. The obligations of Parent, Purchaser and the Company to consummate the Merger are subject to the satisfaction, at or before the Effective Time, of each of the following conditions, as applicable thereto:

6.1.1. Stockholder Approval. The holders of the Voting Stock shall have duly adopted this Agreement.

6.1.2. Purchase of Shares of Voting Stock. Purchaser shall have accepted for payment shares of Common Stock pursuant to the Offer.

6.1.3. Injunctions; Illegality. The consummation of the Merger shall not be precluded or materially restricted by any order, injunction, decree or ruling of a court of

EXHIBIT 19

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,

a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. Let's see. There was no concerns in the
3 time after YPF issued bonds. YPF, S.A. issued debt
4 and used those funds to pre-cancel some of Maxus'
5 debt through the capitalization of Maxus and
6 prepaying certain debts like the preferred shares.
7 Well, at that moment it turned the other way around.

8 Q. Are you referring to the 1997 debt
9 restructuring?

10 A. Yes, of course.

11 Q. My question is: At the time of the
12 acquisition --

13 A. No, that was a financial strategy. The
14 way to acquire the debt in 1995 for this acquisition
15 was the most efficient financial strategy at that
16 moment. Later on when the financial conditions
17 changed, the financial strategy changed, and it was
18 YPF that acquired the debt and cancelled Maxus' debt.
19 What I want to say is that then there was no concern
20 because of Maxus' debt specifically.

21 Q. Are you saying that there was no concern
22 about Maxus' debt load because YPF agreed to
23 capitalize Maxus through the Keepwell Covenant and
24 guarantee \$1 billion worth of debt?

25 A. Correct.

G. Leiva

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2 Q. Without YPF's undertaking the Keepwell
3 Covenant and guarantee, would you agree that Maxus
4 would have been undercapitalized in 1995?

5 MR. CROUT: Objection to foundation.

6 A. This is a personal opinion. If YPF had
7 not bought Maxus, I don't know if Maxus would have
8 survived. Its net worth was close to zero because
9 the heavy debt that it already had was effecting the
10 financial results to the extent that it wasn't clear
11 whether they could pay, whether they could have paid,
12 and the value of the Maxus' share went up at that
13 time.]

14 MS. BLANCO: No, objection to the
15 translation. The value of Maxus' share at that time
16 so reflected.

17 A. I know through conversations I had and
18 from what I understand during the road shows where
19 President Estenssoro had in that short period of
20 time, YPF American investors asked, would ask
21 Estenssoro why had he bought junk bonds, the term.

22 He said I don't know whether the
23 additional debt generated -- was prejudicial for
24 Maxus, but I can assure you that the YPF guarantee
25 allowed them to continue their operations and to

1 G. Leiva

2 survive.

3 MR. JACKSON: I'm going to object as
4 non-responsive.

5 Q. In 1995 did the addition of \$425 million
6 of debt to Maxus worsen its financial condition?

7 MS. BLANCO: Objection, form.

8 A. Yes.

9 MR. JACKSON: That's all I have right
10 now.

11 VIDEOGRAPHER: This concludes today's
12 portion of the videotaped deposition of Gabriel
13 Leiva. Going off the record. The time is 7:21.

14 (Time Noted: 7:21 p.m.)

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EXHIBIT 20

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
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1 G. Leiva

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3 necessary because of certain clauses that preexisted
4 in Maxus -- I don't know what I said.

5 MS. BLANCO: I object to the
6 translation. He said there were clauses in Maxus'
7 preexisting loans.

8 Q. At the time YPF acquired Maxus, it
9 already had approximately \$1 billion in third-party
10 debt; is that correct?

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13 Q. For the financing that we've discussed,
14 an additional \$425 million of loans were taken out by
15 Maxus' subsidiaries, Midgard and Maxus Indonesia; is
16 that correct?

17 A. They were taken out?

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19 translation. As part of the acquisition of Maxus and
20 the financial transactions associated with that
21 acquisition, did Midgard Energy and Maxus Indonesia
22 take out another \$425 million in loans to finance the
23 acquisition?

24 A. Yes, yes, it's correct what we're
25 talking about.

G. Leiva

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2 Q. So, at the conclusion of the acquisition
3 transaction, the assets of Maxus and its subsidiaries
4 were encumbered by at least \$1.4 billion in
5 third-party debt; is that correct?

6 A. That is correct, yes.

7 Q. Was it that third-party debt level which
8 required YPF to undertake the Keepwell Covenant and
9 guarantee \$1 billion worth of Maxus' third-party
10 debt?

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14 Covenant and the guarantee of approximately
15 \$1 billion of Maxus' debt because of Maxus' debt load
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17 A. I don't know exactly whether the need
18 for the guarantee was the increase of the debt
19 because at the same time it happened that the assets
20 were re-valued to around \$1 billion, which were
21 guaranteed with the future cash flows, and to which I
22 would think and understand the need for the guarantee
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24 that Maxus had that they would trigger the payment
25 clauses for an ownership change because according to

1 G. Leiva

2 the new cash flows, that surely must be here in the
3 oil and gas documents, the future cash flow of the
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18 net worth of approximately the price of the
19 acquisition.

20 Q. This resulted in the net increase of the
21 valuation of the assets of approximately
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23 A. The net between the asset valuation and
24 the new valuation is approximately 700 million.

25 Q. Did you have a chance to review the

EXHIBIT 21

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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COMPENSATION FUND,

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New York, New York

September 23, 2006
9:30 a.m.

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1 G. Leiva

2 A. Jose Estenssoro.

3 Q. Do you recall did he pass away after the
4 merger was effective in June of '05?

5 A. No, he died the first of May of '95, but
6 the decision of the merger was part of the
7 acquisition.

8 Q. Did you say March or May?

9 A. May.

10 Q. To your knowledge, had Maxus and YPF
11 conducted business prior to the acquisition?

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16 A. YPF acquired Maxus for approximately
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20 INTERPRETER: The interpreter has not
21 finished.

22 MS. BLANCO: Wait. I'm sorry.

23 INTERPRETER: The interpreter would like
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G. Leiva

1

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4 is to guarantee to the third persons, the creditors,
5 bond holders, the debt that Maxus had guaranteed by
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7 MS. BLANCO: Could you please read the
8 testimony.

9 (The requested portion was read.)

10 MS. BLANCO: I object to the translation
11 after the purchase price. It's accurate with respect
12 to the amount paid, but the rest of the translation
13 is inaccurate. I object.

14 Q. In addition to the cash purchase price,
15 did YPF agree to guarantee approximately \$1 billion
16 of Maxus' debt to third-party creditors?

17 A. Correct.]

18 Q. Was there an analysis performed by YPF
19 of the value of Maxus to justify a commitment of
20 approximately \$1.8 billion, U.S.?

21 MS. BLANCO: Objection, form.

22 A. I understand that that's correct.

23 Q. That there was such an analysis?

24 A. Of the value, of the value of its
25 operations. In truth, because of accounting

EXHIBIT 22

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,

a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. I understand the guaranties were
3 necessary because of certain clauses that preexisted
4 in Maxus -- I don't know what I said.

5 MS. BLANCO: I object to the
6 translation. He said there were clauses in Maxus'
7 preexisting loans.

8 Q. At the time YPF acquired Maxus, it
9 already had approximately \$1 billion in third-party
10 debt; is that correct?

11 MR. CROUT: Objection to form.

12 A. Yes.

13 Q. For the financing that we've discussed,
14 an additional \$425 million of loans were taken out by
15 Maxus' subsidiaries, Midgard and Maxus Indonesia; is
16 that correct?

17 A. They were taken out?

18 Q. There may be an issue with the
19 translation. As part of the acquisition of Maxus and
20 the financial transactions associated with that
21 acquisition, did Midgard Energy and Maxus Indonesia
22 take out another \$425 million in loans to finance the
23 acquisition?

24 A. Yes, yes, it's correct what we're
25 talking about.

G. Leiva

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2 Q. So, at the conclusion of the acquisition
3 transaction, the assets of Maxus and its subsidiaries
4 were encumbered by at least \$1.4 billion in
5 third-party debt; is that correct?

6 A. That is correct, yes.]

7 Q. Was it that third-party debt level which
8 required YPF to undertake the Keepwell Covenant and
9 guarantee \$1 billion worth of Maxus' third-party
10 debt?

11 MS. BLANCO: Objection to the
12 translation.

13 Q. Was YPF required to issue the Keepwell
14 Covenant and the guarantee of approximately
15 \$1 billion of Maxus' debt because of Maxus' debt load
16 of nearly \$1.4 billion?

17 A. I don't know exactly whether the need
18 for the guarantee was the increase of the debt
19 because at the same time it happened that the assets
20 were re-valued to around \$1 billion, which were
21 guaranteed with the future cash flows, and to which I
22 would think and understand the need for the guarantee
23 were with existing clauses from the previous debts
24 that Maxus had that they would trigger the payment
25 clauses for an ownership change because according to

1 G. Leiva

2 the new cash flows, that surely must be here in the
3 oil and gas documents, the future cash flow of the
4 operations was more than the additional debt.

5 Q. Which operations?

6 A. Of Maxus operations, the Midgard
7 operations, Sumatra operations, and besides
8 operations in Venezuela, Bolivia and Ecuador.

9 Q. The operations you just named, were
10 those operations and assets, which were re-valued,
11 increased to \$1 billion approximately?

12 A. Yes, approximately. At the moment of
13 the acquisition, the net worth, Maxus' net worth, was
14 almost zero. After the acquisition, according to the
15 American accounting principles that permit the
16 revaluation of the assets, at the moment of the
17 acquisition to its fair market value determined the
18 net worth of approximately the price of the
19 acquisition.

20 Q. This resulted in the net increase of the
21 valuation of the assets of approximately
22 \$760 million, or was it more like a billion dollars?

23 A. The net between the asset valuation and
24 the new valuation is approximately 700 million.

25 Q. Did you have a chance to review the

EXHIBIT 23

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

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G. Leiva

2 discussed would go forward in making their
3 recommendation to the board. Do you see that?

4 MS. BLANCO: Objection, form.

5 A. I see what the paragraph says.

6 Q. If you look at page 3498, the final page
7 of this letter, Houlihan, Lokey gives an opinion to
8 the board of YPF regarding the transaction lettered
9 A, B and C. Do you see that, sir?

10 MS. BLANCO: Objection, form.

11 A. Yes.

12 Q. Do you know how the board of directors
13 of YPF used the information provided to it by
14 Houlihan, Lokey?

15 MS. BLANCO: Objection, form.

16 A. No, I didn't even know the existence of
17 this letter.

18 Q. As the corporate representative of YPF,
19 are you aware of any concerns regarding the
20 capitalization of Maxus as a result of the 1995
21 merger transaction?

22 MR. CROUT: Objection to form.

23 A. If there's any concerns?

24 Q. If there was any concern at that time.

25 MR. CROUT: Same objection.

G. Leiva

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2 A. Let's see. There was no concerns in the
3 time after YPF issued bonds. YPF, S.A. issued debt
4 and used those funds to pre-cancel some of Maxus'
5 debt through the capitalization of Maxus and
6 prepaying certain debts like the preferred shares.
7 Well, at that moment it turned the other way around.

8 Q. Are you referring to the 1997 debt
9 restructuring?

10 A. Yes, of course.

11 Q. My question is: At the time of the
12 acquisition --

13 A. No, that was a financial strategy. The
14 way to acquire the debt in 1995 for this acquisition
15 was the most efficient financial strategy at that
16 moment. Later on when the financial conditions
17 changed, the financial strategy changed, and it was
18 YPF that acquired the debt and cancelled Maxus' debt.
19 What I want to say is that then there was no concern
20 because of Maxus' debt specifically.

21 Q. Are you saying that there was no concern
22 about Maxus' debt load because YPF agreed to
23 capitalize Maxus through the Keepwell Covenant and
24 guarantee \$1 billion worth of debt?

25 A. Correct.]

1 G. Leiva

2 Q. Without YPF's undertaking the Keepwell
3 Covenant and guarantee, would you agree that Maxus
4 would have been undercapitalized in 1995?

5 MR. CROUT: Objection to foundation.

6 A. This is a personal opinion. If YPF had
7 not bought Maxus, I don't know if Maxus would have
8 survived. Its net worth was close to zero because
9 the heavy debt that it already had was effecting the
10 financial results to the extent that it wasn't clear
11 whether they could pay, whether they could have paid,
12 and the value of the Maxus' share went up at that
13 time.

14 MS. BLANCO: No, objection to the
15 translation. The value of Maxus' share at that time
16 so reflected.

17 A. I know through conversations I had and
18 from what I understand during the road shows where
19 President Estenssoro had in that short period of
20 time, YPF American investors asked, would ask
21 Estenssoro why had he bought junk bonds, the term.

22 He said I don't know whether the
23 additional debt generated -- was prejudicial for
24 Maxus, but I can assure you that the YPF guarantee
25 allowed them to continue their operations and to

EXHIBIT 24

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

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-against-

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INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 It's the normal practice, not within
3 YPF, but within all companies to send the act for the
4 pertinent party, then what you do is you photocopy
5 the parts that correspond to the topic and you cross
6 out the blanks with this line and you attach a notary
7 act in which it states that it is a true copy of the
8 original.

9 I assume that this copy comes from the
10 information that was sent to CMV and that's why it
11 has those lines.

12 Q. This copy or this version of the board
13 minutes was actually filed with the CMV?

14 A. Yes.

15 Q. Do you know from your experience if the
16 numbering at the top right-hand corner on page 201 --
17 do you see the number 589, and two pages later in the
18 top right-hand corner of page one of this exhibit
19 there's a number 589?

20 A. Yes.

21 Q. Does that reflect a public filing
22 system?

23 A. No, that's the number of the page of the
24 book of acts of the board of YPF.

25 Q. The minute book?

1 G. Leiva

2 A. The minute book.

3 Q. What is the date of the meeting that
4 these minutes reflect?

5 A. June 4th, '96.

6 Q. Could you turn, please, sir, to YPF 202.
7 Could you tell me what this page says, what's here of
8 it?

9 A. Mr. President presents for his
10 consideration the fourth point of the agenda,
11 financial committee a restructuring of the
12 international activities.

13 Mr. President informs that as a result
14 of the analysis being done, it has been concluded to
15 the company convenience to adopt actions with a
16 purpose of maximizing the fiscal and legal operative
17 efficiency of the international operations of the
18 company.

19 For such purpose, a restructuring
20 project has been created -- proposed that
21 contemplates, among other measurements, the creation
22 of new holding companies to which it will be
23 transferred the Maxus' share packages and of the
24 Maxus' subsidiaries that operate in Bolivia and
25 Venezuela. The assumption from an indirect

1 G. Leiva
2 subsidiary -- from YPF's indirect subsidiary of the
3 environmental obligations that Maxus has and YPF
4 commitment to provide funds to such company to a
5 predetermined amount of money.

6 Mr. President concludes by stating that
7 the subject was analyzed by a financial committee and
8 has presented a proposal -- a solution proposal.

9 After an exchange of opinions the board
10 results: One, to approve Maxus' corporation
11 restructuring plan, which details are being filed in
12 the special attached registry of the board acts or
13 minutes of the board signed by the directors
14 Mr. Cameron and Mr. Manning to authorize Mr. Nells
15 Leon, Miguel Madanes, Roberto Monti, Norberto Noblia,
16 Cedric Bridger, Carlos Olivieri, Carlos Felices so
17 that any one of them individually or as a group --
18 no. To act individually and as a group so that
19 anyone could act individually without the need of the
20 group consensus, any one of them can do any of those
21 acts and can sign any documents as necessary, all the
22 documents that are necessary for the approved shares
23 payment -- for the accomplishment of the pay
24 shares -- for the accomplishment of the approved
25 acts.

EXHIBIT 25

Seguidamente, el Sr. Presidente somete a consideración EL CUARTO PUNTO DEL ORDEN DEL DIA: "Comité de Finanzas: reestructuración de las actividades internacionales".

Informa el Sr. Presidente que como resultado de los análisis efectuados se ha concluido la conveniencia empresaria de adoptar acciones con el objetivo de maximizar la eficiencia operativa, legal y fiscal de las operaciones internacionales de la Sociedad. A tales efectos se ha elaborado una propuesta de reorganización que contempla, entre otras medidas, la creación de nuevas sociedades holdings a las que

Next, the President submits for consideration the FOURTH POINT OF ORDER OF THE DAY: "Finance Committee: Restructuring of International Activities."

The President states that as a result of the analyses conducted, it has been concluded that it is in the interest of the company to adopt actions toward the goal of maximizing the operational, legal, and fiscal efficiency of the Corporation's international operations. To this end, a reorganization proposal has been created, which, among other measures, addresses the creation of new holding corporations to which

EXHIBIT 26

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

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1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 Q. Tax benefits to whom?

3 A. For YPF International after the
4 restructuring.

5 Q. YPF International did not exist at this
6 time; is that correct?

7 A. It came into being because of this
8 restructuring.

9 Q. At the time this document was created,
10 YPF International didn't exist yet; is that true?

11 A. But this document was specifically
12 created, as it says here, to create YPF International
13 as part of the restructuring.

14 Q. This document sets forth the plan for
15 restructure?

16 A. Yes.

17 Q. It has not yet been accomplished at the
18 time this document was created?

19 A. That's correct.

20 Q. So, the plan was to create YPF
21 International; is that correct?

22 A. Yes.

23 Q. And transfer the assets in Indonesia
24 from Maxus to YPF International?

25 A. Yes, that's correct.

1 G. Leiva

2 Q. Looking at page 214, the first bullet
3 point it notes that "when Maxus pays dividends to
4 YPF, it must withhold 30 percent by way of tax on
5 earnings." Did I read that correctly?

6 A. Yes.

7 Q. What is the disadvantage to that
8 structure?

9 A. The disadvantage is that the holding
10 happened -- the disadvantage was that the U.S. would
11 hold 30 percent on the dividends, on the earnings
12 generated by all the operations in other countries
13 even though these earnings were generated in other
14 countries, therefore, that would mean a double
15 holding.]

16 Q. By moving the assets to a foreign
17 holding company there would not be a 30 percent tax
18 on dividends paid to YPF?

19 A. On the results of those companies that
20 were outside of the U.S., not on all the Maxus
21 results.

22 Q. No, sir, only those operations that were
23 moved from Maxus to an offshore holding company.

24 A. And this is the case as long as Maxus
25 could pay for the dividends after paying its debt

1 G. Leiva
2 service and if there were positive results.

3 MS. BLANCO: Objection to the
4 translation.

5 MR. JACKSON: I object to the answer as
6 non-responsive.

7 Q. The question is: If the foreign
8 operations that were once held in Maxus, Maxus
9 Indonesia, Bolivia, Venezuela were moved from Maxus
10 to an international holding company, such as YPF
11 International, would the dividends paid to YPF still
12 be taxed at 30 percent American rate?

13 MS. BLANCO: Objection to the form. You
14 can go ahead and answer.

15 (The question was repeated.)

16 A. Not the results of the international
17 operations that would be transferred because they
18 would be held by a company outside of the United
19 States, but Maxus results would, yes.

20 Q. If the foreign operations of Maxus were
21 moved from Maxus to a foreign holding company, such
22 as YPF International, do you understand that that
23 would have a beneficial effect on the dividends paid
24 to YPF?

25 MS. BLANCO: Objection, form. You can

G. Leiva

1
2 answer it.

3 A. They would be financial benefits if
4 dividends would have been paid, something that never
5 happened, because those companies always were in need
6 of inflow of capital, capital inflow.

7 MR. JACKSON: Objection, non-responsive.

8 Q. The identified disadvantage to the
9 structure of Maxus' operations was that it had to pay
10 American taxes on foreign operations; is that
11 correct?

12 A. No. It had to pay a retention on the
13 dividends paid by Maxus outside of the United States,
14 but not on the earnings of the foreign company. That
15 means the earnings of the foreign companies, once
16 they get to Maxus, did not pay U.S. taxes, but if
17 Maxus would pay dividends to its parent company
18 outside of the United States, then there would be a
19 holding, a withholding.

20 Q. I understand. Can you look at the final
21 bullet point on page 214, sir.

22 Does this indicate that another
23 disadvantage of Maxus' organizational structure was
24 that claims from historical environmental problems
25 are directly impacting Maxus' operational results?

1 G. Leiva

2 A. Yes, it says that, but it's not a
3 disadvantage of the structure because the change in
4 the structure from the company doesn't change
5 anything.

6 In face of the operational results of
7 the American companies, what the purpose was to
8 separate the activities, the operational activities
9 of Maxus from the environmental claims to clean Maxus
10 from results that did not belong to its operation,
11 and that would improve its operational results,
12 Maxus' operational results, facing better results and
13 having a better position before its debt and its debt
14 holders.

15 Q. What is the title of page 215?

16 A. Restructure Process.

17 Q. Below that?

18 A. Steps Done.

19 Q. What does the first bullet point say?

20 A. "Creation of the team integrated by
21 Maxus and YPF officers for its analysis."

22 Q. Who is on that team?

23 A. I don't know.

24 Q. Do you believe Mr. Olivieri was on that
25 team?

EXHIBIT 27

REESTRUCTURACIÓN INTERNACIONAL

— — — — —
YPF / MAXUS

DESVENTAJAS DE LA ESTRUCTURA ORGANIZATIVA ACTUAL

1. EL PAPEL DE LOS EMPRESARIOS EN LAS GANANCIAS DE MAXUS NO ES DEPENDENCIA SINO DE APOYO.

2. MAXUS TIENE QUE REFINANCIA SU IMPUESTO DE MAXUS EN 25 MILLONES DE DOLARES SIEMPRE UTILIZANDO UNA AGENCIA EXTERNA.

3. MAXUS SE VA ACORDANDO EN ESTADOS UNIDOS UN IMPUESTO MÍNIMO ALTERNATIVO Y VA CORRIENDO RIESGO DE EXTEROS SI ENVAJA POR SUS OPERACIONES EN OTROS PAÍSES.

4. MAXUS PAGA EN INDONESIA EL 56% IMPUESTO A LAS GANANCIAS Y RETENCIÓN DE IMPUESTO A LAS GANANCIAS POR EJERCICIO DEL EXTERIOR.

5. LOS DIVIDENDOS DE LAS ACCIONES PREFERIDAS PAGADOS POR MAXUS NO SON DEDUCIBLES POSITIVAMENTE EN LOS ESTADOS UNIDOS.

6. LOS COSTOS RELACIONADOS CON MEDIO AMBIENTE AFECTAN LAS GANANCIAS OPERATIVAS DE MAXUS, DISTORSIONANDO LAS MISMAS.

INTERNATIONAL RESTRUCTURING

YPF / MAXUS

**DISADVANTAGES OF THE
CURRENT ORGANIZATIONAL STRUCTURE**

- 30% US INCOME TAX ON DIVIDENDS MAXUS PAYS TO YPF
- MAXUS HAS A TAX LOSS OF APPROXIMATELY \$17.5 MILLION, WHICH IS NOT BEING USED UNDER THE EXISTING STRUCTURE
- MAXUS IS PAYING AN ALTERNATIVE MINIMUM TAX IN THE UNITED STATES (2% ON RESULTS FROM ABROAD) GENERATED BY ITS OPERATORS IN OTHER COUNTRIES
- IN INDONESIA MAXUS IS PAYING 56% (INCOME TAX + INCOME TAX WITHHOLDING FOR FOREIGN BENEFICIARY)
- THE DIVIDENDS FROM THE PREFERRED STOCK PAID BY MAXUS ARE NOT TAX DEDUCTIBLE IN THE UNITED STATES
- THE COSTS RELATED TO THE ENVIRONMENT AFFECT THE MAXUS INCOME OPERATIONALLY, DISTORTING IT

EXHIBIT 28

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

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S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 One, that the structural organizations of other
3 international oil companies might have been
4 considered for their international subsidiaries.
5 That's what I understand was done.

6 And also, I understand that Carlos
7 Olivieri is in love with this word and in the
8 12 years that I have met him, he has used the word in
9 every single presentation that has been done.

10 MS. BLANCO: Object to the translation.

11 "Known him."

12 MR. JACKSON: In the 12 years that he
13 has known him.

14 Q. On page 216 there's a graphic
15 representation. What does this represent?

16 A. The proposed structuring for the
17 reorganization.

18 Q. This would, for example, show the
19 creation of YPF/Maxus International as a subsidiary
20 of YPF?

21 A. Yes.

22 MR. JACKSON: We have to change the
23 tape. Let's take a quick break.

24 VIDEOGRAPHER: Going off the record.

25 The time is 11:33. This ends tape two.

1 G. Leiva

2 (Whereupon, a recess was taken.)

3 VIDEOGRAPHER: We are back on the
4 record. The time is 11:36. This is tape three.

5 Q. Mr. Leiva, can you turn, please, to YPF
6 217. Sir, can you read the first bullet point into
7 the record.

8 A. This new structure has the purpose to
9 organize the share holding organization that has been
10 proposed, and to have access -- and in order to
11 access in the model of reorganization, the YPF Maxus
12 group would have obtained to limit the taxing to the
13 benefits -- to the earnings, and the minimum
14 alternative tax on earnings made by Bolivia and
15 Venezuela, and would eliminate the withholding of
16 taxes on the earnings made in Ecuador and Indonesia.

17 It would improve the taxing -- it would
18 have a benefit on the use of the taxes.

19 INTERPRETER: I'm lost.

20 MS. BLANCO: Wait.

21 A. To improve -- to improve how the taxes
22 on the debts would be used.

23 MS. BLANCO: Objection to translation.

24 INTERPRETER: I'm having problem with
25 the meaning.

1 G. Leiva

2 MS. BLANCO: I don't know how to
3 translate this.

4 INTERPRETER: I'm going to clarify.

5 A. To improve -- how the taxes on the debt
6 would be used -- the position of the taxing -- the
7 tax position -- to improve the tax positions of the
8 debt.

9 MS. BLANCO: No.

10 MR. JACKSON: To improve the tax
11 utilization of indebtedness?

12 MR. VITTORO: No.

13 MS. BLANCO: We can translate it
14 technically if it's okay with you.

15 MR. JACKSON: Sure.

16 MR. VITTORO: Let's go bullet by bullet.

17 MS. BLANCO: No, just that one.

18 MR. VITTORO: "It's improved the use of
19 the tax efficiencies on the debt."

20 A. The interest on the debt of Maxus could
21 not be used in a positive way because Maxus was
22 losing money. In this way it would be probable that
23 the cost of the debt could be used in a better way
24 tax wise.

25 Q. If you look back to page 214, bullet

1 G. Leiva

2 point three references that Maxus currently possesses
3 a tax loss that is not being sufficiently utilized.

4 Is that one of the disadvantages that
5 was being rectified by the new structure?

6 INTERPRETER: Efficiently do you mean?

7 MR. JACKSON: Efficiently utilized or
8 sufficiently utilized.

9 INTERPRETER: Sufficiently?

10 MR. JACKSON: Sufficiently.

11 A. It says here sufficiently.

12 Q. Does the distinction have a difference
13 to you? The idea is to, by restructuring, improve
14 the use of the tax laws; is that correct?

15 A. Of the tax laws?

16 Q. Correct.

17 A. Can I say something?

18 Q. Yes, sir.

19 A. This means that Maxus was a company that
20 had lost a lot of money in the previous period and
21 then tax wise it had losses. It wasn't paying taxes
22 because it was having losses. Tax wise those losses
23 can be used in the future to compensate future
24 earnings otherwise you lose them.

25 Then, the situation of Maxus at the time

1 G. Leiva

2 of the restructuring and at the time of the purchase,
3 it showed that it was not going to have a profit. It
4 was not going to make money.

5 Q. It was paying huge taxes, that is what
6 made it unprofitable; isn't that true? In '94 and
7 '95 Maxus' taxes were larger than its income?

8 A. It was paying minimum taxes that even
9 though it was having a loss -- it says in the bullet
10 right here, even though there is a loss, Maxus has to
11 pay the minimum alternative tax at the two percent
12 rate on the results that it has abroad.] Even though
13 if globally it was losing money, it still paid taxes,
14 and that became a tax loss that could be compensated
15 in the future.

16 Q. In 1993, '94 and '95, prior to paying
17 taxes, isn't it true that Maxus made a net profit,
18 but it was the taxes that caused it to lose money?

19 A. I didn't say that.

20 Q. I'm asking you that. I tell you what, I
21 will find the document that will show that issue. We
22 will come back to it.

23 For purposes of this discussion on page
24 217, the new structure that we're discussing is the
25 creation of what is to become YPF International; is

EXHIBIT 29

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 operations -- scratch that. Sorry.

3 Was it a goal of this corporate
4 reorganization to improve the operational results of
5 Maxus Energy?

6 A. I don't know if it was the goal, but it
7 happened -- but that's what happened in reality, in
8 practice.

9 Q. Maxus' foreign operations, its best
10 assets, were all moved to YPF International; is that
11 true?

12 A. No, the best asset that it had was
13 Midgard.

14 Q. That was sold in 1999, true?

15 A. That's correct.

16 Q. This restructuring from 1996 to 1998 all
17 of the foreign operations of Maxus were removed from
18 the company; is that true?

19 MS. BLANCO: Objection to form.

20 MR. CROUT: Objection to form.

21 A. We would have to define the term remove
22 because actually they were purchased and they were
23 purchased at a fair market value.

24 MR. JACKSON: Objection, non-responsive.

25 Q. All I'm asking is by this restructuring,

G. Leiva

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2 were the foreign operations of Maxus transferred to
3 other wholly owned subsidiaries of YPF?

4 MS. BLANCO: Objection, form. You can
5 answer it.

6 MR. CROUT: Same objection.

7 A. Yes, they were transferred at a fair
8 market value.

9 MR. JACKSON: Object to that portion
10 after "yes, they were transferred" as non-responsive.

11 Q. I'm not asking about value right now.
12 All I'm asking is whether or not they were
13 transferred.

14 MS. BLANCO: Objection to the form.

15 MR. CROUT: Same objection.

16 A. By transfer do you mean sale?

17 Q. No, I do not.

18 A. The operations were sold, not
19 transferred.

20 Q. We'll get into the details of those
21 transactions in a moment.

22 One of the benefits to the new structure
23 is elimination of tax withholding on earnings
24 generated by Bolivia and Venezuela; do you see that?

25 A. Yes, that's correct.

G. Leiva

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2 Q. Another benefit below that is the
3 elimination of the tax withholding on income obtained
4 from Ecuador and Indonesia; is that correct?

5 A. That's correct.]

6 Q. If you look to the next bullet beneath
7 the one we've been discussing it states basically
8 that this restructuring divides the current Maxus
9 into four areas; is that correct?

10 A. Yes.

11 Q. Section C there states that Chemical
12 Land Holdings is one of those four areas which will
13 manage environmental problems and will eventually
14 carry out environmental cleanup services essentially;
15 is that correct? Is that what it states?

16 A. That's correct.

17 Q. Is that Tierra Solutions is all I was
18 going to ask you.

19 MS. BLANCO: Hold on. I want the
20 witness to complete his answer before the next
21 question.

22 A. I just wanted to say that Chemical Land
23 Holdings is the name of the company and interpreter
24 should not have to translate to that.

25 Q. Where it refers to Chemical Land

G. Leiva

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2 Holdings, that's the company that today is known as
3 Tierra Solutions; is that correct?

4 A. That's correct.

5 Q. Can you turn to page 218, please. What
6 is this slide entitled, this page?

7 A. Restructuring Process.

8 Q. And underneath that?

9 A. Steps to be done.

10 Q. What does the first bullet point say?

11 A. The board of YPF and Maxus board members
12 must approve the rescue of preferred shares with a
13 dividend of -- \$4 dividend, a restructuring plan for
14 Maxus division of the environmental company,
15 separation, split, restructuring of the debts.

16 Q. All of these things are part of the
17 larger plan for restructuring?

18 A. All these are part of the restructuring.

19 Q. What does the fourth bullet say?

20 A. To create a new holding company
21 offshore. To create a new offshore holding company,
22 and a new holding company for Maxus and CLH in the
23 U.S. or to use one that is already in existence.

24 Q. What does the seventh bullet point say?

25 A. To channel Indonesian operations through

EXHIBIT 30

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THE UNITED STATES DISTRICT COURT
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COMPENSATION FUND,

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1 G. Leiva

2 What it says is that the tax report
3 would be done from a consolidated point of view.
4 There are no changes.

5 Q. For the entire group, which we referred
6 to yesterday as the YPF American unit?

7 A. Yes.

8 Q. Is that what is meant by the last
9 sentence in section one that states "to achieve this
10 goal it becomes necessary for the new holding company
11 of the United States properties to have given
12 percentages of economic value and voting rights to
13 its subsidiaries, a requirement that is met if the
14 U.S. \$4 preferred shares are recovered"?

15 A. Not exactly. I do not exactly know what
16 this is talking about, referring to.

17 Q. Let's do that again. What does the last
18 sentence of the first full paragraph refer to?

19 A. I really don't know what it refers to.
20 I must refer to a tax requisite. I don't know about
21 it.

22 Q. Would that be a tax regulation or a
23 requisite?

24 A. Requisite. By what it says here, that's
25 what I understand. It might be minor requisite. I

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2 do not really know about it.

3 Q. If you look at the last page of this
4 document, page YPF 220, what is that page entitled?

5 A. Main advantage of the restructuring.

6 Q. Do you disagree with any of the
7 advantages identified there?

8 A. Do you mean that if I do not agree that
9 this is true, that this was true?

10 Q. Do you disagree that the items on page
11 YPF 220 are all advantages of the restructuring?

12 A. I do not agree.

13 MS. BLANCO: No.

14 A. I do agree. You're going to object to
15 my answer, but the third bullet is not an advantage,
16 an economical advantage, but it's an advantage in
17 presenting the results of Maxus Energy Corporation.

18 Q. Okay. Globally speaking, what do you
19 understand a goal of this restructuring to have been?

20 A. Generally speaking, Maxus' structure
21 made sense when the maximum level of the parent
22 company -- it was an American company -- when the
23 maximum level of the parent company went offshore it
24 made no sense to have international operation go
25 through the United States and that's what has been

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2 seen and can be seen in benchmarking.

3 On the other hand, this restructuring
4 would benefit Maxus, would give Maxus enough money to
5 pay its debts so all the operations were sold at
6 market value, those that had a relation with the
7 price being paid by YPF when it bought the whole
8 company.

9 For Maxus it was a change in quality of
10 its assets, but not in the amount -- it was a change
11 in the quality, but not in the amount of the assets.]

12 MS. BLANCO: I have one objection to the
13 translation. When the witness said "out of the
14 United States" it was translated as "offshore."
15 That's my only objection, that is, you translated it
16 "offshore" and he said "out of the United States."

17 MR. JACKSON: I also object to the
18 translation and the non-responsiveness of the answer.

19 Q. Was the goal of the restructuring to
20 allow YPF to be more competitive in the global
21 marketplace?

22 MS. BLANCO: Objection, form. You can
23 answer.

24 A. The goal was to use in a more effective
25 way all these operations from a tax point of view and

1 G. Leiva

2 operational point of view. I do not know what you
3 mean by competitive, but that was the purpose.

4 Q. I'm not trying to play semantical games.
5 I just want to be clear.

6 Was a goal of the transaction to
7 increase the return or the income for YPF and its
8 subsidiaries globally?

9 A. Obviously that's what all companies do.

10 Q. Right, that's all I was trying to
11 establish.

12 A. It's a fact that in the previous years,
13 I think it's '97, when there's a situation of the
14 financial markets improve Argentinian situation to
15 issue debt, YPF as an individual company issued debt
16 and then with that it paid Maxus' debt.

17 Q. This is the 1997 debt restructuring?

18 A. Yes, and from an individual point, the
19 balance of YPF, S.A. was negatively affected because
20 of the interest on that debt, and the Maxus balance
21 had an important benefit because it didn't have that
22 debt nor those interests, but from a point of a
23 consolidated point of view, the benefit -- it was a
24 global benefit.

25 Q. You would agree that by 2001 Maxus no

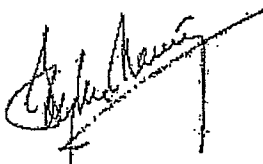
EXHIBIT 31

REESTRUCTURACIÓN DEL UPSTREAM INTERNACIONAL (MAXUS)

- 1) Creación de YPF Holdings (USA) en el estado de Delaware, Estados Unidos de América.
- 2) Creación de YPF International Inc. en jurisdicción extranjera offshore a determinar, originalmente como una subsidiaria de Maxus International Energy (USA) (compañía subsidiaria de Maxus Energy Corp.).
- 3) Creación de Maxus Bolivia Inc. en jurisdicción extranjera offshore a determinar, como una subsidiaria de Maxus International Energy (USA) (compañía subsidiaria de Maxus Energy Corp.). Absorción por parte de la nueva Maxus Bolivia Inc. de Maxus Bolivia (Delaware).
- 4) Transferencia de YPF a YPF Holdings (USA) de las acciones de Maxus Energy Corp.
- 5) Contribución de Maxus International Energy (USA) a YPF International Inc. de las acciones de Maxus Bolivia Inc., Maxus Venezuela (C.I.) Ltd., Maxus Guarapiche Ltd. y Maxus Venezuela S.A.
- 6) Transferencia de Maxus Energy Corp. a YPF Holding (USA) de las acciones de Chemical Land Holdings (CLH).
- 7) Suscripción de un acuerdo entre CLH y Maxus Energy Corp. por el cual CLH asume obligaciones ambientales de Maxus y es cesionaria de ciertos derechos de Maxus contra Diamond Shamrock relacionados con temas ambientales. Maxus continuará siendo co-obligado.
- 8) Suscripción de un acuerdo entre YPF, YPF Holdings (USA), Maxus Energy Corp. y CLH por el cual YPF e YPF Holdings (USA) se comprometen a contribuir fondos a CLH para hacer frente a las obligaciones ambientales asumidas por ésta, hasta el monto de la reserva por obligaciones ambientales de Maxus al 30 de junio de 1996 (estimada en aproximadamente u\$s 120 millones). Asimismo, YPF e YPF Holdings (USA) se comprometen a contribuir fondos para hacer frente a los costos y gastos administrativos de CLH.
- 9) Transferencia de Maxus International Energy (USA) a YPF de las acciones de YPF International Inc. (Offshore).
- 10) Si se obtienen las autorizaciones correspondientes, crear una compañía subsidiaria de YPF en los Estados Unidos de América, la cual será titular de las acciones del resto de las Sociedades que realizan actividades productivas en el exterior (Indonesia, Ecuador y otras menores).
- 11) Transferir las compañías con operaciones en Indonesia a sociedades a ser constituidas en Holanda.
- 12) En caso de ser necesario, obtención de nuevos préstamos para cancelar pasivos del grupo o reestructurar los mismos, y/o financiar los demás actos que sean necesarios o convenientes para implementar la reestructuración antedicha, hasta u\$s 500 millones.

RESTRUCTURING OF UPSTREAM INTERNACIONAL (MAXUS)

- 1) Formation of YPF Holdings (USA) in the state of Delaware, United States of America.
- 2) Formation of YPF International Inc. in an offshore foreign jurisdiction yet to be determined, originally as a subsidiary of Maxus International Energy (USA) (subsidiary of Maxus Energy Corp.).
- 3) Formation of Maxus Bolivia Inc. in an offshore foreign jurisdiction yet to be determined, originally as a subsidiary of Maxus Energy (USA) (subsidiary company of Maxus Energy Corp.) Absorption of Maxus Bolivia (Delaware) by the new Maxus Bolivia Inc.
- 4) Transfer of the shares of Maxus Energy Corp. from YPF to YPF Holdings (USA).
- 5) Contribution by Maxus International Energy (USA) of the shares of Maxus Bolivia Inc., Maxus Venezuela (C.I.) Ltd., Maxus Guarapiche Ltd., and Maxus Venezuela S.A. to YPF International Inc.
- 6) Transfer of the shares of Chemical Land Holdings (CLH) from Maxus Energy Corp to YPF Holdings (USA).
- 7) Subscription of an agreement between CLH and Maxus Energy Corp whereby CLH assumes the environmental obligations of Maxus and is assignee of certain rights of Maxus against Diamond Shamrock related to environmental matters. Maxus will continue being co-obliged.
- 8) Subscription of an agreement between YPF, YPF Holdings (USA), Maxus Energy Corp. and CLH whereby YPF and YPF Holdings (USA) agree to contribute funds to CLH to cover the environmental obligations assumed by the latter, up to the amount of Maxus' reserve for environmental obligations as of June 30 1996 (estimated to be approximately US\$ 120 million). In addition, YPF and YPF Holdings (USA) agree to contribute funds to cover CLH's costs and administrative expenses.
- 9) Transfer of the shares of YPF International Inc. from Maxus International Energy (USA) to YPF (Offshore).
- 10) If the necessary permits are obtained, to form a subsidiary company of YPF in the United States of America which will be the owner of the shares of the remaining corporations that carry out productive activities abroad (Indonesia, Ecuador, and other minor ones).
- 11) Transfer of the companies with operations in Indonesia to corporations to be formed in Holland.
- 12) In case it is necessary, obtaining new loans to pay the liabilities of the group or to restructure the group, and/or to finance other acts necessary or appropriate for implementing the aforementioned restructuring, up to US\$ 500 million.



[2 signatures]

YPF 207

EXHIBIT 32

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

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9:10 a.m.

VOLUME II

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S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
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1 G. Leiva

2 point three references that Maxus currently possesses
3 a tax loss that is not being sufficiently utilized.

4 Is that one of the disadvantages that
5 was being rectified by the new structure?

6 INTERPRETER: Efficiently do you mean?

7 MR. JACKSON: Efficiently utilized or
8 sufficiently utilized.

9 INTERPRETER: Sufficiently?

10 MR. JACKSON: Sufficiently.

11 A. It says here sufficiently.

12 Q. Does the distinction have a difference
13 to you? The idea is to, by restructuring, improve
14 the use of the tax laws; is that correct?

15 A. Of the tax laws?

16 Q. Correct.

17 A. Can I say something?

18 Q. Yes, sir.

19 A. This means that Maxus was a company that
20 had lost a lot of money in the previous period and
21 then tax wise it had losses. It wasn't paying taxes
22 because it was having losses. Tax wise those losses
23 can be used in the future to compensate future
24 earnings otherwise you lose them.

25 Then, the situation of Maxus at the time

1 G. Leiva
2 of the restructuring and at the time of the purchase,
3 it showed that it was not going to have a profit. It
4 was not going to make money.

5 Q. It was paying huge taxes, that is what
6 made it unprofitable; isn't that true? In '94 and
7 '95 Maxus' taxes were larger than its income?

8 A. It was paying minimum taxes that even
9 though it was having a loss -- it says in the bullet
10 right here, even though there is a loss, Maxus has to
11 pay the minimum alternative tax at the two percent
12 rate on the results that it has abroad. Even though
13 if globally it was losing money, it still paid taxes,
14 and that became a tax loss that could be compensated
15 in the future.

16 Q. In 1993, '94 and '95, prior to paying
17 taxes, isn't it true that Maxus made a net profit,
18 but it was the taxes that caused it to lose money?

19 A. I didn't say that.

20 Q. I'm asking you that. I tell you what, I
21 will find the document that will show that issue. We
22 will come back to it.

23 For purposes of this discussion on page
24 217, the new structure that we're discussing is the
25 creation of what is to become YPF International; is

G. Leiva

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2 that correct?

3 A. That's correct.

4 Q. It is the transfer of the foreign
5 operations once held by Maxus to that company, YPF
6 International?

7 A. The transfer of Bolivia and Venezuela,
8 yes.]

9 Q. What transfer is contemplated with
10 respect to the Indonesian assets?

11 A. The assets of Indonesia -- it was
12 considered that the Indonesian assets would be sold
13 from Maxus Indonesia Corporation -- no, Maxus Energy
14 Corporation to another affiliated company of YPF
15 International.

16 Q. And that holding company was a Dutch
17 subsidiary; is that correct?

18 A. YPF International subsidiary. YPF
19 International finally had a subsidiary in Holland.

20 Q. Yes.

21 A. And the Indonesia operation would be a
22 subsidiary of the Holland company.

23 Q. The Indonesian assets, Sumatra and Java,
24 as well as the former operations of Maxus Ecuador
25 were transferred to that company; is that correct?

1 G. Leiva

2 A. That's correct.

3 Q. By moving the operations associated with
4 Bolivia, Venezuela, Java, Sumatra and Ecuador from
5 Maxus to an international subsidiary of YPF, YPF was
6 able to achieve increased earnings on those
7 operations?

8 A. By doing this transferring, the
9 operations would not have -- would not improve their
10 results.

11 Q. I don't want to argue with you, and I'm
12 not saying that it impacts the subsidiaries'
13 operations. I'm saying that it maximizes the tax
14 benefits and the dividends received by YPF; is that
15 true?

16 MS. BLANCO: Objection to the form. You
17 can answer.

18 A. It improved the dividends and the tax
19 benefits would not be for YPF, but for YPF
20 International.

21 Q. YPF International was a wholly owned
22 subsidiary of YPF?

23 A. That's not right. YPF International was
24 a 100 percent subsidiary of YPF.

25 Q. Correct. Did the movement of the

EXHIBIT 33

2) Desventajas de la estructura organizativa actual:

- Cuando Maxus pague dividendos a YPF, deberá retener 30% en concepto de impuesto de impuesto a las ganancias. Esta retención se efectúa sobre el total de los dividendos, a pesar de que parte de ellos fueron generados por resultados obtenidos en otros países. La única forma de evitar la retención es cumpliendo el test 80/20, que significa que si al menos el 80% de las ganancias de Maxus provienen de fuentes fuera de Estados Unidos, la retención se aplica sólo sobre los dividendos cuyo origen fueron ganancias dentro de Estados Unidos. La necesidad de asegurar el cumplimiento del test es uno de los motivos que impulsa la reorganización.
- Indonesia posee un favorable convenio para evitar la doble imposición internacional con Holanda (Indonesia fue una colonia holandesa). La transferencia de las propiedades indonesias a una compañía de Holanda generaría ahorros en el costo impositivo total, obtenidos por la disminución del porcentaje de retención de impuesto a las ganancias aplicables a los pagos que se hagan de Indonesia a Holanda por aplicación del citado convenio. Bajo la estructura actual las ganancias de Maxus Indonesia llegarían a YPF con una tasa efectiva del 71 %. Los cambios proyectados elevarán la tasa al 53 %.
- Además, Maxus posee en la actualidad un quebranto impositivo, el que no está siendo eficientemente utilizado bajo la actual estructura. Las pérdidas que ha venido generando en Estados Unidos fueron utilizadas para compensar ganancias del exterior, que podrían haber sido de todos modos compensadas con "tax credits" provenientes de impuestos pagados en los países donde desarrolla actividades.
- A pesar de poseer quebranto impositivo, Maxus debe pagar el Impuesto Mínimo Alternativo. La tasa es del 2% sobre los resultados obtenidos en el exterior. ~~La eliminación de las propiedades internacionales de la cadena de~~ tenencias de Estados Unidos logra eliminar este cargo.
- En la actualidad Maxus está parcialmente financiado a través de la emisión de acciones preferidas. Esta situación genera que deba pagar dividendos a los tenedores de las acciones. El pago de dividendos no habilita a la deducción de los mismos en el impuesto a las ganancias norteamericano.
- Por último, Maxus debe enfrentar reclamos provenientes de problemas de medio ambiente cuyo origen es en general muy antiguo. Los cargos que se deben pagar por estos reclamos afectan directamente los resultados operativos de Maxus. La escisión de la compañía que administrará los problemas ambientales permitirá una mas adecuada medición del resultado operativo de Maxus.

2. Disadvantages of the current organizational structure:

- When Maxus pays dividends to YPF, it must withhold 30% as income tax. This withholding is done on the total dividends, despite the possibility that they were generated by results obtained in other countries. The only way to avoid the withholding is by complying with the 80/20 test, which means that if at least 80% of the Maxus income comes from sources outside the United States, the withholding is applied only on the dividends originating from income within the United States. The need to ensure compliance with the test is one of the reasons driving the reorganization.
- Indonesia has a favorable agreement to avoid double international taxation with Holland (Indonesia was a Dutch colony). The transfer of the Indonesian properties to a Dutch company would generate savings in the total tax base, obtained by the decrease in the percentage of income tax withholdings applicable to the payments made from Indonesia to Holland by application of the aforementioned agreement. Under the current structure the income from Maxus Indonesia would reach YPF with an effective rate of 71%. The projected changes would bring the rate to 53%.
- Further, Maxus currently has a tax loss, which is not being used efficiently under the existing structure. The losses generated in the United States were used to compensate for income from abroad, which in any event could have been compensated for with tax credits coming from taxes paid in the countries where it conducts activities.
- Despite having a tax loss, Maxus must pay the Alternative Minimum Tax. The rate is 2% on the results obtained abroad.
- Elimination of the international properties in the chain of United States holdings eliminates this charge.
- Maxus is currently being partially funded through issuance of preferred stock. This situation means it must pay dividends to those holding the shares. Payment of dividends does not authorize deduction thereof from US income tax.
- Lastly, Maxus must face claims due to problems with the environment, generally quite old in origin. The charges it must pay for these claims directly affect the Maxus results from operations. The spinoff of the company that will handle the environmental problems will allow for more appropriate measurement of the Maxus results from operations.

EXHIBIT 34

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2 of the restructuring and at the time of the purchase,
3 it showed that it was not going to have a profit. It
4 was not going to make money.

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6 made it unprofitable; isn't that true? In '94 and
7 '95 Maxus' taxes were larger than its income?

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9 though it was having a loss -- it says in the bullet
10 right here, even though there is a loss, Maxus has to
11 pay the minimum alternative tax at the two percent
12 rate on the results that it has abroad. Even though
13 if globally it was losing money, it still paid taxes,
14 and that became a tax loss that could be compensated
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16 Q. In 1993, '94 and '95, prior to paying
17 taxes, isn't it true that Maxus made a net profit,
18 but it was the taxes that caused it to lose money?

19 A. I didn't say that.

20 Q. I'm asking you that. I tell you what, I
21 will find the document that will show that issue. We
22 will come back to it.

23 For purposes of this discussion on page
24 217, the new structure that we're discussing is the
25 creation of what is to become YPF International; is

G. Leiva

1

2 that correct?

3 A. That's correct.

4 Q. It is the transfer of the foreign
5 operations once held by Maxus to that company, YPF
6 International?

7 A. The transfer of Bolivia and Venezuela,
8 yes.

9 Q. What transfer is contemplated with
10 respect to the Indonesian assets?

11 A. The assets of Indonesia -- it was
12 considered that the Indonesian assets would be sold
13 from Maxus Indonesia Corporation -- no, Maxus Energy
14 Corporation to another affiliated company of YPF
15 International.

16 Q. And that holding company was a Dutch
17 subsidiary; is that correct?

18 A. YPF International subsidiary. YPF
19 International finally had a subsidiary in Holland.

20 Q. Yes.

21 A. And the Indonesia operation would be a
22 subsidiary of the Holland company.

23 Q. The Indonesian assets, Sumatra and Java,
24 as well as the former operations of Maxus Ecuador
25 were transferred to that company; is that correct?

G. Leiva

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A. That's correct.]

3

Q. By moving the operations associated with
4 Bolivia, Venezuela, Java, Sumatra and Ecuador from
5 Maxus to an international subsidiary of YPF, YPF was
6 able to achieve increased earnings on those
7 operations?

8

A. By doing this transferring, the
9 operations would not have -- would not improve their
10 results.

11

Q. I don't want to argue with you, and I'm
12 not saying that it impacts the subsidiaries'
13 operations. I'm saying that it maximizes the tax
14 benefits and the dividends received by YPF; is that
15 true?

16

MS. BLANCO: Objection to the form. You
17 can answer.

18

A. It improved the dividends and the tax
19 benefits would not be for YPF, but for YPF
20 International.

21

Q. YPF International was a wholly owned
22 subsidiary of YPF?

23

A. That's not right. YPF International was
24 a 100 percent subsidiary of YPF.

25

Q. Correct. Did the movement of the

1 G. Leiva

2 operations -- scratch that. Sorry.

3 Was it a goal of this corporate
4 reorganization to improve the operational results of
5 Maxus Energy?

6 A. I don't know if it was the goal, but it
7 happened -- but that's what happened in reality, in
8 practice.

9 Q. Maxus' foreign operations, its best
10 assets, were all moved to YPF International; is that
11 true?

12 A. No, the best asset that it had was
13 Midgard.

14 Q. That was sold in 1999, true?

15 A. That's correct.

16 Q. This restructuring from 1996 to 1998 all
17 of the foreign operations of Maxus were removed from
18 the company; is that true?

19 MS. BLANCO: Objection to form.

20 MR. CROUT: Objection to form.

21 A. We would have to define the term remove
22 because actually they were purchased and they were
23 purchased at a fair market value.

24 MR. JACKSON: Objection, non-responsive.

25 Q. All I'm asking is by this restructuring,

EXHIBIT 35

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

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1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

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1 G. Leiva

2 A. That's correct.

3 Q. By moving the operations associated with
4 Bolivia, Venezuela, Java, Sumatra and Ecuador from
5 Maxus to an international subsidiary of YPF, YPF was
6 able to achieve increased earnings on those
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8 A. By doing this transferring, the
9 operations would not have -- would not improve their
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G. Leiva

were the foreign operations of Maxus transferred to other wholly owned subsidiaries of YPF?

MS. BLANCO: Objection, form. You can answer it.

MR. CROUT: Same objection.

A. Yes; they were transferred at a fair market value.

MR. JACKSON: Object to that portion after "yes, they were transferred" as non-responsive.

Q. I'm not asking about value right now. All I'm asking is whether or not they were transferred.

MS. BLANCO: Objection to the form.

MR. CROUT: Same objection.

A. By transfer do you mean sale?

Q. No, I do not.

A. The operations were sold, not transferred.]

Q. We'll get into the details of those transactions in a moment.

One of the benefits to the new structure is elimination of tax withholding on earnings generated by Bolivia and Venezuela; do you see that?

A. Yes, that's correct.

G. Leiva

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Q. Another benefit below that is the elimination of the tax withholding on income obtained from Ecuador and Indonesia; is that correct?

A. That's correct.

Q. If you look to the next bullet beneath the one we've been discussing it states basically that this restructuring divides the current Maxus into four areas; is that correct?

A. Yes.

Q. Section C there states that Chemical Land Holdings is one of those four areas which will manage environmental problems and will eventually carry out environmental cleanup services essentially; is that correct? Is that what it states?

A. That's correct.

Q. Is that Tierra Solutions is all I was going to ask you.

MS. BLANCO: Hold on. I want the witness to complete his answer before the next question.

A. I just wanted to say that Chemical Land Holdings is the name of the company and interpreter should not have to translate to that.

Q. Where it refers to Chemical Land

1 G. Leiva

2 stock of Chemical Land Holdings, Inc., which is
3 Tierra, to YPF Holdings?

4 A. Yes, in this case it's not a capital
5 contribution, but it's a sale because they were third
6 parties from Paris that could have been affected with
7 the disposition of any asset.

8 Q. How much did YPF Holdings pay for
9 Tierra?

10 A. I don't know, but I don't think it was
11 much because it only had liabilities.

12 Q. It had assets and real property?

13 A. Chemical Land Holdings? At that time I
14 didn't have knowledge.

15 Q. We're talking about Tierra Solutions,
16 correct?

17 A. Yes, we're talking about the
18 environmental company.

19 Q. Right. It owns 80 and 120 Lister Avenue
20 in New Jersey?

21 A. Okay. That's fine. I'm not an expert
22 on that. I'm not an expert in property business.

23 MS. BLANCO: No. Wait. Objection to
24 the translation.

25 A. I'm not an expert in the business of

1 G. Leiva

2 earth -- of Tierra or Chemical.

3 VIDEOGRAPHER: Five minutes on the tape.

4 Q. I'm not asking you to testify as an
5 expert, just as the corporate representative on these
6 restructurings.

7 A. Okay.

8 Q. You testified earlier, at least with
9 respect to the assets sales, each and every one was
10 with a valuation and transferred at fair market
11 value?

12 A. Yes, that's correct. This is what is
13 going on in this transference.]

14 Q. What was the value assigned to Tierra
15 Solutions?

16 A. I do not know.

17 Q. What did YPF Holdings pay for Tierra
18 Solutions?

19 A. I do not know. You can ask YPF
20 Holdings' representative.

21 Q. I'm here asking you as the corporate
22 representative of the ultimate parent, YPF.

23 A. I do not know.

24 Q. Would Carlos Olivieri have superior
25 knowledge on this topic?

1 G. Leiva

2 A. I do not know in this case.

3 Q. Do you know if an internal valuation was
4 prepared in conjunction with this transaction?

5 A. I do not know.

6 Q. Are you aware of any estimation of the
7 value of Tierra Solutions within YPF and its
8 subsidiaries?

9 A. No.

10 MR. JACKSON: We can go off the record
11 and change the tape.

12 VIDEOGRAPHER: Going off the record.
13 The time is 2:32. This ends tape four.

14 (Whereupon, a recess was taken.)

15 VIDEOGRAPHER: We are back on the
16 record. The time is 2:48. This is tape five.

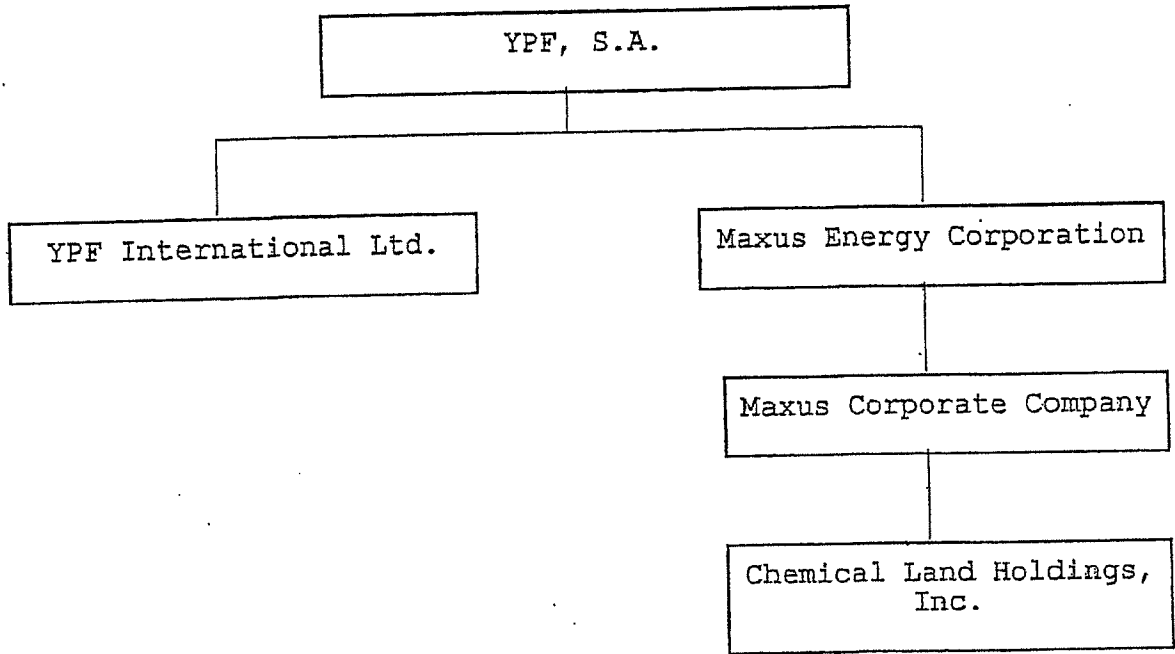
17 Q. Mr. Leiva, I wanted to clarify one issue
18 that we just discussed before the break. I think I
19 understood what you said well, but I don't think the
20 transcript came out very clearly, so I want to ask
21 you a question that may seem a bit repetitive, but I
22 just want to clear up the record.

23 A. That's perfect.

24 Q. Is it your testimony that there is no
25 need for a fair market valuation if the transaction

EXHIBIT 36

Corporate Structure
(Before 8/1/96)



before.ypf

YPFH 532

EXHIBIT 37

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

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INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
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1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

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S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

G. Leiva

1

2 answer it.

3 A. They would be financial benefits if
4 dividends would have been paid, something that never
5 happened, because those companies always were in need
6 of inflow of capital, capital inflow.

7 MR. JACKSON: Objection, non-responsive.

8 Q. The identified disadvantage to the
9 structure of Maxus' operations was that it had to pay
10 American taxes on foreign operations; is that
11 correct?

12 A. No. It had to pay a retention on the
13 dividends paid by Maxus outside of the United States,
14 but not on the earnings of the foreign company. That
15 means the earnings of the foreign companies, once
16 they get to Maxus, did not pay U.S. taxes, but if
17 Maxus would pay dividends to its parent company
18 outside of the United States, then there would be a
19 holding, a withholding.

20 Q. I understand. Can you look at the final
21 bullet point on page 214, sir.

22 Does this indicate that another
23 disadvantage of Maxus' organizational structure was
24 that claims from historical environmental problems
25 are directly impacting Maxus' operational results?

G. Leiva

1

2 A. Yes, it says that, but it's not a
3 disadvantage of the structure because the change in
4 the structure from the company doesn't change
5 anything.

6 In face of the operational results of
7 the American companies, what the purpose was to
8 separate the activities, the operational activities
9 of Maxus from the environmental claims to clean Maxus
10 from results that did not belong to its operation,
11 and that would improve its operational results,
12 Maxus' operational results, facing better results and
13 having a better position before its debt and its debt
14 holders.]

15 Q. What is the title of page 215?

16 A. Restructure Process.

17 Q. Below that?

18 A. Steps Done.

19 Q. What does the first bullet point say?

20 A. "Creation of the team integrated by
21 Maxus and YPF officers for its analysis."

22 Q. Who is on that team?

23 A. I don't know.

24 Q. Do you believe Mr. Olivieri was on that
25 team?

1 G. Leiva

2 A. Most definitely.

3 Q. Do you know what that team was looking
4 at in considering?

5 A. The purposes that are being stated in
6 this presentation.

7 Q. What does the next bullet point say,
8 sir?

9 A. Consultation with international experts,
10 including among them Andrews & Kurth; Arthur
11 Andersen; Marval, O'Farrell and Mairal.

12 Q. Who at Andrews & Kurth was consulted?

13 A. You want to know the person?

14 Q. Yes, I do.

15 A. I don't know. I can tell you the names
16 of the people at Andrews & Kurth who has relations
17 with YPF, but for these I do not know.

18 Q. At the time of this presentation, was
19 Mr. Wadsworth with Andrews & Kurth, or was he with
20 Maxus?

21 MR. CROUT: Objection to form.

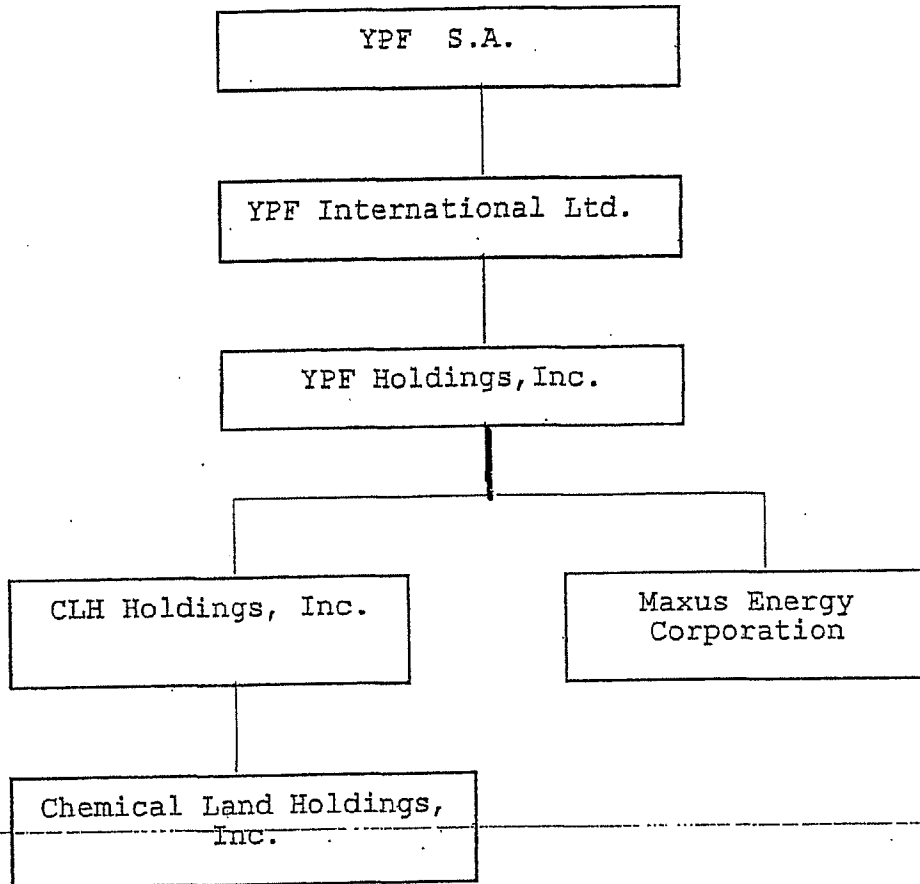
22 A. He was with Maxus.

23 Q. Who at Arthur Andersen was consulted?

24 A. The partner in the account with YPF it
25 was -- it's a retired partner. I do not remember.

EXHIBIT 38

Corporate Structure
(Effective 8/1/96)



after2.ypf

YPFH 533

EXHIBIT 39

se les transferirán los paquetes accionarios de Maxus y de las subsidiarias de Maxus que realizan operaciones en Bolivia y Venezuela, la asunción por parte de una subsidiaria indirecta de YPF S.A. de las obligaciones ambientales de Maxus y el compromiso de YPF S.A. de suministrar fondos a dicha sociedad hasta un tope determinado. Concluye diciendo el Sr. Presidente que el tema fue analizado por el Comité de Finanzas, el que ha elevado una propuesta de resolución. Luego es un intercambio de opiniones. EL DIRECTORIO RESUELVE:

1º) Aprobar el plan de reestructuración de Maxus Energy Corp. cuyo detalle se archiva en el registro especial de anexos de actas de Directorio, suscrito por los Directores Sres. Cameron y Manning.

2º) Autorizar a los Sres. Nello León, Miguel Madanes, Roberto Monti, Norberto Rablita, Cedric Bridger, Carlos Olivieri y Carlos Felices para que, actuando en forma individual e indistinta, cualesquiera de ellos, realicen todos los actos y suscriban todos los documentos que sean necesarios para el cumplimiento de las acciones aprobadas precedentemente.

El Sr. Presidente propone pasar a cuarto intermedio para que se proceda a redactar el acta de la presente reunión, lo cual se aprueba por unanimidad. Siendo las 11 y 15 horas, se reanuda la sesión con la presencia de las personas nombradas al comienzo y

packets of shares of Maxus and its subsidiaries operating in Bolivia and Venezuela will be transferred; an indirect subsidiary of YPF Inc. will assume the environmental obligations of Maxus; and YPF Inc. agrees to supply funds to that corporation up to a certain cap amount. The President concludes by saying that the matter was analyzed by the Finance Committee, which raised a resolution proposal. After an exchange of opinions, THE BOARD OF DIRECTORS RESOLVES:

1) To approve the Maxus Energy Corp. restructuring plan, whereof the details are filed in the special register of attachments to the minutes of the Board of Directors, signed by Board Members Cameron and Manning.

2) To authorize Mr. Nells Leon, Miguel Madanes, Roberto Monti, Norberto Noblía, Cedric Bridger, Carlos Olivieri, and Carlos Felices, acting individually and indistinctly, to carry out all acts and to sign all documents necessary for the foregoing approved actions.

The President proposes that redaction of the minutes of this meeting begin in the intermediate room, which is unanimously approved. At 11:15, the session was reconvened with the presence of the persons named at the beginning

EXHIBIT 40

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
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1 G. Leiva

2 A. The preferred assets had a clause -- the
3 preferred shares. The preferred shares had a clause
4 that conditioned its payment -- trigger its payment.
5 There was a clause that put a condition on the sale
6 and it could trigger its payment.

7 And besides, the facilities being given
8 to the Indonesian companies had been given by a
9 company structure and that would mean they would have
10 to structure that new debt according to the new
11 structure, therefore, the general structure of the
12 debt was a requisite that you had to consider with
13 this new company structure.

14 MR. JACKSON: I'm going to object as
15 non-responsive and to the translation. I think it
16 might be a matter of it being more clear.

17 Q. Was there a provision in the preferred
18 shares that required the creditors' consent to the
19 restructuring plan?

20 A. Yes.

21 Q. What is meant by subsection C, page 219?

22 A. I understand that those are the norms to
23 be followed to transfer -- to evaluate the assets
24 that are going to be transferred, the value.
25 Definitely regarding the accounting proceedings,

1 G. Leiva
2 that's the way it is, and I believe this is also
3 regarding the fiscal aspects.

4 Q. What is meant by subsection D?

5 A. That's a proceeding issue. As I
6 understand, in the United States the tax report is
7 made in a consolidated way of the group companies and
8 once the split was done and with the restrictions,
9 the fiscal deduction of the losses coming from
10 environmental issues had to -- therefore, tax report
11 had to be done and consolidated regarding the new
12 holding company.

13 Q. So, YPF Holdings, the group, could take
14 advantage of the tax implications of the
15 environmental expenditures?

16 A. No.

17 Q. What are you saying?

18 A. Maxus had its profits on its operations
19 and its losses, among other things, by the
20 environmental charges.

21 Q. Okay.

22 A. By changing the structure you had in one
23 company, the earnings by the operations, and in
24 another company you would have the environmental
25 losses. In a consolidated way, nothing changed.]

1 G. Leiva

2 What it says is that the tax report
3 would be done from a consolidated point of view.
4 There are no changes.

5 Q. For the entire group, which we referred
6 to yesterday as the YPF American unit?

7 A. Yes.

8 Q. Is that what is meant by the last
9 sentence in section one that states "to achieve this
10 goal it becomes necessary for the new holding company
11 of the United States properties to have given
12 percentages of economic value and voting rights to
13 its subsidiaries, a requirement that is met if the
14 U.S. \$4 preferred shares are recovered"?

15 A. Not exactly. I do not exactly know what
16 this is talking about, referring to.

17 Q. Let's do that again. What does the last
18 sentence of the first full paragraph refer to?

19 A. I really don't know what it refers to.
20 I must refer to a tax requisite. I don't know about
21 it.

22 Q. Would that be a tax regulation or a
23 requisite?

24 A. Requisite. By what it says here, that's
25 what I understand. It might be minor requisite. I

EXHIBIT 41

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22 Q. Would that be a tax regulation or a
23 requisite?

24 A. Requisite. By what it says here, that's
25 what I understand. It might be minor requisite. I

1 G. Leiva

2 do not really know about it.

3 Q. If you look at the last page of this
4 document, page YPF 220, what is that page entitled?

5 A. Main advantage of the restructuring.

6 Q. Do you disagree with any of the
7 advantages identified there?

8 A. Do you mean that if I do not agree that
9 this is true, that this was true?

10 Q. Do you disagree that the items on page
11 YPF 220 are all advantages of the restructuring?

12 A. I do not agree.

13 MS. BLANCO: No.

14 A. I do agree. You're going to object to
15 my answer, but the third bullet is not an advantage,
16 an economical advantage, but it's an advantage in
17 presenting the results of Maxus Energy Corporation.

18 Q. Okay. Globally speaking, what do you
19 understand a goal of this restructuring to have been?

20 A. Generally speaking, Maxus' structure
21 made sense when the maximum level of the parent
22 company -- it was an American company -- when the
23 maximum level of the parent company went offshore it
24 made no sense to have international operation go
25 through the United States and that's what has been

EXHIBIT 42

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. The minute book.

3 Q. What is the date of the meeting that
4 these minutes reflect?

5 A. June 4th, '96.

6 Q. Could you turn, please, sir, to YPF 202.
7 Could you tell me what this page says, what's here of
8 it?

9 A. Mr. President presents for his
10 consideration the fourth point of the agenda,
11 financial committee a restructuring of the
12 international activities.

13 Mr. President informs that as a result
14 of the analysis being done, it has been concluded to
15 the company convenience to adopt actions with a
16 purpose of maximizing the fiscal and legal operative
17 efficiency of the international operations of the
18 company.

19 For such purpose, a restructuring
20 project has been created -- proposed that
21 contemplates, among other measurements, the creation
22 of new holding companies to which it will be
23 transferred the Maxus' share packages and of the
24 Maxus' subsidiaries that operate in Bolivia and
25 Venezuela. The assumption from an indirect

G. Leiva

1
2 subsidiary -- from YPF's indirect subsidiary of the
3 environmental obligations that Maxus has and YPF
4 commitment to provide funds to such company to a
5 predetermined amount of money.]

6 Mr. President concludes by stating that
7 the subject was analyzed by a financial committee and
8 has presented a proposal -- a solution proposal.

9 After an exchange of opinions the board
10 results: One, to approve Maxus' corporation
11 restructuring plan, which details are being filed in
12 the special attached registry of the board acts or
13 minutes of the board signed by the directors
14 Mr. Cameron and Mr. Manning to authorize Mr. Nells
15 Leon, Miguel Madanes, Roberto Monti, Norberto Noblia,
16 Cedric Bridger, Carlos Olivieri, Carlos Felices so
17 that any one of them individually or as a group --
18 no. To act individually and as a group so that
19 anyone could act individually without the need of the
20 group consensus, any one of them can do any of those
21 acts and can sign any documents as necessary, all the
22 documents that are necessary for the approved shares
23 payment -- for the accomplishment of the pay
24 shares -- for the accomplishment of the approved
25 acts.

1 G. Leiva

2 Q. Is it your understanding that these
3 minutes are approving the restructuring plan that we
4 discussed before the break?

5 A. Yes.

6 Q. Can you turn, please, sir, to page --
7 actually, turn to page 205, 206 and 207. Is this the
8 attachment, I guess it's referenced in the board
9 minutes, setting forth the proposal to the board and
10 the restructuring steps that they then approved?

11 A. Yes, I assume so.

12 Q. On page 207 there are 12 steps that the
13 board has approved for the restructuring; do you see
14 that, sir?

15 A. Yes.

16 Q. Step one calls for the creation of YPF
17 Holdings U.S.A.; is that true?

18 A. That's correct.

19 Q. Step two calls for the creation of YPF
20 International, Inc. in a foreign jurisdiction; is
21 that correct?

22 A. That's correct.

23 Q. Step three calls for the creation of
24 Maxus Bolivia, Inc. in an offshore foreign
25 jurisdiction; is that correct?

EXHIBIT 43

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (the "Agreement"), dated as of August 14, 1996 is made and entered into by and among YPF SOCIEDAD ANÓNIMA, an Argentine sociedad anónima ("YPF"), YPF International Ltd., a Cayman Islands corporation ("YPF International"), YPF HOLDINGS, INC., a Delaware corporation ("YPF Holdings"), CLH HOLDINGS, INC., a Delaware corporation ("CLH Holdings"), CHEMICAL LAND HOLDINGS, INC., a Delaware corporation ("CLH") and MAXUS ENERGY CORPORATION, a Delaware corporation ("Maxus").

RECITALS

A. YPF owns all of the issued and outstanding capital stock of YPF International, which in turn owns all of the issued and outstanding capital stock of YPF Holdings, which in turn owns all of the issued and outstanding capital stock of CLH Holdings and all or substantially all of the issued and outstanding common stock of Maxus. CLH Holdings owns all of the issued and outstanding capital stock of CLH.

B. As an inducement to CLH to assume certain environmental liabilities of Maxus pursuant to the Assumption Agreement, the parties have entered into this Agreement.

AGREEMENTS

In consideration of the mutual undertakings and agreements contained herein and in the Assumption Agreement, the parties covenant and agree as follows:

1. *Definitions.* The following terms have the meanings assigned:

"*Accumulated Cash*" is defined in the last sentence of Section 3 hereof.

"*Assigned Assets*" is defined in Section 3.1 of the Assumption Agreement.

"*Assumed Liabilities*" is defined in Section 2.1 of the Assumption Agreement.

"*Assumed Liability Accrued Amount*" is defined in Section 2 hereof.

"*Assumption Agreement*" shall mean that certain Assumption Agreement dated an even date herewith by and between CLH and Maxus.

"*Effective Time*" means 12:01 a.m., Central Time, August 1, 1996.

"*Expenses*" means the general and administrative costs and expenses incurred

from time to time by CLH, which shall include, without limitation, office rent and related expenses, utilities, office supplies and equipment, vehicle costs and expenses, employee and director costs (including, without limitation, costs associated with providing employee benefits) and reimbursements, and accounting and legal costs, and such other costs and expenses as may be approved by the Parent Companies as a budget item as provided in Section 3 hereof, provided, however, that no cost or expense shall be an Expense if such cost or expense has been accrued by CLH as part of a liability reserve for Assumed Liabilities under United States generally accepted accounting principles.

"Parent Companies" means, collectively, YPF, YPF International, YPF Holdings and CLH Holdings.

"YPF Affiliate" means (i) YPF Sociedad Anónima or (ii) any corporation or other business entity in which YPF Sociedad Anónima owns directly, or indirectly through one or more other YPF Affiliates, 50% or more of the outstanding voting capital stock or equity capital of the entity, but excluding CLH.

2. *Limited Capital Contribution Obligation for CLH.* As direct and indirect beneficial owners of all issued and outstanding capital stock of CLH and subject to the conditions and limitations set forth in this Agreement, YPF and each of the other Parent Companies jointly and severally agree to make, or cause to be made, cash contributions (in United States dollars) to the equity capital of CLH, as and when requested by CLH, solely for the purpose of enabling CLH to make payments in respect of the Assumed Liabilities, *provided* that the obligations of YPF and the other Parent Companies to make any such capital contributions under this Section 2 shall cease and be deemed to be fully satisfied when either (i) aggregate capital contributions to CLH by the Parent Companies from and after the Effective Time plus the amount of any advances or loans made by the Parent Companies to CLH pursuant to Section 4 hereof (excluding all contributions to CLH for Expenses pursuant to Section 3 hereof) equals \$108,400,000 (the "Assumed Liability Accrued Amount") or (ii) in accordance with United States generally accepted accounting principles, the accrued value of the Assumed Liabilities on the balance sheet of CLH (net of any contribution or reimbursement receivable from parties other than any YPF Affiliate accrued on such balance sheet) is reduced to zero. Capital contributions to CLH made under this Section 2 or Section 3 of this Agreement shall be funded from a series of capital contributions in like amount initially from a contribution from YPF to its direct subsidiary, YPF International, followed by successive capital contributions in like amount from the direct parent company of each of the other Parent Companies, and finally by capital contribution to CLH from its immediate parent, CLH Holdings.

3. *Capital Contribution Obligations for Expenses; Budget.* In addition to the capital contributions required under Section 2 hereof, YPF and each of the other Parent Companies jointly and severally agree to make, or cause to be made, cash contributions (in United States dollars) to the equity capital of CLH, as and when requested periodically by CLH, solely for the purpose of enabling CLH to meet its obligations in respect of Expenses that are accrued and payable after the Effective Time, *provided* that the obligations of YPF or any of the other Parent Companies to make

any such capital contributions under this Section 3 shall be limited to 110% of the aggregate amount of approved Expenses (less any Accumulated Cash, as defined below) budgeted for any annual period as reflected on a budget prepared by CLH and concurred in by YPF as set forth in this Section 3. The Expense budget shall be prepared by CLH covering a calendar year period ended December 31 of each year (or such other annual period as may be the budget reporting period for YPF Affiliates). The budget shall be submitted by CLH at such time and to such persons and in such form and manner as prescribed for YPF Affiliates. The budget shall set forth in reasonable detail projected expenditures for Expenses for the period covered. Upon approval of the budget by CLH, the budget shall be submitted to YPF for concurrence. The Parent Companies shall have no obligation under this Section 3 to make contributions to CLH in respect of Expenses except and only to the extent of 110% of the aggregate amount for any annual budget period of budgeted Expenses (less any Accumulated Cash, as defined below) that are reflected in a budget concurred in by YPF in accordance with this Section 3. CLH and YPF agree that the aggregate amount of Expenses approved for the budget period ended December 31, 1996 is \$2.42 MM. The CLH budget required by this Section 3 shall reflect the application of CLH cash on hand at the beginning of the budget period and cash received during the budget period to the payment of Expenses (such cash amounts are herein referred to as "Accumulated Cash" but only to the extent that CLH actually has on hand or receives such budgeted cash amounts).

4. *Advances and Loans in Lieu of Certain Contributions.* The Parent Companies may, at their option, elect to cause the funding obligations set forth in Section 2 hereof to be made by way of advances or loans, provided that (i) such advances and loans shall be limited to an amount reasonably expected to be received from third parties within six months as reimbursement or contribution or pursuant to the rights assigned to CLH in the Assigned Assets and (ii) such advances or loans shall be evidenced by a written instrument executed and delivered by CLH. In the event that such reimbursement, contribution or other third party payment is not made within the six month period described above or becomes uncollectible, the advance or loan shall be contributed to the equity of CLH.

5. *Keepwell Credit.* The parties to this Agreement recognize that the transactions contemplated by this Agreement and the Assumption Agreement will relieve Maxus of substantial liabilities it otherwise would have incurred but for the assumption of the Assumed Liabilities by CLH pursuant to the Assumption Agreement and the commitment of YPF and the other Parent Companies to fund CLH to discharge such liabilities. Accordingly, Maxus acknowledges and agrees that any contributions to the equity capital of CLH made by the Parent Companies pursuant to Sections 3 and 4 of this Agreement shall reduce to the maximum extent possible, by the amount of such contributions, the obligation of YPF to capitalize Maxus under Section 5.15 of that certain Agreement of Merger among YPF, YPF Acquisition Corp. and Maxus dated as of February 28, 1995.

6. *Mutual Covenants to Maintain Corporate Independence.* It is the intent of the parties to this Agreement that CLH maintain separate existence and independence from Maxus and the Parent Companies and remain responsible for its own business, assets and liabilities, except

to the extent as expressly provided in this Agreement, the Assumption Agreement and other written agreements between the CLH, Maxus and the Parent Companies. In furtherance of such intent, CLH, Maxus and the Parent Companies covenant and agree as follows:

(a) The books of account of CLH shall be maintained separately from those of Maxus and the other YPF Affiliates including other affiliates of Maxus. The assets of CLH shall not be commingled with the assets of Maxus or the YPF Affiliates.

(b) To the extent feasible, at least one member of the Board of Directors of CLH shall be a person who is not also a director, officer or employee of CLH, Maxus or any other YPF Affiliate (the "Independent Director").

(c) To the extent services are furnished to CLH by Maxus or any other YPF Affiliate, or to Maxus or any other YPF Affiliate by CLH, such services shall be provided under a services agreement between CLH and Maxus or such other YPF Affiliate, as the case may be, which describes the services to be provided, establishes compensation rates to be charged for such services at a rate consistent with sound business practices and which provides for reimbursement of out-of-pocket expenses incurred in connection with rendering such services.

(d) CLH shall have its own U.S. taxpayer identification number.

(e) CLH shall maintain bank accounts in its own name and utilize its own letterhead for all correspondence.

(f) All agreements relating to the business of CLH shall be entered into by it in its own name and executed on its behalf by one of its officers or other authorized representative. CLH shall not grant a general power of attorney to Maxus or any other YPF Affiliate or to any person who is an officer, director or employee of Maxus or any other YPF Affiliate (other than a person who is also an officer of CLH and who is granted such power of attorney by reason of his office with CLH).

(g) CLH shall maintain all required corporate formalities as required under Delaware law, including the maintenance of books and records and the conduct of shareholders' and Board of Directors' meetings.

(h) CLH shall obtain in its own name any government permits which are necessary or appropriate to conduct its business.

(i) Except as may be provided by any services agreement contemplated in Section 4(c) of the Assumption Agreement, CLH shall not engage in any transaction with Maxus or any other YPF Affiliate which is not related to the business and operations of CLH. Any such transaction related to the business and operations of CLH engaged in by CLH with Maxus or any

other YPF Affiliate is and will be on an arms' length basis and will be approved by a majority of CLH's directors including, if a person is so serving at the time, the Independent Director.

(j) Except to the extent set forth in this Agreement, CLH has not agreed to assume any liabilities or other obligations of Maxus or any other YPF Affiliate.

(k) Any transaction that affects the fundamental organization of CLH (including, without limitation, any voluntary bankruptcy filing by CLH) shall have the prior approval of a majority of CLH's directors, including, if one serves on the board of directors at such time, the Independent Director.

(l) CLH shall not hold itself out, or permit its officers, employees or agents to hold themselves out, as employees or agents of Maxus or any other YPF Affiliate, or as authorized to represent Maxus or any other YPF Affiliate absent an express agreement granting such authority.

Nothing contained in this Section 6 shall prevent Maxus, YPF or any other YPF Affiliate from issuing guarantees or providing other financial assurances to third parties for the benefit of CLH for the purpose of ensuring the performance or payment of its obligations.

7. *Amendment and Modification.* The obligations of the Parent Companies to make capital contributions to CLH are expressly limited by the terms of this Agreement. Contributions to the equity capital of CLH in excess of the amounts required under this Agreement shall not increase the obligations of the Parent Companies hereunder by implication or otherwise. Any amendment to this Agreement, including any amendment that modifies the obligations of the Parent Companies to make equity contributions to CLH, shall not be effective unless such amendment is in writing signed by all of the parties hereto and which writing shall clearly and expressly indicate the intent of the parties to amend this Agreement.

8. *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the parties signatory hereto and their respective successors and assigns.

9. *No Third Party Rights.* The provisions of this Agreement are intended to bind the parties hereto as to each other and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies and no person is or is intended to be a third party beneficiary of any of the provisions of this Agreement.

10. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this Agreement to the laws of another state.

11. *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

12. *Construction of Agreement.* In construing this Agreement (i) no consideration shall be given to the captions of the articles, sections, subsections, or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in its construction and (ii) no consideration shall be given to the fact, nor shall there be any presumption that one party had a greater or lesser hand in drafting this Agreement.

13. *Severability.* If any of the provisions of this Agreement are held by any court of competent jurisdiction to contravene, or to be invalid under, the laws of any political body having jurisdiction over the subject matter hereof, such contravention or invalidity shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid, and an equitable adjustment shall be made and necessary provision added so as to give effect to the intention of the parties expressed in this Agreement at the time of execution of this Agreement.

14. *Condition Precedent to Effectiveness.* Notwithstanding anything to the contrary herein, this Agreement shall not become effective unless and until the Assumption Agreement has become effective.

This Contribution Agreement is executed and delivered as of the date first above written.

YPF SOCIEDAD ANÓNIMA

By: 

Name: CARLOS TOLIVERI

Title: VP & CONTROLLER

YPF INTERNATIONAL LTD.

By: 

Name: LR ENGELBRECHT

Title: V.P. + (Controlling)

YPF HOLDINGS, INC.

By: 

Name: David A. Wadsworth

Title: Vice President

CLH HOLDINGS, INC.

By: M. M. Skaggs, Jr.
Name: M. M. SKAGGS, JR.
Title: PRESIDENT

CHEMICAL LAND HOLDINGS, INC.

By: M. M. Skaggs, Jr.
Name: M. M. SKAGGS, JR.
Title: PRESIDENT

MAXUS ENERGY CORPORATION

By: W. Mark Miller
Name: W. Mark Miller
Title: Executive Vice President

February 5, 1997

FIRST ADDENDUM
TO
CONTRIBUTION AGREEMENT

THIS First Addendum to Contribution Agreement is entered into by and among: YPF Sociedad Anonima, YPF International Ltd., YPF Holdings, Inc., CLH Holdings, Inc., Chemical Land Holdings, Inc. and Maxus Energy Corporation as of the 5th day of February, 1997.

WITNESSETH:

WHEREAS, the parties hereto have entered into a Contribution Agreement dated as of August 14, 1996 (the "Contribution Agreement"); and

WHEREAS, the parties hereto desire to amend the Contribution Agreement by increasing the "Assumed Liability Accrued Amount" (as defined in the Contribution Agreement) by US\$3.1 million;

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The unsatisfied portion of the Assumed Liability Accrued Amount for which the "Parent Companies" (as defined in the Contribution Agreement) may remain obligated under the Contribution Agreement is hereby increased by an incremental amount of US\$3.1 million.
2. The agreement of the Parent Companies set forth in paragraph 1 hereof is subject to the same conditions and limitations as apply to their obligation to make cash contributions under the Contribution Agreement with respect to the Assumed Liability Accrued Amount.
3. The Contribution Agreement, as amended hereby, is adopted, ratified and confirmed.

THIS First Addendum to Contribution Agreement is executed and delivered as of the date given first above.

CLH HOLDINGS, INC.

By: MM Skaggs Jr
Name: M. M. Skaggs, Jr.
Title: President

YPF SOCIEDAD ANONIMA

By: [Signature]
Name: Carlos A. Olivieri
Title: VP and General Controller

CHEMICAL LAND HOLDINGS, INC.

By: MM Skaggs Jr
Name: M. M. Skaggs, Jr.
Title: President

YPF INTERNATIONAL LTD.

By: [Signature]
Name: Linda R. Engelbrécht
Title: Vice President and Controller

MAXUS ENERGY CORPORATION

By: W. Mark Miller
Name: W. Mark Miller
Title: Executive Vice President

YPF HOLDINGS, INC.

By: [Signature]
Name: David A. Wadsworth
Title: Vice President

FIRST ADDENDUM
TO
CONTRIBUTION AGREEMENT

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1. The unsatisfied portion of the Assumed Liability Accrued Amount for which the "Parent Companies" (as defined in the Contribution Agreement) may remain obligated under the Contribution Agreement is hereby increased by an incremental amount of US\$3.1 million.
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3. The Contribution Agreement, as amended hereby, is adopted, ratified and confirmed.

THIS First Addendum to Contribution Agreement is executed and delivered as of the date given first above.

CLH HOLDINGS, INC.

By: W. M. Skaggs Jr.
Name: M. M. Skaggs, Jr.
Title: President

YPF SOCIEDAD ANONIMA

By: [Signature]
Name: Carlos A. Olivieri
Title: VP and General Controller

CHEMICAL LAND HOLDINGS, INC.

By: W. M. Skaggs Jr.
Name: M. M. Skaggs, Jr.
Title: President

YPF INTERNATIONAL LTD.

By: [Signature]
Name: Linda R. Engelbrécht
Title: Vice President and Controller

MAXUS ENERGY CORPORATION

By: W. Mark Miller
Name: W. Mark Miller
Title: Executive Vice President

YPF HOLDINGS, INC.

By: [Signature]
Name: David A. Wadsworth
Title: Vice President

EXHIBIT 44

Maxus Energy Corporation
Form 10-K
Fiscal Year Ending 12/31/1996



YPFH 859

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-8567-2

MAXUS ENERGY CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

75-1891531
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

717 NORTH HARWOOD STREET
DALLAS, TEXAS
(ADDRESS OF PRINCIPAL EXECUTIVE
OFFICES)

75201-6594
(ZIP CODE)

Registrant's telephone number, including area code: (214) 953-2000

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
\$2.50 Cumulative Preferred Stock, \$1.00 Par Value.....	New York Stock Exchange
8 1/2% Sinking Fund Debentures Due April 1, 2008.....	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

~~Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months, and (2) has been subject to such filing
requirements for the past 90 days. YES NO~~

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to
the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the
registrant as of March 1, 1997: Not applicable.

Shares of Common Stock outstanding at March 1, 1997 -- 147,246,135.

DOCUMENTS INCORPORATED BY REFERENCE
None

YPFH 860

repeatedly delayed and non-OECD demand was consistently underestimated. The prospect of Iraqi sales depressed the medium term futures prices relative to the short term, discouraging refiners from holding inventory. The lack of inventory, in turn, contributed to increased price volatility. Limited Iraqi sales returned in December 1996 and North Sea production is currently at record high levels. Prices declined during the first quarter of 1997 and are expected to continue to be volatile in the near future.

Health, Safety and Environmental Controls

Federal, state and local laws and regulations relating to health and environmental quality in the United States, as well as environmental laws and regulations of other countries in which the Company operates, affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations. In addition, especially stringent measures and special provisions may be appropriate or required in environmentally sensitive foreign areas of operation, such as those in Ecuador.

Many of the Company's United States operations are subject to requirements of the Safe Drinking Water Act, the Clean Water Act, the Clean Air Act (as amended in 1990), the Occupational Safety and Health Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and other federal, as well as state, laws. Such laws address, among other things, limits on the discharge of wastes associated with oil and gas operations, investigation and clean-up of hazardous substances, and workplace safety and health. In addition, these laws typically require compliance with associated regulations and permits and provide for the imposition of penalties for noncompliance. The Clean Air Act Amendments of 1990 may benefit the Company's business by increasing the demand for natural gas as a clean fuel. CERCLA imposes retroactive liability upon certain parties for the response costs associated with cleaning up old hazardous substance sites. CERCLA liability to the Government is joint and several. CERCLA allows authorized trustees to seek recovery of natural resource damages from potentially responsible parties. CERCLA also grants the Government the authority to require potentially responsible parties to implement interim remedies to abate an imminent and substantial endangerment to the environment.

The Company believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of the Company and, as discussed below, the Company has certain potential liabilities associated with former operations. The Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by the Company for the installation and operation of systems and equipment for remedial measures and in certain other respects. Such potential expenditures cannot be reasonably estimated.

In connection with the sale of the Company's former chemical subsidiary, Diamond Shamrock Chemicals Company ("Chemicals"), to Occidental Petroleum Corporation ("Occidental") in 1986, the Company agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the September 4, 1986 closing date (the "Closing Date"), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date.

In addition, the Company agreed to indemnify Chemicals and Occidental for 50% of certain environmental costs incurred by Chemicals for which notice is given to the Company within 10 years after the Closing Date on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the Closing Date and for any period of time following the Closing Date, with the Company's aggregate exposure for this cost sharing being limited to \$75 million. The total expended by the Company under this cost sharing arrangement was about \$42 million as of December 31, 1996. Occidental

Chemical Corporation ("OxyChem"), a subsidiary of Occidental, and Henkel Corporation ("Henkel"), an assignee of certain of Occidental's rights and obligations, filed a declaratory judgment action in Texas state court with respect to the Company's agreement in this regard. The lower court found in favor of Occidental and Henkel, and the Company has appealed the judgment. (See "Item 3. Legal Proceedings".)

In connection with the spin-off of Diamond Shamrock R&M, Inc., now known as Ultramar Diamond Shamrock Corporation ("DSI"), in 1987, the Company and DSI agreed to share the costs of losses (other than product liability) relating to businesses disposed of prior to the spin-off, including Chemicals. Pursuant to this cost-sharing agreement, the Company bore the first \$75 million of such costs and DSI bore the next \$37.5 million. Thereafter, such ongoing costs were borne one-third by DSI and two-thirds by the Company until DSI had borne an additional \$47.5 million. As of December 31, 1996, DSI had fulfilled its remaining responsibility under the cost-sharing arrangement, and it has no further obligation thereunder.

During 1996, the Company spent \$8 million in environmental related expenditures in its oil and gas operations. Expenditures for 1997 are expected to be approximately \$13 million.

For the seven months ended July 31, 1996, the Company's total expenditures for environmental compliance for disposed of businesses, including Chemicals, were approximately \$13 million, \$5 million of which was recovered from DSI under the above described cost-sharing arrangement.

At December 31, 1996, reserves for the environmental contingencies discussed herein totaled \$102.6 million. Management believes it has adequately reserved for all environmental contingencies which are probable and can be reasonably estimated; however, changes in circumstances could result in changes, including additions, to such reserves in the future.

The Company transferred certain liabilities related to environmental matters to CLH effective as of August 1, 1996. In connection with this transfer, CLH assumed (the "Assumption") the liabilities so transferred and YPF committed to contribute capital to CLH up to an amount of \$106.9 million that will enable CLH to satisfy its obligations under the Assumption based on the Company's reserves established in respect of the assumed liabilities as of July 31, 1996 plus certain operating expenses budgeted by CLH from time to time. YPF will not be obligated to contribute capital to CLH beyond the amount of its initial undertaking. The Company will remain responsible for any obligations assumed by CLH in the event CLH does not perform or fulfill such obligations. The environmental contingencies discussed herein and the declaratory judgment action filed by OxyChem and Henkel are among the matters for which CLH has assumed responsibility, and the Company transferred to CLH its then remaining rights to recover costs under the arrangement with DSI. The contribution obligation of YPF related to the Assumption was reflected on the Company's financial statements as a long-term and short-term funding guarantee from parent totaling \$106.9 million, an increase to deferred income taxes of \$37.4 million and an increase to paid-in capital of \$69.5 million. At December 31, 1996, the outstanding funding guarantee totaled \$102.6 million. Insofar as CLH has assumed the Company's environmental liabilities and YPF has committed to pay for the liabilities, such liabilities are not expected to have an adverse impact on the financial reporting books of the Company.

The insurance companies that wrote Chemicals' and the Company's primary and excess insurance during the relevant periods have to date refused to provide coverage for most of Chemicals' or the Company's cost of the personal injury and property damage claims related to environmental claims, including remedial activities at chemical plant sites and disposal sites. In two actions filed in New Jersey state court, the Company has been conducting litigation against all of these insurers for declaratory judgments that it is entitled to coverage for certain of these claims. In 1989, the trial judge in one of the New Jersey actions ruled that there is no insurance coverage with respect to the claims related to the Newark plant (discussed below). The trial court's decision was upheld on appeal and that action is now ended. The other suit, which is pending, covers disputes with respect to insurance coverage related to certain other environmental matters. The Company has entered into settlement

agreements with certain of the insurers in this second suit, the terms of which are required to be held confidential. The Company also is engaged in settlement discussions with other defendant insurers; however, there can be no assurance that such discussions will result in settlements with such other insurers.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection and Energy (the "DEP") and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemicals' former Newark, New Jersey agricultural chemicals plant. Engineering for such plan, which will include an engineering estimate of the cost of construction, is progressing. Construction is expected to begin in late 1997 or in 1998, cost approximately \$23 million and take three to four years to complete. The work is being supervised and paid for by CLM on behalf of the Company pursuant to the Assumption and under the Company's above described indemnification obligation to Occidental. The Company has reserved the estimated costs of performing the remedial action plan and required ongoing maintenance costs.

Studies have indicated that sediments of the Newark Bay watershed, including the Passaic River adjacent to the plant, are contaminated with hazardous chemicals from many sources. These studies suggest that the older and more contaminated sediments located adjacent to the Newark plant generally are buried under more recent sediment deposits. The Company, on behalf of Occidental, negotiated an agreement with the EPA under which CLM, on the Company's behalf, is conducting further testing and studies to characterize contaminated sediment and biota in a six-mile portion of the Passaic River near the plant site. The stability of the sediments in the entire six-mile portion of the Passaic River study area is also being examined as a part of CLM's studies. The Company currently expects the testing and studies to be completed in 1999 and cost from \$4 million to \$6 million after December 31, 1996. The Company has reserved for the amount of its estimate of the remaining costs to be incurred in performing these studies. The Company and later CLM have been conducting similar studies under their own auspices for several years. Until these studies are completed and evaluated, the Company cannot reasonably forecast what regulatory program, if any, will be proposed for the Passaic River or the Newark Bay watershed and therefore cannot estimate what additional costs, if any, will be required to be incurred. However, it is possible that additional work, including interim remedial measures, may be ordered with respect to the Passaic River.

Hudson County, New Jersey. Until 1972, Chemicals operated a chromium ore processing plant at Kearny, New Jersey. According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County.

As a result of negotiations between the Company (on behalf of Occidental) and the DEP, Occidental signed an administrative consent order with the DEP in 1990 for investigation and remediation work at certain chromite ore residue sites in Kearny and Secaucus, New Jersey. The work is presently being performed by CLM on behalf of the Company and Occidental, and CLM is funding Occidental's share of the cost of investigation and remediation of these sites. The Company is currently providing financial assurance for performance of the work in the form of a self-guarantee in the amount of \$20 million subject to the Company's continuing ability to satisfy certain financial tests specified by the State. This financial assurance may be reduced with the approval of the DEP following any annual cost review. While the Company and CLM have participated in the cost of studies and CLM is implementing interim remedial actions and conducting remedial investigations and feasibility studies, the ultimate cost of remediation is uncertain. The Company anticipates CLM will submit its remedial investigation and feasibility study report to the DEP in 1997. The results of the DEP's review of this report could increase the cost of any further remediation that may be required. The Company has reserved its best estimate of the remaining cost to perform the investigations and remedial work as being approximately \$47 million at December 31, 1996. In addition, the DEP has indicated that it expects Occidental and the Company to participate with the other chromium manufacturers in the funding of certain remedial activities with respect to a number of so-called "orphan" chrome sites located in Hudson County, New Jersey. Occidental and the Company have declined participation as to those sites for which there is no evidence of the presence of residue generated by Chemicals. The Governor of New Jersey issued an Executive Order requiring state agencies to provide specific justification for any state requirements more stringent than federal requirements. The DEP has indicated that it

may be revising its soil action level upwards towards the higher soil screening levels proposed by the EPA in 1994.

Painesville, Ohio. From about 1912 through 1976, Chemicals operated manufacturing facilities in Painesville, Ohio. The operations over the years involved several discrete but contiguous plant sites over an area of about 1,300 acres. The primary area of concern historically has been Chemicals' former chromite ore processing plant (the 'Chrome Plant'). For many years, the site of the Chrome Plant has been under the administrative control of the EPA pursuant to an administrative consent order under which Chemicals is required to maintain a clay cap over the site and to conduct certain ground water and surface water monitoring. Many other sites have previously been clay-capped and one specific site, which was a waste disposal site from the mid-1960s until the 1970s, has been encapsulated and is being controlled and monitored. In 1995, the Ohio Environmental Protection Agency (the 'OEPA') issued its Director's Final Findings and Order (the 'Director's Order') by consent ordering that a remedial investigation and feasibility study (the 'RIFS') be conducted at the former Painesville plant area. The Company has agreed to participate in the RIFS as required by the Director's Order. It is estimated that the total cost of performing the RIFS will be \$5 million to \$8 million over the next three years. In spite of the many remedial, maintenance and monitoring activities performed, the former Painesville plant site has been proposed for listing on the National Priority List under CERCLA; however, the EPA has stated that the site will not be listed so long as it is satisfactorily addressed pursuant to the Director's Order and OEPA's programs. The Company has reserved for the amount of its estimated share of the cost to perform the RIFS. The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RIFS progresses, the Company will continuously assess the condition of the Painesville plant site and make any changes, including additions, to its reserve as may be required. The Company's obligations regarding the Chrome Plant described above have been assumed by CLM pursuant to the Assumption.

Other Former Plant Sites. Environmental remediation programs are in place at all other former plant sites where material remediation is required in the opinion of the Company. Former plant sites where remediation has been completed are being maintained and monitored to insure continued compliance with applicable laws and regulatory programs. The Company has reserved for its estimated costs related to these sites, none of which individually is material.

Third Party Sites. Chemicals has also been designated as a potentially responsible party ('PRP') by the EPA under CERCLA with respect to a number of third party sites, primarily off of Chemicals' properties, where hazardous substances from Chemicals' plant operations allegedly were disposed of or have come to be located. Numerous PRPs have been named at substantially all of these sites. At several of these, Chemicals has no known exposure. Although PRPs are almost always jointly and severally liable for the cost of investigations, cleanups and other response costs, each has the right of contribution from other PRPs and, as a practical matter, cost sharing by PRPs is usually effected by agreement among them. Accordingly, the ultimate cost of these sites and Chemicals' share of the costs thereof cannot be estimated at this time, but are not expected to be material except possibly as a result of the matters described below. The matters described below are among those for which CLM has assumed responsibility under the Assumption.

1. Fields Brook, Ashtabula, Ohio. At the time that Chemicals was sold to Occidental, Chemicals operated a chemical plant at Ashtabula, Ohio which is adjacent to Fields Brook. Occidental has continued to operate the Ashtabula plant. In 1986, Chemicals was formally notified by the EPA that it was a PRP for the Fields Brook site. The site is defined as Fields Brook, its tributaries and surrounding areas within the Fields Brook watershed. At least 15 other parties are presently considered to be financially responsible PRPs. In 1986, the EPA estimated the cost of sediment remediation at the site would be \$48 million. The PRPs, including Occidental, have developed an allocation agreement for sharing the costs of the work in Fields Brook ordered by the EPA. Under the allocation, the Occidental share for Chemicals' ownership of the Ashtabula plant would be about five percent of the total, assuming all viable PRPs were to participate.

In 1990, the OEPA, as state trustee for natural resources under CERCLA, advised previously identified PRPs, including Chemicals, that the OEPA intended to conduct a Natural Resource Damage Assessment of the Fields Brook site to calculate a monetary value for injury to surface water, groundwater, air, and biological and geological resources at the site. Also, although Fields Brook empties into the Ashtabula River which flows into Lake Erie, it is not known to what extent, if any, the EPA will propose remedial action beyond Fields Brook for which the Fields Brook PRPs might be asked to bear some share of the costs. Until all preliminary studies and necessary governmental actions have been completed and negotiated or judicial allocations have been made, it is not possible for the Company to estimate what the response costs, response activities or natural resource damages, if any, may be for Fields Brook or related areas, the parties responsible therefore or their respective shares.

It is the Company's position that costs attributable to the Ashtabula plant fall under the Company's above-described cost sharing arrangement with Occidental under which the Company bears one-half of certain costs up to an aggregate dollar cap. Occidental, however, has contended that it is entitled to full indemnification from the Company for such costs, and the outcome of this dispute cannot be predicted. The Company has reserved its estimate of its share of potential cleanup costs based on the assumption that this site falls under the Occidental cost sharing arrangement.

2. SCP/Carlstadt Site, Carlstadt, New Jersey. Chemicals' share of remediation costs at this CERCLA site would be approximately one percent, based on relative volume of waste shipped to the site. An interim remedy has now been implemented at the site by the PRPs but no estimate can be made at this time of ultimate costs of remediation which may extend to certain off-site locations.

3. Chemical Control Site, Elizabeth, New Jersey. The PRPs and the EPA have settled the federal claims for cost recovery and site remediation, and remediation is now complete. The DEP has demanded of PRPs (including Chemicals) reimbursement of the DEP's alleged \$34 million (including interest through December 31, 1995) in past costs for its partial cleanup of this site. Based on the previous allocation formula, it is expected that Chemicals' share of any money paid to the DEP for its claim would be approximately two percent. The Company has fully reserved its estimated liability for this site.

Employees

As of December 31, 1996, the Company had approximately 2,027 employees.

ITEM 3. LEGAL PROCEEDINGS.

In 1995, OxyChem filed suit in Texas state court seeking a declaration of certain of the parties' rights and obligations under the sales agreement pursuant to which the Company sold Chemicals to Occidental. Henkel joined in said lawsuit as a plaintiff in January 1996. Specifically, OxyChem and Henkel are seeking a declaration that the Company is required to indemnify them for 50% of certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used in connection with the business of Chemicals on the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by OxyChem or Henkel and as to which the Company is provided written notice by OxyChem or Henkel prior to the expiration of ten years following the Closing Date, irrespective of when OxyChem or Henkel incurs and gives notice of such costs, subject to an aggregate \$75 million cap. The court denied the Company's motion for summary judgment and granted OxyChem's and Henkel's joint motion for summary judgment, thereby granting OxyChem and Henkel the declaration they sought. The Company believes the court's orders are erroneous and has appealed.

The Company has established reserves based on its 50% share of remaining costs expected to be paid or incurred by OxyChem and Henkel prior to September 4, 1996, the tenth anniversary of the Closing Date. As of December 31, 1996, the Company and CLM on its behalf had paid OxyChem and Henkel a total of approximately \$42 million against the \$75 million cap and, based on OxyChem's and Henkel's historical annual expenditures,

the Company had approximately \$4 million reserved. The Company cannot predict with any certainty what portion of the approximately \$29 million unreserved portion of the \$33 million amount remaining at December 31, 1996, OxyChem and Henkel may incur; however, OxyChem and Henkel have asserted in court that the entire amount will be spent. In the event that the Company does not prevail in its appeal, it could be required to pay up to approximately \$29 million in additional costs which have not been reserved related to this indemnification. CLK has assumed, pursuant to the Assumption, responsibility for this litigation.

See also the heading "Health, Safety and Environmental Controls" under "Items 1 and 2. Business and Properties" of this report for a description of certain other legal proceedings, which description is incorporated herein by reference.

The Company is involved in various other legal proceedings incidental to its business, the outcome of any of which should not have a material adverse effect on its financial position.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS.

Inapplicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

There is no established public trading market for the Common Stock. At March 1, 1997, YPF was the sole holder of record of the Common Stock.

Midgard, a subsidiary of the Company, is party to a credit agreement which places certain restrictions on its ability to make or declare certain payments, advances and loans specified therein, including dividends to the Company. (For a further description of such credit agreement, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Significant Events 1995".) While these restrictions could impact the ability of the Company to pay dividends on its Common Stock, the Company has paid no such dividends since 1987, and cash flows are currently being dedicated to exploration and development projects rather than to such payment. The Company intends to continue paying regular quarterly dividends on its only other equity issue currently outstanding, the \$2.50 Preferred Stock.

and a \$250 million capital infusion from YPF to partially fund the Merger. In connection with the Merger, the Company also paid \$14 million to redeem rights attached to Shares, repaid the Purchaser Facility and, pursuant to the Merger, either assumed or paid \$746 million of purchase consideration for the Shares outstanding plus transaction costs.

During the third quarter of 1995, the Company recorded a \$2 million gain which represented the final settlement of the Company's sole interest rate swap agreement prior to its termination. This gain was recorded in other revenues, net. The Company also received a \$5 million termination payment, which was deferred.

During 1994, the Company was able to take advantage of lower interest rates and, at the same time, to extend the average debt maturities. Accordingly, the Company issued \$101 million of additional long-term debt. Debt issuances, along with a portion of the proceeds from asset sales, were used to repay approximately \$170 million of higher interest debt obligations due 1994 and beyond and to prepay \$63 million of \$9.75 Preferred Stock due in February 1995.

In February 1994, the Company redeemed 625,000 shares of \$9.75 Preferred Stock for \$63 million, using proceeds received in 1993 from the issuance of the \$2.50 Preferred Stock in 1993.

Environmental Matters

Federal, state and local laws and regulations relating to health and environmental quality in the United States, as well as environmental laws and regulations of other countries in which the Company operates, affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations. In addition, especially stringent measures and special provisions may be appropriate or required in environmentally sensitive foreign areas of operation, such as those in Ecuador.

Many of the Company's United States operations are subject to requirements of the Safe Drinking Water Act, the Clean Water Act, the Clean Air Act (as amended in 1990), the Occupational Safety and Health Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and other federal, as well as state, laws. Such laws address, among other things, limits on the discharge of wastes associated with oil and gas operations, investigation and clean-up of hazardous substances, and workplace safety and health. In addition, these laws typically require compliance with associated regulations and permits and provide for the imposition of penalties for noncompliance. The Clean Air Act Amendments of 1990 may benefit the Company's business by increasing the demand for natural gas as a clean fuel. CERCLA imposes retroactive liability upon certain parties for the response costs associated with cleaning up old hazardous substance sites. CERCLA liability to the Government is joint and several. CERCLA allows authorized trustees to seek recovery of natural resource damages from potentially responsible parties. CERCLA also grants the Government the authority to require potentially responsible parties to implement interim remedies to abate an imminent and substantial endangerment to the environment.

The Company believes that its policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of the Company and, as discussed below, the Company has certain potential liabilities associated with former operations. The Company cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by the Company for the installation and operation of systems and equipment for remedial measures and in certain other respects. Such potential expenditures cannot be reasonably estimated.

In connection with the sale of the Company's former chemical subsidiary, Diamond Shamrock Chemicals Company ("Chemicals"), to Occidental Petroleum Corporation ("Occidental") in 1986, the Company agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the September 4, 1986 closing date (the "Closing Date"), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date.

In addition, the Company agreed to indemnify Chemicals and Occidental for 50% of certain environmental costs incurred by Chemicals for which notice is given to the Company within 10 years after the Closing Date on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the Closing Date and for any period of time following the Closing Date, with the Company's aggregate exposure for this cost sharing being limited to \$75 million. The total expended by the Company and CLM on the Company's behalf under this cost sharing arrangement was about \$42 million as of December 31, 1996. Occidental Chemical Corporation ("OxyChem"), a subsidiary of Occidental, and Henkel Corporation ("Henkel"), an assignee of certain of Occidental's rights and obligations, filed a declaratory judgment action in Texas state court with respect to the Company's agreement in this regard. The lower court found in favor of Occidental and Henkel and the Company has appealed the judgment (see "Legal Proceedings").

In connection with the spin-off of Diamond Shamrock R&M, Inc., now known as Ultramar Diamond Shamrock Corporation ("DSI"), in 1987, the Company and DSI agreed to share the costs of losses (other than product liability) relating to businesses disposed of prior to the spin-off, including Chemicals. Pursuant to this cost-sharing agreement, the Company bore the first \$75 million of such costs and DSI bore the next \$37.5 million. Thereafter, such ongoing costs were borne one-third by DSI and two-thirds by the Company until DSI had borne an additional \$47.5 million. As of December 31, 1996, DSI had fulfilled its remaining responsibility under the cost-sharing arrangement, and it has no further obligation thereunder.

During the twelve months ended December 31, 1996, the Company spent \$8 million in environmental related expenditures in its oil and gas operations. Expenditures for 1997 are expected to be approximately \$13 million.

For the seven months ended July 31, 1996, the Company's total expenditures for environmental compliance for disposed of businesses, including Chemicals, were approximately \$13 million, \$5 million of which was recovered from DSI under the above described cost-sharing arrangement.

At December 31, 1996, reserves for the environmental contingencies discussed herein totaled \$101.6 million. Management believes it has adequately reserved for all environmental contingencies which are probable and can be reasonably estimated; however, changes in circumstances could result in changes, including additions, to such reserves in the future.

The Company has transferred certain liabilities related to environmental matters to CLM (see "Significant Events 1996") effective as of August 1, 1996. In connection with this transfer, CLM assumed the liabilities so transferred and YPF committed to contribute capital to CLM up to an amount of \$106.9 million that will enable CLM to satisfy its obligations under the Assumption based on the Company's reserves established in respect of the assumed liabilities as of July 31, 1996 plus certain operating expenses budgeted by CLM from time to time. YPF will not be obligated to contribute capital to CLM beyond the amount of its initial undertaking. The Company will remain responsible for any obligations assumed by CLM in the event CLM does not perform or fulfill such obligations. The environmental contingencies discussed herein and the declaratory judgment action filed by OxyChem and Henkel are among the matters for which CLM has assumed responsibility, and the Company transferred to CLM its then remaining rights to recover costs under the arrangement with DSI. The contribution obligation of YPF related to the Assumption was reflected on the Company's financial statements as a long-term and short-term funding guarantee from parent totaling \$106.9 million, an increase to deferred income taxes of \$37.4 million and an increase to paid-in capital of \$69.5 million. At December 31, 1996, the outstanding funding guarantee totaled \$102.6 million. Insofar as CLM has assumed the Company's environmental liabilities and YPF has committed to pay for the liabilities, such liabilities are not expected to have an adverse impact on the financial reporting books of the Company.

The insurance companies that wrote Chemicals' and the Company's primary and excess insurance during the relevant periods have to date refused to provide coverage for most of Chemicals' or the Company's cost of the personal injury and property damage claims related to environmental claims, including remedial activities at chemical plant sites and disposal sites. In two actions filed in New Jersey state court, the Company has been conducting litigation against all of these insurers for declaratory judgments that it is entitled to coverage for certain of these claims. In 1989, the trial judge in one of the New Jersey actions ruled that there is no insurance coverage with respect to the claims related to the Newark plant (discussed below). The trial court's decision was upheld on appeal and that action is now ended. The other suit, which is pending, covers disputes with respect to insurance coverage related to certain other environmental matters. The Company has entered into settlement agreements with certain of the insurers in this second suit, the terms of which are required to be held confidential. The Company also is engaged in settlement discussions with other defendant insurers; however, there can be no assurance that such discussions will result in settlements with such other insurers.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection and Energy (the "DEP") and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemicals' former Newark, New Jersey agricultural chemicals plant. Engineering for such plan, which will include an engineering estimate of the cost of construction, is progressing. Construction is expected to begin in late 1997 or in 1998, cost approximately \$23 million and take three to four years to complete. The work is being supervised and paid for by CLH, on behalf of the Company pursuant to the Assumption and under the Company's above described indemnification obligation to Occidental. The Company has reserved the estimated costs of performing the remedial action plan and required ongoing maintenance costs.

Studies have indicated that sediments of the Newark Bay watershed, including the Passaic River adjacent to the plant, are contaminated with hazardous chemicals from many sources. These studies suggest that the older and more contaminated sediments located adjacent to the Newark plant generally are buried under more recent sediment deposits. The Company, on behalf of Occidental, negotiated an agreement with the EPA under which CLH, on the Company's behalf, is conducting further testing and studies to characterize contaminated sediment and biota in a six-mile portion of the Passaic River near the plant site. The stability of the sediments in the entire six-mile portion of the Passaic River study area is also being examined as a part of CLH's studies. The Company currently expects the testing and studies to be completed in 1999 and cost from \$4 million to \$6 million after December 31, 1996. The Company has reserved for the amount of its estimate of the remaining costs to be incurred in performing these studies. The Company and later CLH have been conducting similar studies under their own auspices for several years. Until these studies are completed and evaluated, the Company cannot reasonably forecast what regulatory program, if any, will be proposed for the Passaic River or the Newark Bay watershed and therefore cannot estimate what additional costs, if any, will be required to be incurred. However, it is possible that additional work, including interim remedial measures, may be ordered with respect to the Passaic River.

Hudson County, New Jersey. Until 1972, Chemicals operated a chromium ore processing plant at Kearny, New Jersey. According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County.

As a result of negotiations between the Company (on behalf of Occidental) and the DEP, Occidental signed an administrative consent order with the DEP in 1990 for investigation and remediation work at certain chromite ore residue sites in Kearny and Secaucus, New Jersey. The work is presently being performed by CLH on behalf of the Company and Occidental, and CLH is funding Occidental's share of the cost of investigation and remediation of these sites. The Company is currently providing financial assurance for performance of the work in the form of a self-guarantee in the amount of \$20 million subject to the Company's continuing ability to satisfy certain financial tests specified by the State. This financial assurance may be reduced with the approval of the DEP following any annual cost review. While the Company and CLH have participated in the cost of studies

and CLH is implementing interim remedial actions and conducting remedial investigations and feasibility studies, the ultimate cost of remediation is uncertain. The Company anticipates CLH will submit its remedial investigation and feasibility study report to the DEP in 1997. The results of the DEP's review of this report could increase the cost of any further remediation that may be required. The Company has reserved its best estimate of the remaining cost to perform the investigations and remedial work as being approximately \$47 million. In addition, the DEP has indicated that it expects Occidental and the Company to participate with the other chromium manufacturers in the funding of certain remedial activities with respect to a number of so-called "orphan" chrome sites located in Hudson County, New Jersey. Occidental and the Company have declined participation as to those sites for which there is no evidence of the presence of residue generated by Chemicals. The Governor of New Jersey issued an Executive Order requiring state agencies to provide specific justification for any state requirements more stringent than federal requirements. The DEP has indicated that it may be revising its soil action level upwards towards the higher soil screening levels proposed by the EPA in 1994.

Painesville, Ohio. From about 1912 through 1976, Chemicals operated manufacturing facilities in Painesville, Ohio. The operations over the years involved several discrete but contiguous plant sites over an area of about 1,300 acres. The primary area of concern historically has been Chemicals' former chromite ore processing plant (the "Chrome Plant"). For many years, the site of the Chrome Plant has been under the administrative control of the EPA pursuant to an administrative consent order under which Chemicals is required to maintain a clay cap over the site and to conduct certain ground water and surface water monitoring. Many other sites have previously been clay-capped and one specific site, which was a waste disposal site from the mid-1960s until the 1970s, has been encapsulated and is being controlled and monitored. In 1995, the Ohio Environmental Protection Agency (the "OEPA") issued its Directors' Final Findings and Order (the "Director's Order") by consent ordering that a remedial investigation and feasibility study (the "RIFS") be conducted at the former Painesville plant area. The Company has agreed to participate in the RIFS as required by the Director's Order. It is estimated that the total cost of performing the RIFS will be \$5 million to \$8 million over the next three years. In spite of the many remedial, maintenance and monitoring activities performed, the former Painesville plant site has been proposed for listing on the National Priority List under CERCLA; however, the EPA has stated that the site will not be listed so long as it is satisfactorily addressed pursuant to the Director's Order and OEPA's programs. The Company has reserved for the amount of its estimate of its share of the cost to perform the RIFS. The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RIFS progresses, the Company will continuously assess the condition of the Painesville plant site and make any changes, including additions, to its reserve as may be required. The Company's obligations regarding the Chrome Plant described above have been assumed by CLH pursuant to the Assumption.

Other Former Plant Sites. Environmental remediation programs are in place at all other former plant sites where material remediation is required in the opinion of the Company. Former plant sites where remediation has been completed are being maintained and monitored to insure continued compliance with applicable laws and regulatory programs. The Company has reserved for its estimated costs related to these sites, none of which is individually material.

Third Party Sites. Chemicals has also been designated as a potentially responsible party ("PRP") by the EPA under CERCLA with respect to a number of third party sites, primarily off of Chemicals' properties, where hazardous substances from Chemicals' plant operations allegedly were disposed of or have come to be located. Numerous PRPs have been named at substantially all of these sites. At several of these, Chemicals has no known exposure. Although PRPs are almost always jointly and severally liable for the cost of investigations, cleanups and other response costs, each has the right of contribution from other PRPs and, as a practical matter, cost sharing by PRPs is usually effected by agreement among them. Accordingly, the ultimate cost of these sites and Chemicals' share of the costs thereof cannot be estimated at this time, but are not expected to be material except possibly as a result of the matters described below. The matters described below are among those for which CLH has assumed responsibility under the Assumption.

1. Fields Brook, Ashtabula, Ohio. At the time that Chemicals was sold to Occidental, Chemicals operated a chemical plant at Ashtabula, Ohio which is adjacent to Fields Brook. Occidental has continued to operate the Ashtabula plant. In 1986, Chemicals was formally notified by the EPA that it was a PRP for the Fields Brook site. The site is defined as Fields Brook, its tributaries and surrounding areas within the Fields Brook watershed. At least 15 other parties are presently considered to be financially responsible PRPs. In 1986, the EPA estimated the cost of sediment remediation at the site would be \$48 million. The PRPs, including Occidental, have developed an allocation agreement for sharing the costs of the work in Fields Brook ordered by the EPA. Under the allocation, the Occidental share for Chemicals' ownership of the Ashtabula plant would be about five percent of the total, assuming all viable PRPs were to participate.

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It is the Company's position that costs attributable to the Ashtabula plant fall under the Company's above-described cost sharing arrangement with Occidental under which the Company bears one-half of certain costs up to an aggregate dollar cap. Occidental, however, has contended that it is entitled to full indemnification from the Company for such costs, and the outcome of this dispute cannot be predicted. The Company has reserved its estimate of its share of potential cleanup costs based on the assumption that this site falls under the Occidental cost sharing arrangement.

2. SCP/Carlstadt Site, Carlstadt, New Jersey. Chemicals' share of remediation costs at this CERCLA site would be approximately one percent, based on relative volume of waste shipped to the site. An interim remedy has now been implemented at the site by the PRPs but no estimate can be made at this time of ultimate costs of remediation which may extend to certain off-site locations.

3. Chemical Control Site, Elizabeth, New Jersey. The PRPs and the EPA have settled the federal claims for cost recovery and site remediation, and remediation is now complete. The DEP has demanded of PRPs (including Chemicals) reimbursement of the DEP's alleged \$34 million (including interest through December 31, 1995) in past costs for its partial cleanup of this site. Based on the previous allocation formula, it is expected that Chemicals' share of any money paid to the DEP for its claim would be approximately two percent. The Company has fully reserved its estimated liability for this site.

Legal Proceedings

In 1995, OxyChem filed suit in Texas state court seeking a declaration of certain of the parties' rights and obligations under the sales agreement pursuant to which the Company sold Chemicals to Occidental. Henkel joined in said lawsuit as a plaintiff in January 1996. Specifically, OxyChem and Henkel are seeking a declaration that the Company is required to indemnify them for 50% of certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used in connection with the business of Chemicals on the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by OxyChem or Henkel and as to which the Company is provided written notice by OxyChem or Henkel prior to the expiration of ten years following the Closing Date, irrespective of when OxyChem or Henkel incurs and gives notice of such costs, subject to an aggregate \$75 million cap. The court denied the Company's motion for summary judgment and granted OxyChem's and Henkel's joint motion for summary judgment, thereby granting OxyChem and Henkel the declaration they sought. The Company believes the court's orders are erroneous and has appealed.

The Company has established reserves based on its 50% share of remaining costs expected to be paid or incurred by OxyChem and Henkel prior to September 4, 1996, the tenth anniversary of the Closing Date. As of December 31, 1996, the Company and CLM on its behalf had paid OxyChem and Henkel a total of approximately \$42 million against the \$75 million cap and, based on OxyChem's and Henkel's historical annual expenditures, the Company had approximately \$4 million reserved. The Company cannot predict with any certainty what portion of the approximately \$29 million unreserved portion of the \$33 million amount remaining at December 31, 1996, OxyChem and Henkel may incur; however, OxyChem and Henkel have asserted in court that the entire amount will be spent. In the event that the Company does not prevail in its appeal, it could be required to pay up to approximately \$29 million in additional costs which have not been reserved related to this indemnification. CLM has assumed, pursuant to the Assumption, responsibility for this litigation.

The Company has established reserves for legal contingencies in situations where a loss is probable and can be reasonably estimated.

Future Outlook

Maxus currently projects total program spending (capital expenditures plus exploration expenses) for 1997 to be approximately \$221 million, compared to \$233 million in 1996. The planned allocation is Indonesia \$110 million, Midgard (U.S.) \$66 million, Ecuador \$26 million and domestic and overseas new ventures \$19 million. Funding for the 1997 spending program is expected to be provided by cash from operations and cash advances from YPF as necessary. In addition to the 1997 program, Maxus has financial and/or performance commitments for exploration and development activities in 1998 and beyond, none of which are material.

Midgard has signed a letter of intent with Amoco Production Company ("Amoco") concerning the establishment of a partnership with regard to Midgard's business and assets. It is anticipated that Midgard and Amoco will each contribute to the partnership oil and gas properties in the Texas Panhandle and western Oklahoma and that Amoco will contribute certain other assets. Midgard and Amoco have commenced negotiations of definitive agreements covering the partnership. However, no definitive agreements have been entered into, and consequently no assurances can be given that the attempts to establish the partnership will be successful. In addition to the general reorganization discussed in "Significant Events 1996" above, Maxus is continuing to consider a number of possible capital and business restructuring alternatives; however, no decisions have been made to take any additional specific action nor can there be any assurance that any specific action will be taken.

The Company's foreign petroleum exploration, development and production activities are subject to political and economic uncertainties, expropriation of property and cancellation or modification of contract rights, foreign exchange restrictions and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss in some countries due to changes in governments, civil strife, guerrilla activities and insurrection. Areas in which the Company has significant operations include the United States, Indonesia and Ecuador.

On August 10, 1996, a new Government was inaugurated in Ecuador and on August 20, 1996, the new Energy Minister announced his intention to cancel the Company's risk service contract unless the Company and the other members of its consortium for the Block 16 project ("Block 16") agreed to convert such contract into a production sharing contract. Effective January 1, 1997, the Company and the Government entered into a new contract governing Block 16. The principal difference between the two contracts is the manner in which the consortium's costs in the Block are recovered. Under the former contract, the Company had the right to recover its investment before the Government began to share in significant proceeds from the sale of production; under the new contract, the Government receives a royalty, and the Company's recovery of its investment is out of the proceeds after deducting such royalty. Previous Governments had signaled their dissatisfaction with the former arrangement and in recent years a series of auditing, contract administration and certification of new field disputes had arisen that made it increasingly difficult to develop Block 16. Partly in response to these difficulties, the Company reduced its 1996 program spending on Block 16 to \$17 million from \$32 million in 1995.

EXHIBIT 45

20-F 1 d20f.htm FORM 20-F

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005
Commission file number: 1-12102

YPF Sociedad Anónima

(Exact name of registrant as specified in its charter)

Republic of Argentina
(Jurisdiction of incorporation or organization)
Avenida Pte. R. Sáenz Peña 777
C1035AAC Ciudad Autónoma de Buenos Aires, Argentina
(011-5411) 4329-2000
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing one Class D Share, par value 10 pesos per share	New York Stock Exchange
Class D Shares	New York Stock Exchange*
7 3/4% Notes due 2007	New York Stock Exchange

* Listed not for trading but only in connection with the registration of American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each class of stock of YPF Sociedad Anónima as of December 31, 2005 was:

Class A Shares	3,764
Class B Shares	7,624
Class C Shares	1,475,704
Class D Shares	391,825,701
	393,312,793

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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and oil spills in the gathering systems of fields. Expenditures will also be made to improve technical assistance and training and to establish environmental contamination remediation plans, air emissions monitoring plans and ground water investigation and monitoring programs.

YPF and several other industrial companies operating in the La Plata area have entered into a community emergency response agreement with three municipalities and local hospitals, firefighters and other health and safety service providers to implement an emergency response program. This program is intended to prevent damages and losses resulting from accidents and emergencies, including environmental emergencies. Similar projects and agreements were developed at other refineries as well.

In 1991, YPF entered into an agreement (*Convenio de Cooperación Interempresarial* or CCI) with certain other oil and gas companies for the implementation of a plan to reduce and assess environmental damage resulting from oil spills in Argentine waters to reduce the environmental impact of potential oil spills offshore. This agreement involves consulting on technological matters and mutual assistance in the event of any oil spills in rivers or at sea, due to accidents involving tankers or offshore exploration and production facilities.

Regarding climate change, YPF has been developing a strategy since 2002 to address the requirements of the Kyoto Protocol. The main elements of this plan are the following:

- Actively promote the identification and pursuit of opportunities to reduce emissions within YPF. For that, YPF takes into account the cost of carbon into its business decisions.
- Intensify the execution of internal projects for credit-generating by the Clean Development Mechanisms that help its parent company, Repsol YPF, to meet its obligations. YPF collaborates with competent authorities from the countries in which it operates, in particular the Argentina Clean Development Mechanism Office (OAMDL).

YPF's estimated capital expenditures and future investments are based on currently available information and on current laws, and future changes in laws or technology could cause a revision of such estimates. In addition, while YPF does not expect environmental expenditures to have a significant impact on YPF's future results of operations, changes in management's business plans or in Argentine laws and regulations may cause expenditures to become material to YPF's financial position, and may affect results of operations in any given year.

YPF Holdings Inc.—Operations in the United States of America

Laws and regulations relating to health and environmental quality in the United States affect nearly all of the operations of YPF Holdings. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances remedial obligations.

YPF believes that YPF Holdings' policies and procedures in the area of pollution control, product safety and occupational health are adequate to prevent unreasonable risk of environmental and other damage, and of resulting financial liability, in connection with its business. Some risk of environmental and other damage is, however, inherent in particular operations of YPF Holdings and, as discussed below, Maxus and Tierra, controlled companies through YPF Holding Inc, have certain potential liabilities associated with operations of Maxus' former chemical subsidiary. YPF Holdings cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could in the future require material expenditures by YPF Holdings for the installation and operation of systems and equipment for remedial measures, possible dredging requirements and in certain other respects. Also, certain laws allow for recovery of natural resource damages from responsible parties and ordering

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the implementation of interim remedies to abate an imminent and substantial endangerment to the environment. Potential expenditures for any such actions cannot be reasonably estimated.

As of December 31, 2005, reserves for the environmental contingencies totalled approximately US\$ 85.2 million. Management believes it has adequately reserved for all environmental contingencies that are probable and can be reasonably estimated. However, changes in circumstances could result in changes, including additions, to such reserves in the future.

In connection with the sale of Maxus' former chemical subsidiary, Diamond Shamrock Chemicals Company ("Chemicals"), to Occidental Petroleum Corporation (together with its subsidiary Occidental Chemical Corporation, "Occidental") in 1986, Maxus agreed to indemnify Chemicals and Occidental from and against certain liabilities relating to the business or activities of Chemicals prior to the September 4, 1986 closing date (the "Closing Date"), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date.

In addition, under the agreement pursuant to which Maxus sold Chemicals to Occidental, Maxus is obligated to indemnify Chemicals and Occidental for 50% of certain environmental costs incurred on projects involving remedial activities relating to chemical plant sites or other property used in the conduct of the business of Chemicals as of the Closing Date and for any period of time following the Closing Date which relate to, result from or arise out of conditions, events or circumstances discovered by Chemicals and as to which Chemicals provided written notice prior to September 4, 1996, irrespective of when Chemicals incurs and gives notice of such costs, with Maxus' aggregate exposure for this cost sharing being limited to US\$ 75 million. The obligation under this cost sharing arrangement has been substantially satisfied in that as of December 31, 2005, YPF Holdings had expended a total of approximately US\$ 74.9 million thereunder. The remaining portion of this cost sharing arrangement (approximately US\$ 0.1 million as of December 31, 2005) has been reserved.

Tierra has agreed to assume essentially all of Maxus' aforesaid indemnity obligations to Occidental in respect of Chemicals.

In the following discussion concerning plant sites and third party sites, references to YPF Holdings include, as appropriate and solely for ease of reference, references to Maxus and Tierra. As indicated above, Tierra is also a subsidiary of YPF Holdings and has assumed certain of Maxus' obligations.

Newark, New Jersey. A consent decree, previously agreed upon by the U.S. Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection and Energy (the "DEP") and Occidental, as successor to Chemicals, was entered in 1990 by the United States District Court of New Jersey and requires implementation of a remedial action plan at Chemicals' former Newark, New Jersey agricultural chemicals plant. The approved remedy has been completed and paid for by Tierra pursuant to the above described indemnification obligation to Occidental. This project has moved into the operation and maintenance phase; however, there will be periodic assessments to determine if additional work needs to be done. YPF Holdings has fully reserved the estimated costs required to conduct ongoing operation and maintenance of such remedy (at an average cost of approximately US\$ 1 million annually) for 9 years from and after January 1, 2006.

Passaic River, Newark bay, New Jersey. Studies have indicated that sediments of the Newark Bay watershed, including the Passaic River adjacent to the former Newark plant, are contaminated with hazardous chemicals from many sources. These studies suggest that the older and more contaminated sediments located adjacent to the former Newark plant generally are buried under more recent sediment deposits. Maxus, on behalf of Occidental, negotiated an agreement with the EPA under which Tierra has conducted further testing and studies to characterize contaminated sediment and biota in a six-mile portion of the Passaic River near the plant site. The stability of the sediments in the entire six-mile portion of the Passaic River study area was also examined as a part of Tierra's studies. While some work remains, these studies were substantially completed in 2005. In addition,

- Maxus and Tierra have been conducting similar studies under their own auspices for several years.

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- The EPA and other agencies are addressing the lower Passaic River in a joint federal, state, local and private sector cooperative effort designated as the Lower Passaic River Restoration Project (the "PRRP"). Tierra has agreed, along with approximately 30 other entities, to participate in a remedial investigation and feasibility study proposed in connection with the PRRP.
- In 2003, the DEP issued its Directive No. 1 for Natural Resource Injury Assessment and Interim Compensatory Restoration of Natural Resources for the Lower Passaic River ("Directive No. 1"). Directive No. 1 was served on approximately 66 entities, including Occidental and Maxus and certain of their respective related entities, and seeks to address natural resource damages allegedly resulting from almost 200 years of historic industrial and commercial development of the lower 17 miles of the Passaic River and a part of its watershed. Directive No. 1 asserts that the named entities are jointly and severally liable for the alleged natural resource damages without regard to fault. The DEP has asserted jurisdiction in this matter even though all or part of the lower Passaic River has been designated as a Superfund site and is a subject of the PRRP. Directive No. 1 calls for the following actions: interim compensatory restoration, injury identification, injury quantification and value determination. Maxus and Tierra responded to Directive No. 1 setting forth good faith defenses. Settlement discussions between the DEP and the named entities have been held; however, no agreement has been reached or is assured.
- In 2004, the EPA and Occidental entered into an administrative order on consent (the "AOC") pursuant to which Tierra (on behalf of Occidental) has agreed to conduct testing and studies to characterize contaminated sediment and biota in the Newark Bay. Tierra presented a proposed initial work plan, a study that includes sampling in Newark bay, which was approved by the EPA. Tierra began field work on this study in October 2005. After the data has been collected in the initial study, a determination will be made as to what additional work, if any, might be required.
- In December 2005, the DEP issued a directive to Tierra, Maxus and Occidental directing said parties to pay the State of New Jersey's costs of developing a Source Control Dredge Plan focused on alleged dioxin-contaminated sediment in the lower six-mile portion of the Passaic River. The development of this plan is estimated by the DEP to cost approximately US\$ 2.3 million. This directive was issued even though this portion of the lower Passaic River has been designated as a Superfund site and is a subject of the PRRP. Maxus and Tierra are studying this new directive. The DEP has advised the recipients that (a) it is engaged in discussions with the EPA regarding the subject matter of the directive, and (b) they are not required to respond to the directive until otherwise notified.
- Also in December 2005, the DEP sued YPF, YPF Holdings, Tierra, Maxus and several affiliated entities, in addition to Occidental, in connection with dioxin contamination allegedly emanating from Chemicals' former Newark plant and contaminating the lower 17-mile portion of the Passaic River, Newark Bay, other nearby waterways and surrounding areas. The DEP seeks unspecified damages for injuries to so-called "uplands resources" and for other matters. The DEP also seeks punitive damages. YPF, YPF Holdings and its subsidiary, CLH Holdings Inc., have filed pleadings seeking dismissal, and the remaining defendants who have been served are in the process of preparing appropriate responsive pleadings.

As of December 31, 2005, there is a total of approximately US\$ 9.0 million reserved in connection with the foregoing matters related to the Passaic River, Newark Bay and surrounding area. Studies are ongoing with respect to the Passaic River and Newark Bay watershed. Until these studies are completed and evaluated, YPF Holdings cannot estimate what additional costs, if any, will be required to be incurred. However, it is possible that additional work, including interim remedial measures, may be ordered with respect to the Passaic River and/or Newark Bay. In addition, as more is known about the aforesaid directives and litigation, additional costs may be required to be incurred or additional reserves may need to be established.

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Hudson County, New Jersey. Until 1972, Chemicals operated a chromite ore processing plant at Kearny, New Jersey ("Kearny Plant"). According to the DEP, wastes from these ore processing operations were used as fill material at a number of sites in and near Hudson County. The DEP and Occidental, as successor to Chemicals, signed an administrative consent order with the DEP in 1990 for investigation and remediation work at certain chromite ore residue sites in Kearny and Secaucus, New Jersey. Tierra, on behalf of Occidental, is presently performing the work, and Tierra is funding Occidental's share of the cost of investigation and remediation of these sites. Tierra, on behalf of Occidental, is providing financial assurance in the amount of US \$20 million for performance of the work. This financial assurance may be reduced with the approval of the DEP following any annual cost review. While Tierra has participated in the cost of studies and is implementing interim remedial actions and conducting remedial investigations, the ultimate cost of remediation is uncertain. Tierra submitted its remedial investigation reports to the DEP in late 2001, and the DEP continues to review these reports. In addition:

- In May 2005, the DEP took two actions in connection with the chrome sites in Hudson and Essex Counties. First, the DEP issued a directive to Maxus, Occidental and two other chromium manufacturers (the "Respondents") directing them to arrange for the cleanup of chromite ore residue at three sites in Jersey City and the conduct of a study by paying the DEP a total of US\$ 20 million. While YPF Holdings believes that Maxus is improperly named and there is little or no evidence that Chemicals' chromite ore residue was sent to any of these sites, the DEP claims the Respondents are jointly and severally liable without regard to fault. Second, the State of New Jersey filed a lawsuit against Occidental and two other entities in state court in Hudson County seeking, among other things, cleanup of various sites where chromite ore residue is allegedly located, recovery of past costs incurred by the State of New Jersey at such sites (including in excess of US\$ 2.3 million dollars allegedly spent for investigations and studies) and, with respect to certain costs at 18 sites, treble damages. The DEP claims that the defendants are jointly and severally liable, without regard to fault, for much of the damages alleged. The parties have engaged in preliminary discussion regarding possible settlement; however, there is no assurance that these discussions will be successful.
- In 2004, the DEP expressed a desire that a sediments testing program be conducted on a portion of the Hackensack River near the former Kearny Plant. Tierra, on behalf of Occidental, and other parties are engaged in discussions with the DEP regarding this issue.
- By letter dated November 10, 2005, several environmental groups sent a notice of intent to sue the owner of the property adjacent (the "Adjacent Property"), to the former Kearny Plant and five other parties, including Tierra, under the Resource Conservation and Recovery Act. The stated purpose of the lawsuit, if filed, would be to require the noticed parties to carry out measures to abate alleged endangerments to health and the environment emanating from the Adjacent Property. Tierra is studying this notice.

As of December 31, 2005, there is a total of approximately US\$ 24.8 million reserved in connection with the foregoing chrome-related matters. Soil action levels for chromium in New Jersey have not been finalized, and the DEP is currently reviewing the proposed action levels. The cost of addressing these chrome-related matters could increase depending upon the final soil action levels, the DEP's response to Tierra's reports and other developments.

Painesville, Ohio. From about 1912 through 1976, Chemicals operated manufacturing facilities in Painesville, Ohio (the "Painesville Works"). The operations over the years involved several discrete but contiguous plant sites over an area of about 1,300 acres. The primary area of concern historically has been Chemicals' former chromite ore processing plant (the "Chrome Plant"). For many years, the site of the Chrome Plant has been under the administrative control of the EPA pursuant to an administrative consent order under which Chemicals is required to maintain a clay cap over the Chrome Plant site and to conduct certain ground water and surface water monitoring. Certain other areas have previously been clay-capped, and one specific site, which was a waste disposal site from the mid-1960s until the 1970s, has been encapsulated and is being controlled and monitored. In 1995, the Ohio Environmental Protection Agency (the "OEPA"), issued its Director's Final Findings and Order (the "Director's Order"), by consent ordering that a remedial investigation and feasibility study (the "RIFS"), be conducted at the

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former Painesville Works area. Tierra has agreed to participate in the RIFS as required by the Director's Order. Tierra submitted the remedial investigation report to the OEPA, which report was finalized in 2003. Tierra will submit required feasibility reports separately. In addition, the OEPA has approved certain work, including the remediation of the site of a former cement plant, remediation of a former aluminum smelting plant and work associated with the development plans discussed below (the "Remediation Work"), which has begun. As the OEPA approves additional projects for the site of the former Painesville Works, additional amounts may need to be reserved. Over ten years ago, the former Painesville Works site was proposed for listing on the National Priority List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"); however, the EPA has stated that the site will not be listed so long as it is satisfactorily addressed pursuant to the Director's Order and OEPA's programs. The site has not been listed. YPF Holdings has reserved a total of approximately US\$12.5 million as of December 31, 2005 for its estimated share of the cost to perform the RIFS, the Remediation Work and other operation and maintenance activities at this site. The scope and nature of any further investigation or remediation that may be required cannot be determined at this time; however, as the RIFS progresses, YPF Holdings will continuously assess the condition of the Painesville Works site and make any changes, including additions, to its reserve as may be required. Tierra has entered into an agreement with a developer for the possible development and use of all or portions of this site. While the developer is proceeding with its development plans, there can be no assurance that this site will be successfully developed or that any productive use can be made of all or a portion of this site.

Third Party Sites. Chemicals has also been designated as a potentially responsible party ("PRP") by the EPA under CERCLA with respect to a number of third party sites where hazardous substances from Chemicals' plant operations allegedly were disposed or have come to be located. Numerous PRPs have been named at substantially all of these sites. At several of these, Chemicals has no known exposure. Although PRPs are typically jointly and severally liable for the cost of investigations, cleanups and other response costs, each has the right of contribution from other PRPs and, as a practical matter, cost sharing by PRPs is usually effected by agreement among them. At a number of these sites, the ultimate response cost and Chemicals' share of such costs cannot be estimated at this time. At December 31, 2005, YPF Holdings has reserved approximately US\$3.1 million in connection with its estimated share of costs related to these sites while the cost of other sites can not be determined as of the date hereof.

The Port of Houston Authority ("the "Port"), sued a number of parties, including Occidental (as successor to Chemicals) and Maxus, alleging in excess of US\$ 25 million in damages to its property, plus the need for remediation at certain of its property, as a result of contamination allegedly emanating from a facility adjoining Greens Bayou formerly owned by Chemicals and at which DDT and certain other chemicals were manufactured. Tierra is handling this matter on behalf of Occidental. The Port's claims were settled for an initial payment of US\$ 30 million and certain other undertakings, including an agreement to remediate various properties in the vicinity of the Greens Bayou facility, an agreement by another defendant to purchase a tract of land for up to US\$ 5 million, and an agreement to indemnify the Port up to an aggregate of US\$ 20 million in respect of certain matters. The cost of such remediation is not expected to exceed a total of approximately US\$ 44 million. Pursuant to a cost sharing agreement among the defendants, Tierra (on behalf of Occidental) contributed US\$ 6.3 million toward the settlement, subject to the defendants' agreement to arbitrate their respective obligations in connection with the settlement. Following the arbitration and initiation of challenges to the award, the defendants agreed to settle their dispute pursuant to a confidential settlement agreement. At December 31, 2005, YPF Holdings has reserved approximately US\$ 26.3 million for its share of future remediation activities associated with the Greens Bayou facility.

YPF Holdings, including its subsidiaries, is a party to various other lawsuits, the outcomes of which are not expected to have a material adverse affect on YPF's financial condition. Reserves have been established for legal contingencies in situations where losses are probable and can be reasonably estimated.

EXHIBIT 46

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. That's correct.

3 Q. By moving the operations associated with
4 Bolivia, Venezuela, Java, Sumatra and Ecuador from
5 Maxus to an international subsidiary of YPF, YPF was
6 able to achieve increased earnings on those
7 operations?

8 A. By doing this transferring, the
9 operations would not have -- would not improve their
10 results.

11 Q. I don't want to argue with you, and I'm
12 not saying that it impacts the subsidiaries'
13 operations. I'm saying that it maximizes the tax
14 benefits and the dividends received by YPF; is that
15 true?

16 MS. BLANCO: Objection to the form. You
17 can answer.

18 A. It improved the dividends and the tax
19 benefits would not be for YPF, but for YPF
20 International.

21 Q. YPF International was a wholly owned
22 subsidiary of YPF?

23 A. That's not right. YPF International was
24 a 100 percent subsidiary of YPF.

25 Q. Correct. Did the movement of the

1 G. Leiva

2 operations -- scratch that. Sorry.

3 Was it a goal of this corporate
4 reorganization to improve the operational results of
5 Maxus Energy?

6 A. I don't know if it was the goal, but it
7 happened -- but that's what happened in reality, in
8 practice.

9 Q. Maxus' foreign operations, its best
10 assets, were all moved to YPF International; is that
11 true?

12 A. No, the best asset that it had was
13 Midgard.

14 Q. That was sold in 1999, true?

15 A. That's correct.

16 Q. This restructuring from 1996 to 1998 all
17 of the foreign operations of Maxus were removed from
18 the company; is that true?

19 MS. BLANCO: Objection to form.

20 MR. CROUT: Objection to form.

21 A. We would have to define the term remove
22 because actually they were purchased and they were
23 purchased at a fair market value.]

24 MR. JACKSON: Objection, non-responsive.

25 Q. All I'm asking is by this restructuring,

1 G. Leiva
2 were the foreign operations of Maxus transferred to
3 other wholly owned subsidiaries of YPF?

4 MS. BLANCO: Objection, form. You can
5 answer it.

6 MR. CROUT: Same objection.

7 A. Yes, they were transferred at a fair
8 market value.

9 MR. JACKSON: Object to that portion
10 after "yes, they were transferred" as non-responsive.

11 Q. I'm not asking about value right now.
12 All I'm asking is whether or not they were
13 transferred.

14 MS. BLANCO: Objection to the form.

15 MR. CROUT: Same objection.

16 A. By transfer do you mean sale?

17 Q. No, I do not.

18 A. The operations were sold, not
19 transferred.]

20 Q. We'll get into the details of those
21 transactions in a moment.

22 One of the benefits to the new structure
23 is elimination of tax withholding on earnings
24 generated by Bolivia and Venezuela; do you see that?

25 A. Yes, that's correct.

1 G. Leiva

2 Q. Another benefit below that is the
3 elimination of the tax withholding on income obtained
4 from Ecuador and Indonesia; is that correct?

5 A. That's correct.

6 Q. If you look to the next bullet beneath
7 the one we've been discussing it states basically
8 that this restructuring divides the current Maxus
9 into four areas; is that correct?

10 A. Yes.

11 Q. Section C there states that Chemical
12 Land Holdings is one of those four areas which will
13 manage environmental problems and will eventually
14 carry out environmental cleanup services essentially;
15 is that correct? Is that what it states?

16 A. That's correct.

17 Q. Is that Tierra Solutions is all I was
18 going to ask you.

19 MS. BLANCO: Hold on. I want the
20 witness to complete his answer before the next
21 question.

22 A. I just wanted to say that Chemical Land
23 Holdings is the name of the company and interpreter
24 should not have to translate to that.

25 Q. Where it refers to Chemical Land

1 G. Leiva
2 stock of Chemical Land Holdings, Inc., which is
3 Tierra, to YPF Holdings?

4 A. Yes, in this case it's not a capital
5 contribution, but it's a sale because they were third
6 parties from Paris that could have been affected with
7 the disposition of any asset.

8 Q. How much did YPF Holdings pay for
9 Tierra?

10 A. I don't know, but I don't think it was
11 much because it only had liabilities.

12 Q. It had assets and real property?

13 A. Chemical Land Holdings? At that time I
14 didn't have knowledge.

15 Q. We're talking about Tierra Solutions,
16 correct?

17 A. Yes, we're talking about the
18 environmental company.

19 Q. Right. It owns 80 and 120 Lister Avenue
20 in New Jersey?

21 A. Okay. That's fine. I'm not an expert
22 on that. I'm not an expert in property business.

23 MS. BLANCO: No. Wait. Objection to
24 the translation.

25 A. I'm not an expert in the business of

1 G. Leiva

2 earth -- of Tierra or Chemical.

3 VIDEOGRAPHER: Five minutes on the tape.

4 Q. I'm not asking you to testify as an
5 expert, just as the corporate representative on these
6 restructurings.

7 A. Okay.

8 Q. You testified earlier, at least with
9 respect to the assets sales, each and every one was
10 with a valuation and transferred at fair market
11 value?

12 A. Yes, that's correct. This is what is
13 going on in this transference.]

14 Q. What was the value assigned to Tierra
15 Solutions?

16 A. I do not know.

17 Q. What did YPF Holdings pay for Tierra
18 Solutions?

19 A. I do not know. You can ask YPF
20 Holdings' representative.

21 Q. I'm here asking you as the corporate
22 representative of the ultimate parent, YPF.

23 A. I do not know.

24 Q. Would Carlos Olivieri have superior
25 knowledge on this topic?

1 G. Leiva

2 A. I do not know in this case.

3 Q. Do you know if an internal valuation was
4 prepared in conjunction with this transaction?

5 A. I do not know.

6 Q. Are you aware of any estimation of the
7 value of Tierra Solutions within YPF and its
8 subsidiaries?

9 A. No.

10 MR. JACKSON: We can go off the record
11 and change the tape.

12 VIDEOGRAPHER: Going off the record.
13 The time is 2:32. This ends tape four.

14 (Whereupon, a recess was taken.)

15 VIDEOGRAPHER: We are back on the
16 record. The time is 2:48. This is tape five.

17 Q. Mr. Leiva, I wanted to clarify one issue
18 that we just discussed before the break. I think I
19 understood what you said well, but I don't think the
20 transcript came out very clearly, so I want to ask
21 you a question that may seem a bit repetitive, but I
22 just want to clear up the record.

23 A. That's perfect.

24 Q. Is it your testimony that there is no
25 need for a fair market valuation if the transaction

EXHIBIT 47

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 today?

3 A. Fine. Thank you very much.

4 Q. What I would like to do today is pick up
5 where we left off yesterday. I'm going to hand you
6 what we have marked as Plaintiffs' Exhibit 75. This
7 is the Agreement of Merger between YPF Acquisition
8 Corp. and Maxus Energy.

9 Yesterday at the end of the day we were
10 discussing the Keepwell Covenant. What I would like
11 to ask you to do is turn to page 54 of Exhibit P 75.
12 Could you, sir, please review Section 5.15.

13 A. Okay.

14 Q. Sir, have you seen this document before?

15 A. At the time of this transaction.

16 Q. We discussed yesterday that in
17 connection with your preparation of the company's
18 20-F's, you are generally able to read English?

19 MS. BLANCO: Objection to the
20 translation.

21 INTERPRETER: Could you repeat your
22 question?

23 MR. JACKSON: Yes.

24 (The requested portion was read.)

25 A. Yes.

1 G. Leiva

2 Q. Are you able to read Section 5.15 of
3 this merger agreement?

4 A. Yes.

5 Q. Do you understand that Section 5.15 is
6 what is generally referred to by YPF as the Keepwell
7 Covenant?

8 A. Yes.

9 Q. The Keepwell Covenant obligates YPF to
10 capitalize Maxus in an amount necessary to permit
11 Maxus to meet such obligations as set forth in this
12 agreement up to a cap; is that correct?

13 A. That's correct.

14 Q. If you will turn to page 55, please,
15 there is a discussion of that cap. The cap speaks in
16 terms of the loan commitments. I'm not sure how this
17 is going to translate, but it talks in terms of three
18 tranches of loans, tranche one, two and three.

19 Are you familiar with those terms,
20 Mr. Leiva?

21 A. I'm not really sure what you mean by
22 tranche one, tranche two, and tranche three. I don't
23 know if it's stated in another section of the
24 covenant.

25 Q. Could you look at page 19, Section 3.7.

1 G. Leiva

2 This section refers to the commitment as a defining
3 term referencing the commitment letter from Chase
4 Manhattan Bank that we discussed yesterday.

5 Do you recall that, sir?

6 A. Yes.

7 Q. Under the terms of the Chase commitment
8 that we discussed yesterday, the trance one was the
9 loan to YPF Acquisition Corp.; do you recall that,
10 sir?

11 A. Yes.

12 Q. Trances two and three were the loans for
13 250 million and 175 million to Midgard and for the
14 Indonesian assets; is that correct?

15 A. That's correct.

16 Q. Under the terms of the Keepwell
17 Covenant, the cap for the Keepwell in the merger
18 agreement was established at \$442 million under
19 trance one, which was the amount of the loan to YPF
20 Acquisition Corp.?

21 MS. BLANCO: Objection, form. You can
22 answer.

23 A. Yes, I do understand as such.

24 Q. Actually, the provision goes on to say
25 "unless trance one was replaced by trances two and

EXHIBIT 48

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 MR. JACKSON: I'm going to object to the
3 translation, I think, based on a hunch.

4 INTERPRETER: Independently that's what
5 it says?

6 MR. JACKSON: That's okay.

7 Q. Look with me, please, at the last
8 sentence of Section II, can you read that to
9 yourself.

10 (Witness complies.)

11 Q. This section calls for the cascading
12 funding that we have talked about before where it
13 goes from YPF to its subsidiary, YPF International,
14 followed by successive contributions down the chain;
15 is that correct?

16 A. That's correct.

17 Q. Did funding actually occur this way
18 under the Contribution Agreement?

19 A. Yes, that's the way that you do any type
20 of funding, capitalization.

21 Q. I just want to make sure it's clear. In
22 this instance that is how the funding occurred?

23 A. Yes.

24 Q. Is it your understanding that
25 contributions, that all contributions required under

1 G. Leiva
2 the Contribution Agreement have been made at least
3 insofar as Section II is concerned?

4 A. As far as I know, all the contributions
5 that CLH needed to face its environmental liabilities
6 were done.

7 I also know that there are some formal
8 issues regarding that documentation. The
9 documentation that we have been talking about under
10 this Contribution Agreement and not under an
11 alternative funding.

12 Q. Is it your testimony that all the
13 contributions that Tierra needed to fund its
14 environmental liabilities were done?

15 A. Yes, to fund the payment requirements of
16 Tierra regarding environmental issues.

17 Q. Under the terms of the Contribution
18 Agreement?

19 A. Yes.]

20 Q. Just so we're clear, and let me go ahead
21 and hand you what we marked as Plaintiffs'
22 Exhibit 70. I think this exhibit may impact the
23 amount of the obligation.

24 Can you tell me what Exhibit 70 is,
25 please, sir?

1 G. Leiva

2 A. It changes the amount that has been
3 promised in Section II of Plaintiffs' Exhibit 32,
4 increasing from \$108,400,000 to \$11.5 million.

5 MS. BLANCO: Objection to the --

6 A. No, \$111,500,000.

7 Q. The first addendum to the Contribution
8 Agreement increases the Assumed Liability Accrued
9 Amount as defined in the agreement to \$111,500,000;
10 is that correct?

11 A. Do you mean the debt or the --

12 Q. Sir, if you will look at Plaintiffs'
13 Exhibit 70, the first addendum to the Contribution
14 Agreement it simply states that is increasing the
15 Assumed Liability Accrued Amount by \$3.1 million.

16 A. The assumed liabilities were the
17 reserves that CLH had in its balance.

18 Q. That Maxus had -- you mean it was Maxus'
19 environmental reserves, not Tierra's?

20 A. No, not to Tierra, CLH. Maxus assumed
21 originally and during the restructuring process they
22 were transferred to CLH.

23 Q. You're correct.

24 A. We saw it before.

25 Q. You're correct.

1 G. Leiva

2 and 2000, the Contribution Agreement cap did not go
3 up as well; is that correct?

4 MR. CROUT: Objection to form.

5 A. You say if they went up or if they would
6 have gone up?

7 Q. If Tierra increased its environmental
8 reserves in later years, would that have any affect
9 on the cap set in the Contribution Agreement?

10 A. I assume yes, because in the amendment
11 as it increases, the cap increases in relation to the
12 increase of liabilities and then I don't know, but it
13 will show that before another increase it would have
14 done the same thing.

15 What I want to say is that when it
16 increased, when the liabilities or the reserve
17 increased, also the cap was increased by the
18 amendment. It increased by three million.

19 Q. Are you aware of subsequent amendments
20 to the Contribution Agreement?

21 A. No.

22 MR. JACKSON: We have to take a break to
23 change the tape.

24 VIDEOGRAPHER: Going off the record.
25 The time is 3:49. This ends tape five.

1 G. Leiva

2 (Whereupon, a recess was taken.)

3 VIDEOGRAPHER: We're back on the record.

4 The time is four o'clock. This is tape six.

5 MS. BLANCO: The witness needs to
6 clarify his testimony.

7 MR. JACKSON: Okay.

8 Q. Please do so, sir.

9 A. I think at one point when we were
10 talking about the Contribution Agreement it was asked
11 if YPF had given contributions under the Contribution
12 Agreement, and I said that YPF had made many
13 contributions, but I wasn't sure if all of them had
14 happened under this Contribution Agreement.

15 Exactly to this date there is still a
16 controversy going on between YPF Holdings and YPF,
17 S.A. regarding which was the contribution made under
18 that Contribution Agreement.

19 That is a job to be done that was being
20 taken care of by the treasury department of YPF as
21 those are the people that have the information of the
22 transfers being done, and that has not been finished
23 yet.

24 Q. Okay. So as we sit here today, you are
25 not able to say with certainty whether or not YPF has

1 G. Leiva

2 completed all of its obligations under the terms of
3 this Contribution Agreement?

4 A. That's correct.

5 Q. There's another area that I want to
6 clear up with respect to the Contribution Agreement.
7 If you look at the Contribution Agreement, page two,
8 there are two sections, Section II and Section III.

9 A. Correct.

10 Q. Section II deals with the assumed
11 environmental liabilities that Tierra assumed
12 pursuant to the Assumption Agreement; is that
13 correct?

14 A. That's correct.

15 Q. If you look at the terms of Section II
16 it states that "YPF and the parent companies would
17 make contributions to satisfy the assumed
18 obligations," and then starting six lines down
19 there's a provision that says "provided that there
20 will be a maximum contribution with terms spelled out
21 therein, but up to an amount in this document of
22 \$108,400,000."

23 MS. BLANCO: Objection, form. You can
24 answer it.

25 A. That's correct.

EXHIBIT 49

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
: Civil Action No.
: 2:06-CV-00401-JCL-PS
OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

1 Q. Has YPF Holdings independently raised
2 financing from external sources?

3 A. No, it has not.

4 Q. Has YPF Holdings ever been turned down for
5 such financing?

6 A. I don't believe so. I don't think YPF
7 Holdings has ever attempted to raise financing from
8 third-party sources.

9 Q. Can you describe for me the process that
10 YPF Holdings goes through to fund its operations,
11 investments, and losses?

12 MR. STARNES: Objection. Are you asking
13 about -- what time period are you asking about, John?

14 MR. GILMOUR: Today.

15 A. Currently YPF Holdings and its subsidiaries
16 fund their operating cash needs through loans from the
17 immediate parent company, YPF, S.A.

18 Q. (By Mr. Gilmour) Does YPF Holdings require
19 the expenditures from its parent for any amounts?

20 A. There are budgetary process that I'm aware of
21 that occur whereby -- there's annual budget reviews
22 and such as that where budgets are established and
23 funding is -- or cash requirements are estimated and
24 budgets are allocated.

25 And I assume that that process, in a

1 sense, forms the basis for the requests from
2 YPF Holdings to its parent company, YPF, under the loan
3 agreements.

4 Q. And does YPF approve those budgets?

5 MS. BLANCO: Objection, form.

6 A. I don't really -- I'm not familiar with the
7 budgetary process. I don't really participate in it at
8 a high corporate level. I assume that there is
9 parental review, at least, if not approval, at some
10 level for the entire worldwide consolidated company.

11 I think most companies look at budgets on
12 a worldwide basis and see where they're going to put
13 the money, especially for groups such as YPF Holdings
14 and its subsidiaries that don't have independent means
15 of funding themselves.

16 So I would have to say that certainly
17 the parent company has to look at that and make a
18 decision to make the money available or not. I mean,
19 it's a decision. When you don't have funds, you have
20 to depend upon parent companies.

21 Q. Given these matters and financial reality
22 we've been discussing, has YPF Holdings ever considered
23 filing bankruptcy for itself or any of its
24 subsidiaries?

25 MR. STARNES: Objection.

1 MS. BLANCO: Objection, form.

2 And again, I don't know, but I caution
3 the witness not to answer any -- this question if it
4 involves attorney-client privilege communication. If
5 it does not involve any such communication, you may
6 answer it.

7 Q. (By Mr. Gilmour) To be clear, I'm asking
8 solely about YPF Holdings considering filing bankruptcy
9 for itself or any of its subsidiaries. I am not asking
10 about any communications YPF Holdings may have had with
11 its attorneys.

12 A. I don't know the answer to that question.

13 Q. Why don't you know the answer to that?

14 MS. BLANCO: Objection to form.

15 MR. STARNES: Objection to form.

16 A. Because no one has asked my opinion on that
17 topic. But -- and I don't know what discussions may
18 have been held by management in that regard with
19 others. But I don't want to say no because I don't
20 have any basis for ruling out the possibility that it
21 has been considered.

22 Q. (By Mr. Gilmour) But as a corporate
23 representative of YPF Holdings here today, you're not
24 aware of it?

25 A. I'm not -- I'm not aware of -- I will say

EXHIBIT 50

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

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1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 and 2000, the Contribution Agreement cap did not go
3 up as well; is that correct?

4 MR. CROUT: Objection to form.

5 A. You say if they went up or if they would
6 have gone up?

7 Q. If Tierra increased its environmental
8 reserves in later years, would that have any affect
9 on the cap set in the Contribution Agreement?

10 A. I assume yes, because in the amendment
11 as it increases, the cap increases in relation to the
12 increase of liabilities and then I don't know, but it
13 will show that before another increase it would have
14 done the same thing.

15 What I want to say is that when it
16 increased, when the liabilities or the reserve
17 increased, also the cap was increased by the
18 amendment. It increased by three million.

19 Q. Are you aware of subsequent amendments
20 to the Contribution Agreement?

21 A. No.

22 MR. JACKSON: We have to take a break to
23 change the tape.

24 VIDEOGRAPHER: Going off the record.

25 The time is 3:49. This ends tape five.

1 G. Leiva

2 (Whereupon, a recess was taken.)

3 VIDEOGRAPHER: We're back on the record.

4 The time is four o'clock. This is tape six.

5 MS. BLANCO: The witness needs to
6 clarify his testimony.

7 MR. JACKSON: Okay.

8 Q. Please do so, sir.

9 A. I think at one point when we were
10 talking about the Contribution Agreement it was asked
11 if YPF had given contributions under the Contribution
12 Agreement, and I said that YPF had made many
13 contributions, but I wasn't sure if all of them had
14 happened under this Contribution Agreement.

15 Exactly to this date there is still a
16 controversy going on between YPF Holdings and YPF,
17 S.A. regarding which was the contribution made under
18 that Contribution Agreement.

19 That is a job to be done that was being
20 taken care of by the treasury department of YPF as
21 those are the people that have the information of the
22 transfers being done, and that has not been finished
23 yet.

24 Q. Okay. So as we sit here today, you are
25 not able to say with certainty whether or not YPF has

1 G. Leiva

2 completed all of its obligations under the terms of
3 this Contribution Agreement?

4 A. That's correct.

5 Q. There's another area that I want to
6 clear up with respect to the Contribution Agreement.
7 If you look at the Contribution Agreement, page two,
8 there are two sections, Section II and Section III.

9 A. Correct.

10 Q. Section II deals with the assumed
11 environmental liabilities that Tierra assumed
12 pursuant to the Assumption Agreement; is that
13 correct?

14 A. That's correct.

15 Q. If you look at the terms of Section II
16 it states that "YPF and the parent companies would
17 make contributions to satisfy the assumed
18 obligations," and then starting six lines down
19 there's a provision that says "provided that there
20 will be a maximum contribution with terms spelled out
21 therein, but up to an amount in this document of
22 \$108,400,000."

23 MS. BLANCO: Objection, form. You can
24 answer it.

25 A. That's correct.

1 G. Leiva

2 Q. We know that this dollar amount was
3 adjusted one time by addendum number one and
4 increased by \$3,100,000; is that correct?

5 A. That's correct.

6 Q. Have you seen anything else to indicate
7 that this agreement has been amended to in any way
8 alter the cap on the contributions by YPF?

9 A. No.

10 Q. YPF may make other loans to Maxus and
11 Tierra via other credit facilities and the like, but
12 with respect to the Contribution Agreement, you're
13 unaware of any modification of these terms?

14 MS. BLANCO: Objection, form. You can
15 answer it.

16 A. Did you say notification or
17 modification?

18 Q. Modification.

19 A. No.

20 Q. No, you're not aware of any modification
21 of the terms?

22 A. No.

23 Q. I asked a bad question. Are you aware
24 of any modifications of the terms?

25 A. No.

EXHIBIT 51

CREDIT CONTRACT \$35,000,000.00

YPF HOLDINGS, INC. (the "Borrower"), a corporation incorporated under the laws of Delaware and having offices at 1330 Lake Robbins Drive, Suite 400, The Woodlands, Texas 77380 U.S.A., and YPF S.A. (the "Lender"), a sociedad anonima organized under the laws of Argentina and having offices at Avenida Roque Sáenz Peña 777, Buenos Aires 1364, Argentina, agree to the following facility upon the terms and conditions set out below in this contract (this "Agreement"). The Borrower and Lender are sometimes referred to herein as the "parties."

WHEREAS, the Borrower desires to arrange for a line of credit that would enable it to borrow amounts as may be needed between the effective date hereof and January 1, 2006 in connection with its business; and

WHEREAS, the Lender has agreed to provide the Borrower such line of credit on the terms set forth herein:

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

1. THE FACILITY

The Lender will provide the Borrower a revolving credit facility to be made available in dollars in the lawful currency of the United States in an amount up to US\$35,000,000.00 (the "Maximum Loan Amount"), pursuant to which the Lender will make available to the Borrower from time to time from the period beginning on the effective date of this Agreement and continuing until the Revolving Commitment Termination Date (the "Availability Period") revolving loans (the "Revolving Loans") in an aggregate amount not to exceed the Maximum Loan Amount. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow should there exist an Event of Default.

2. AVAILABILITY

This Agreement is effective as of August 1, 2005. The outstanding principal amount of all Revolving Loans shall be due and payable (together with accrued and unpaid interest thereon) on the earlier of (i) January 1, 2006 and (ii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise) ("Revolving Commitment Termination Date"). All Revolving Loans shall be repaid in US dollars and shall be evidenced by a promissory note (the "Note") substantially in the form of Exhibit A hereto.

YPFH 598

3. INTEREST PERIOD AND INTEREST RATE

The interest period applicable to any advance made under the above-mentioned facility shall be agreed between both parties. Each advance may not exceed a period of one year. The interest rate applicable for each interest period will be LIBOR + 0.40% per annum. In the absence of any other agreement, the repayment of each advance will be due on demand and interest shall accrue from day to day and shall be computed on the basis of a year of 360 days, and for the actual number of days elapsed. For the purposes of this Agreement, "LIBOR" means an interest rate per annum appearing on display page 3750 of the Telerate Service of Bridge Information Services ("Page 3750") (or any other page that may replace such page from time to time) at approximately 11:00 a.m., London time, on the day that is two Business Days prior to the commencement of such Interest Period for United States dollar deposits having a tenor equal to the duration of such Interest Period, provided, in the event such offered rate is not available from Page 3750, an interest rate per annum appearing on such other page or service that displays an average British Lenders Association Interest Settlement Rate at approximately 11:00 a.m., London time, on the day that is two Business Days prior to the commencement of such Interest Period for United States dollar deposits having a tenor equal to the duration of such Interest Period; provided, further, that if the offered rate is not available from Page 3750 or such other page as described above, the LIBOR Rate for such Interest Period shall be equal to the rate which is published by the Wall Street Journal from time to time as the "prime rate".

Interest on all outstanding Revolving Loans shall be payable on the last day of each Interest Period applicable thereto. For purposes of this Agreement, "Interest time Period" means with respect to any Revolving Loan a period of one month; provided, that (i) the initial Interest Period for each borrowing shall commence on the date of such borrowing, and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires; (ii) if any Interest Period would otherwise end on a day other than a business day in Texas (a "Business Day"), such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the next preceding Business Day; (iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month; and (iv) and no Interest Period may extend beyond the Revolving Commitment Termination Date. In case interest is not paid on the Revolving Commitment Termination Date, the outstanding principal amount of the Revolving Loans will be increased by such accrued interest, and the new figure will constitute the new principal amount of the Revolving Loans. In addition, such Revolving Loans will accrue interest at the Default Rate, as provided below.

4. DEFAULT INTEREST

Upon the occurrence of an Event of Default, the Borrower shall pay shall pay interest ("Default Interest") with respect to all Revolving Loans at the rate otherwise applicable for the then-current Interest Period *plus* an additional 2% per annum.

5. EVENTS OF DEFAULTS.

At the option of the Lender exercised by written notice to the Borrower all amounts due under or pursuant to this Agreement shall become immediately due and payable upon the occurrence at any time of the following events of defaults (each an "Event of Default"):

- A. Failure to pay when due any payment of principal or interest due hereunder, which non-payment continues for a period of five (5) days thereafter.
- B. Failure in the performance or observance of the provisions of this Agreement or any of the terms or conditions of any agreement securing, guaranteeing or otherwise pertaining to any loan under or pursuant to this Agreement, which failure, if capable of remedy, continues for a period of fifteen (15) days thereafter.
- C. The rendering of a final judgments for payment of money aggregating in excess of One Million United States Dollars (US\$1,000,000) against the Borrower, and the same is not discharged within a period of thirty (30) days unless, pending further proceeding, execution has not been commenced or if commenced has been effectively stayed.
- D. The admission by the Borrower of its inability to pay its debts as they mature or any assignment for the benefit of the creditors of the Borrower.
- E. Bankruptcy: The commencement of proceedings in bankruptcy or for the reorganization of the Borrower.
- F. Appointment of Receiver: The appointment of a receiver, trustee or custodian for any party liable hereon, for any substantial part of the assets of the Borrower, or the institution of proceedings for the dissolution or the full or partial liquidation of the Borrower, and such receiver or trustee shall not be discharged within thirty (30) days of his or its appointment, or such proceedings shall not be discharged within (30) days of their commencement, or the discontinuance of the business or the material change in the nature of the business of the Borrower.
- G. Dissolution: The liquidation, termination or dissolution of the Borrower.

6. NO USURIOUS INTEREST

Any provision in this Agreement to the contrary notwithstanding, if any interest provided for in or pursuant to this Agreement would violate any applicable usury or similar law, the interest rate chargeable in such situation shall be limited to the highest rate allowed by applicable law.

YPFH 600



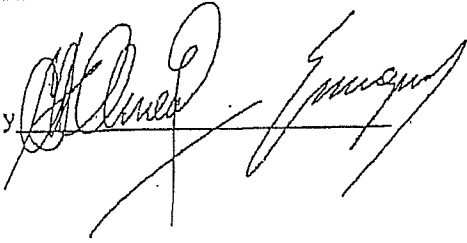
7. APPLICABLE LAW AND JURISDICTION

This contract shall be governed and construed by the laws of Texas, without regard to its conflicts of law principles.

Both parties hereby accept the terms and conditions contained herein, effective as of August 1, 2005.

YPF S.A.

YPF HOLDINGS, INC.

By 

By _____

YPFH 601

NOTE

August 1, 2005

FOR VALUE RECEIVED, the undersigned YPF HOLDINGS, INC. (the "Borrower"), a corporation incorporated under the laws of Delaware and having offices at 1330 Lake Robbins Drive, Suite 400, The Woodlands, Texas 77380 U.S.A., hereby promises to pay to the order of YPF S.A. (the "Lender"), a sociedad anonima organized under the laws of Argentina and having offices at Avenida Roque Sáenz Peña 777, Buenos Aires 1364, Argentina, the lesser of (i) the principal sum of THIRTY-FIVE MILLION AND NO/100 DOLLARS (\$35,000,000.00), and (ii) the aggregate outstanding principal amount of all Revolving Loans made by Lender to the Borrower in accordance with the terms of the Credit Contract dated as of August 1, 2005, (as the same may have been, or may hereafter be, amended, extended, modified or supplemented from time to time, the "Agreement"), by and between Borrower and Lender. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Agreement.

The Borrower promises to pay interest on the outstanding principal amount hereof, at such interest rates, payable at such times, and computed in such manner, as specified in the Agreement in strict accordance with the terms thereof. All principal and accrued but unpaid interest outstanding under this Note (this "Note") shall be due and payable in full on the Revolving Commitment Termination Date.

Lender shall record all Revolving Loans made by such Lender pursuant to the Revolving Credit Commitment and all payments of principal and interest of such Revolving Loans on its books and, prior to any transfer hereof, shall endorse such Revolving Loans and payments on the schedule annexed hereto and made a part hereof, or on any continuation thereof which shall be attached hereto and made a part hereof, which endorsement shall, absent manifest error, constitute prima facie evidence of the accuracy of the information so endorsed; provided, however, that delay or failure of Lender to make any such endorsement or recordation shall not affect the obligations of the Borrower hereunder or under the Agreement with respect to the Revolving Loans evidenced hereby.

Any principal or, to the extent not prohibited by applicable law, interest due under this Note that is not paid on the due date therefor, whether on the Revolving Commitment Termination Date, or resulting from the acceleration of maturity upon the occurrence of an Event of Default, shall bear interest from the date due to payment in full at the rate as provided in the Agreement.

All payments of principal and interest shall be made in lawful money of the United States of America in immediately available funds in the manner and at the location specified by the Lender.

This Note is issued pursuant to, and is the "Note" referred to in, the Agreement, and Lender is and shall be entitled to all benefits thereof. The Agreement, among other things,

YPFH 602

contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and for mandatory prepayments upon the occurrence of certain events.

This Note may be prepaid in whole or in part, without premium or penalty but with accrued and unpaid interest on the principal amount prepaid to the date of prepayment, and otherwise in accordance with the terms and conditions of the Agreement.

In case an Event of Default shall occur and be continuing, the principal of and all accrued interest on this Note may automatically become, or be declared, due and payable in the manner as set forth in the Agreement, unless otherwise defined herein. The Borrower agrees to pay, and save Lender harmless against, any liability for the payment of, all reasonable out-of-pocket costs and expenses, including reasonable attorneys' fees, arising in connection with the enforcement by Lender of any of its rights under this Note or the Agreement.

This Note has been executed and delivered in the State of Texas, and the rights and obligations of Lender and the Borrower hereunder shall be governed by and construed in accordance with the laws (without giving effect to the conflict of law principles thereof) of the State of Texas.

The Borrower expressly waives any presentment, demand, protest or notice in connection with this Note, now or hereafter required by applicable law. TIME IS OF THE ESSENCE OF THIS NOTE.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized signatory as of the date first above written.

YPF HOLDINGS, INC.

By: _____
Name: _____
Title: _____

[CORPORATE SEAL]

Note (cont'd)

REVOLVING LOANS AND PAYMENTS OF PRINCIPAL

<u>Date</u>	<u>Amount of Loan</u>	<u>Interest Rate</u>	<u>Amount of Principal Prepaid</u>	<u>Last Day of Applicable Interest Period</u>	<u>Notation Made By</u>
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YPPH 604

EXHIBIT 52

FIRST AMENDMENT TO
CREDIT CONTRACT \$35,000,000.00

This FIRST AMENDMENT to CREDIT CONTRACT \$35,000,000.00 is entered into by and between,

- (a) YPF HOLDINGS, INC. ("Borrower"), a Delaware corporation, having offices at 1330 Lake Robbins Drive, Suite 400, The Woodlands, Texas 77380 U.S.A., and
- (b) YPF S.A. ("Lender"), a sociedad anónima organized under the laws of Argentina, having offices at Avenida Roque Sáenz Peña 777, Buenos Aires 1364, Argentina.

The Borrower and Lender are sometimes referred to herein as the "parties".

WHEREAS, Borrower and Lender entered into that certain Credit Contract \$35,000,000.00 dated effective as of August 1, 2005, whereby Lender provided to Borrower a revolving credit facility in an amount up to US\$35,000,000.00 upon the terms and subject to the conditions therein provided (the "Credit Facility");

WHEREAS, Borrower and Lender wish to amend certain provisions of the Credit Facility;

NOW THEREFORE, for good and valuable consideration, the parties agree as follows.

1. ~~The Credit Facility is hereby amended by:~~

- (a) Deleting therefrom the figure \$35,000,000.00 where it appears throughout the Credit Facility, including exhibits and attachments thereto, and substituting therefor in each instance the figure \$60,000,000.00; and
 - (b) Deleting therefrom the date January 1, 2006 where it appears throughout the Credit Facility, including exhibits and attachments thereto, and substituting therefor in each instance the date March 31, 2006.
- 2. The parties agree to prepare, execute and deliver such other or further documents, if any, as may be necessary or appropriate in order to carry out and fully implement the amendments hereby made to the Credit Facility.
 - 3. The parties hereby ratify, approve and confirm the Credit Facility as hereby amended.

Executed effective this 25th day of November 2005.

YPFH 590

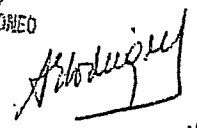
YPF S.A.
(Lender)

YPF HOLDINGS, INC.
(Borrower)

By: 

By: 

ENRIQUE F. WATERHOUSE BOREO
APODERADO "BY"


SANDRA E. RODRIGUEZ
APODERADO "A"

YPFH 591

EXHIBIT 53

**SECOND AMENDMENT TO
CREDIT CONTRACT \$35,000,000.00**

This SECOND AMENDMENT to CREDIT CONTRACT \$35,000,000.00 is entered into by and between,

- (a) YPF HOLDINGS, INC. ("Borrower"), a Delaware corporation, having offices at 1330 Lake Robbins Drive, Suite 400, The Woodlands, Texas 77380 U.S.A., and
- (b) YPF S.A. ("Lender"), a sociedad anónima organized under the laws of Argentina, having offices at Avenida Roque Sáenz Peña 777, Buenos Aires 1384, Argentina.

The Borrower and Lender are sometimes referred to herein as the "parties".

WHEREAS, Borrower and Lender entered into that certain Credit Contract \$35,000,000.00 dated effective as of August 1, 2005, whereby Lender provided to Borrower a revolving credit facility in an amount up to US\$35,000,000.00 upon the terms and subject to the conditions therein provided (the "Credit Facility");

WHEREAS, Borrower and Lender amended the Credit Facility by entering into that certain First Amendment to Credit Contract \$35,000,000.00 dated effective November 25, 2005, (a) increasing the revolving credit facility up to US\$60,000,000.00 and (b) extending to March 31, 2006, the due date for payment of outstanding principal together with accrued and unpaid interest thereon;

WHEREAS, Borrower and Lender wish to amend further certain provisions of the Credit Facility;

NOW THEREFORE, for good and valuable consideration, the parties agree as follows.

- 1. The Credit Facility, as heretofore amended, is hereby further amended in accordance with the following provision:

Wherever the figure \$35,000,000.00 (as amended to \$60,000,000.00) appears throughout the Credit Facility, including exhibits and attachments thereto, it shall be, and hereby is, changed to \$100,000,000.00.

- 2. The parties agree to prepare, execute and deliver such other or further documents, if any, as may be necessary or appropriate in order to carry

Post-It® Fax Note	7671	Date	# of pages
To	TAMARA SACONT - URGENT		
Co./Dept	DORA ACOS PA		
Phone #	281-681-7271	Phone #	
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YPFH 582

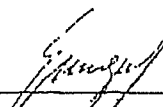
out and fully implement the amendment hereby made to the Credit Facility, as heretofore amended.


3. The parties hereby ratify, approve and confirm the Credit Facility, as heretofore and hereby amended.

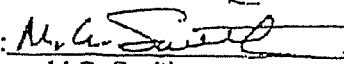
Executed effective this 24th day of February 2006.

YPF S.A.
(Lender)

YPF HOLDINGS, INC.
(Borrower)

EW
By: 
ENRIQUE F. WATERHOUSE BONEO
APODERADO "R"


GABRIEL F. LEIVA
APODERADO "A"

By: 
M.G. Smith
Vice President

- 2 -

YPFH 583

04/19/06 WED 13:04 [TX/RX NO 8344]

EXHIBIT 54

THIRD AMENDMENT TO
CREDIT CONTRACT \$35,000,000.00

This THIRD AMENDMENT to CREDIT CONTRACT \$35,000,000.00 is entered into by and between,

- (a) YPF HOLDINGS, INC. ("Borrower"), a Delaware corporation, having offices at 1330 Lake Robbins Drive, Suite 400, The Woodlands, Texas 77380 U.S.A., and
- (b) YPF S.A. ("Lender"), a sociedad anónima organized under the laws of Argentina, having offices at Avenida Roque Sáenz Peña 777, Buenos Aires 1364, Argentina.

The Borrower and Lender are sometimes referred to herein as the "parties".

WHEREAS, Borrower and Lender entered into that certain Credit Contract \$35,000,000.00 dated effective as of August 1, 2005, whereby Lender provided to Borrower a revolving credit facility in an amount up to US\$35,000,000.00 upon the terms and subject to the conditions therein provided (the "Credit Facility");

WHEREAS, Borrower and Lender amended the Credit Facility by entering into that certain First Amendment to Credit Contract \$35,000,000.00 dated effective November 25, 2005, (a) increasing the revolving credit facility up to US\$60,000,000.00 and (b) extending to March 31, 2006, the due date for payment of outstanding principal together with accrued and unpaid interest thereon;

WHEREAS, Borrower and Lender further amended the Credit Facility by entering into that certain Second Amendment to Credit Contract \$35,000,000.00 dated effective February 24, 2006, increasing the revolving credit facility up to US\$100,000,000.00;

WHEREAS, Borrower and Lender wish to amend further certain provisions of the Credit Facility;

NOW THEREFORE, for good and valuable consideration, the parties agree as follows.

1. The Credit Facility, as heretofore amended, is hereby further amended in accordance with the following provision:
 - (a) Wherever the figure \$35,000,000.00 (as amended to \$60,000,000.00 and as further amended to \$100,000,000.00) appears throughout the Credit Facility, including exhibits and

mas
YPF 1737

attachments thereto, it shall be, and hereby is, changed to \$190,000,000.00.

(b) Wherever the date January 1, 2006 (as amended to March 31, 2006) appears throughout the Credit Facility, including exhibits and attachments thereto, it shall be, and hereby is, changed to January 1, 2007.

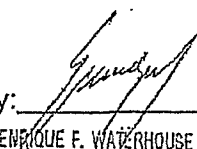
2. The parties agree to prepare, execute and deliver such other or further documents, if any, as may be necessary or appropriate in order to carry out and fully implement the amendment hereby made to the Credit Facility, as heretofore amended.
3. The parties hereby ratify, approve and confirm the Credit Facility, as heretofore and hereby amended.


Executed effective this 3rd day of May 2006.

YPF S.A.
(Lender)

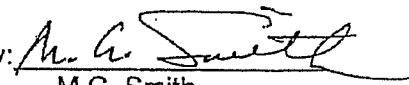
YPF HOLDINGS, INC.
(Borrower)

By:


ENRIQUE F. WATERHOUSE BONEO
APODERADO "B"


FERNANDO NARDINI
APODERADO "A"

By:


M.G. Smith
Vice President

I:\Vega\smith\doc\misc\credit-contract-3rd-amendment

EXHIBIT 55

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
 Plaintiffs, :
V. :
 : Civil Action No.
OCCIDENTAL CHEMICAL : 2:06-CV-00401-JCL-PS
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
 Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.
HARVEY R. SMITH
SEPTEMBER 15, 2006

1 as Plaintiffs' Exhibit 47.

2 MR. GILMOUR: I'm handing copies to
3 opposing counsel.

4 (Marked was Plaintiffs' Exhibit No. 47.)

5 A. (Reviewing.)

6 Q. (By Mr. Gilmour) Are you familiar with this
7 document, sir?

8 A. Yes, I am.

9 Q. What is it?

10 A. It is the second amendment to credit
11 contract.

12 Q. If you would look under the paragraph
13 entitled -- or labeled 1 on the first page, does this
14 increase the amounts of the credit facility?

15 A. Yes, it does.

16 Q. And what does it -- what amount does it
17 increase the credit facility to?

18 A. It increases the credit facility to \$100
19 million.

20 Q. I'm handing to you, sir, what I have just
21 marked as Plaintiffs' Exhibit 48.

22 MR. GILMOUR: I'm handing copies to
23 opposing counsel.

24 (Marked was Plaintiffs' Exhibit No. 48.)

25 Q. (By Mr. Gilmour) Are you familiar with this

1 document, sir?

2 A. (Reviewing.) It doesn't look as familiar as
3 the previous ones. I don't know whether I've seen it
4 before, but I see what it is.

5 Q. What is it, sir?

6 A. It is a letter dated May 3, 2006, from YPF to
7 Deloitte & Touche, indicating that in connection with
8 the annual audit of the financial records of YPF for
9 the period ending December 31, 2005, YPF, S.A. confirms
10 that it is willing to support YPF Holdings through
11 potential transactions, including possible asset
12 purchases, loan extension, loan forgiveness, et cetera,
13 subject to certain following limitations.

14 The main one of which is at the amount of
15 the transactions affecting such support would not
16 exceed U.S. \$190 million, net of loans previously
17 funded and net of other commitments.

18 Q. Just to clarify, sir, this letter was issued
19 in connection with the audit of financial records for
20 YPF Holdings. Is that correct, sir?

21 A. That's correct.

22 Q. Do you know why there was a perceived need to
23 increase the line of credit from the initial amount of
24 \$39 million up to 190 million in less than one year?

25 A. I believe the amount was from 35 to 190

1 million. The company and its subsidiaries, especially
2 its oil and gas subsidiaries, during this period of
3 time I believe were incurring some significant costs in
4 drilling operations.]

5 And when I mentioned drilling
6 approximately two wells per year on average earlier, I
7 was referring to exploratory wells. But Maxus U.S.
8 Exploration Company is also a party to a development
9 project which once a property reaches that stage of
10 development, it becomes necessary to drill wells more
11 frequently. And I believe that this was at about the
12 time additional wells may have been commenced.

13 Q. Now, you stated you believe that about this
14 time. Do you know that as fact, sir?

15 A. I know that it was in this time frame, either
16 May or June of 2006, that additional drilling was
17 commenced, yes.

18 Q. Is this letter signed by Mr. Olivieri in his
19 capacity as CFO for YPF?

20 A. Yes, it is.

21 Q. At this time, May 3, 2006, was he also
22 serving in capacity with YPF Holdings, approximately?

23 A. I believe he was also at this time, yes,
24 serving as director of YPF Holdings.

25 Q. I'm handing to you, sir, a document that I

1 just marked as Plaintiffs' Exhibit 49.

2 (Marked was Plaintiffs' Exhibit No. 49.)

3 Q. (By Mr. Gilmour) Have you seen this document
4 before, sir?

5 A. I believe I have seen this document.

6 Q. What is it?

7 A. Yes, this is a letter from YPF to Deloitte &
8 Touche dated August 8, 2006, stating that YPF confirms
9 its willingness to provide support to YPF Holdings
10 through potential transactions subject to the amount of
11 the transactions not exceeding \$190 million net of
12 loans previously funded in net of other commitments.

13 Q. Again, this document is signed by Mr. Carlos
14 Olivieri, CFO for YPF?

15 A. That's correct.

16 Q. On this date, August 8, 2006, was he also
17 serving in the capacity as YPF Holdings?

18 A. I believe by this time Mr. Olivieri had
19 resigned from the Board of Directors of YPF Holdings.

20 Q. And do you know what date he resigned from
21 YPF Holdings?

22 A. I believe it was in June of 2006 that he
23 resigned.

24 Q. Do you know if this letter is binding on YPF?

25 MS. BLANCO: Objection.

EXHIBIT 56

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
Civil Action No. :
2:06-CV-00401-JCL-PS :
OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

1 document, sir?

2 A. (Reviewing.) It doesn't look as familiar as
3 the previous ones. I don't know whether I've seen it
4 before, but I see what it is.

5 Q. What is it, sir?

6 A. It is a letter dated May 3, 2006, from YPF to
7 Deloitte & Touche, indicating that in connection with
8 the annual audit of the financial records of YPF for
9 the period ending December 31, 2005, YPF, S.A. confirms
10 that it is willing to support YPF Holdings through
11 potential transactions, including possible asset
12 purchases, loan extension, loan forgiveness, et cetera,
13 subject to certain following limitations.

14 The main one of which is at the amount of
15 the transactions affecting such support would not
16 exceed U.S. \$190 million, net of loans previously
17 funded and net of other commitments.

18 Q. Just to clarify, sir, this letter was issued
19 in connection with the audit of financial records for
20 YPF Holdings. Is that correct, sir?

21 A. That's correct.

22 Q. Do you know why there was a perceived need to
23 increase the line of credit from the initial amount of
24 \$39 million up to 190 million in less than one year?

25 A. I believe the amount was from 35 to 190

[1 million. The company and its subsidiaries, especially
2 its oil and gas subsidiaries, during this period of
3 time I believe were incurring some significant costs in
4 drilling operations.

5 And when I mentioned drilling
6 approximately two wells per year on average earlier, I
7 was referring to exploratory wells. But Maxus U.S.
8 Exploration Company is also a party to a development
9 project which once a property reaches that stage of
10 development, it becomes necessary to drill wells more
11 frequently. And I believe that this was at about the
12 time additional wells may have been commenced.]

13 Q. Now, you stated you believe that about this
14 time. Do you know that as fact, sir?

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16 May or June of 2006, that additional drilling was
17 commenced, yes.

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19 capacity as CFO for YPF?

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21 Q. At this time, May 3, 2006, was he also
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24 serving as director of YPF Holdings.

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15 A. That's correct.

16 Q. On this date, August 8, 2006, was he also
17 serving in the capacity as YPF Holdings?

18 A. I believe by this time Mr. Olivieri had
19 resigned from the Board of Directors of YPF Holdings.

20 Q. And do you know what date he resigned from
21 YPF Holdings?

22 A. I believe it was in June of 2006 that he
23 resigned.

24 Q. Do you know if this letter is binding on YPF?

25 MS. BLANCO: Objection.

EXHIBIT 57

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
Civil Action No. :
2:06-CV-00401-JCL-PS :
OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

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9 the period ending December 31, 2005, YPF, S.A. confirms
10 that it is willing to support YPF Holdings through
11 potential transactions, including possible asset
12 purchases, loan extension, loan forgiveness, et cetera,
13 subject to certain following limitations.

14 The main one of which is at the amount of
15 the transactions affecting such support would not
16 exceed U.S. \$190 million, net of loans previously
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19 in connection with the audit of financial records for
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4 drilling operations.

5 And when I mentioned drilling
6 approximately two wells per year on average earlier, I
7 was referring to exploratory wells. But Maxus U.S.
8 Exploration Company is also a party to a development
9 project which once a property reaches that stage of
10 development, it becomes necessary to drill wells more
11 frequently. And I believe that this was at about the
12 time additional wells may have been commenced.]

13 Q. Now, you stated you believe that about this
14 time. Do you know that as fact, sir?

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21 Q. At this time, May 3, 2006, was he also
22 serving in capacity with YPF Holdings, approximately?

23 A. I believe he was also at this time, yes,
24 serving as director of YPF Holdings.

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2 (Marked was Plaintiffs' Exhibit No. 49.)

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7 A. Yes, this is a letter from YPF to Deloitte &
8 Touche dated August 8, 2006, stating that YPF confirms
9 its willingness to provide support to YPF Holdings
10 through potential transactions subject to the amount of
11 the transactions not exceeding \$190 million net of
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15 A. That's correct.

16 Q. On this date, August 8, 2006, was he also
17 serving in the capacity as YPF Holdings?

18 A. I believe by this time Mr. Olivieri had
19 resigned from the Board of Directors of YPF Holdings.

20 Q. And do you know what date he resigned from
21 YPF Holdings?

22 A. I believe it was in June of 2006 that he
23 resigned.

24 Q. Do you know if this letter is binding on YPF?

25 MS. BLANCO: Objection.

EXHIBIT 58

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

.-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 24, 2006
9:10 a.m.

VOLUME II

CONTINUED VIDEOTAPED DEPOSITION of YPF,
S.A., a defendant, BY, GABRIEL LEIVA, taken on behalf
of the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 A. At that time through Maxus Exploration
3 U.S., the exploration of the Gulf of Mexico was
4 starting to take place. It wasn't productive, but it
5 had stayed in Midgard in participation of one percent
6 that it was called royalty overriding on the old
7 assets that Midgard had that were part of a joint
8 venture called Crescendo and then were sold to BP.

9 Q. Was that the only operating asset that
10 remained?

11 A. That's correct.

12 Q. So I'm clear, the exploration in the
13 Gulf of Mexico, is that a one percent overriding
14 royalty or is there two things, there's a one percent
15 royalty, overriding royalty, and their exploration
16 operations?

17 A. They are different things. Overriding
18 royalty is in Midgard, and the exploration of the
19 Gulf of Mexico is in Maxus Exploration.

20 Q. Does Maxus Exploration still have that
21 interest in the Gulf of Mexico?

22 A. That's correct.

23 Q. What type of interest does it have?

24 A. It participates in certain exploratory
25 blocks jointly with other companies from oil and gas,

1 G. Leiva

2 which are international companies. They are
3 exploring the possibility of finding petroleum in the
4 Gulf of Mexico offshore.

5 Q. What percentage participation interest
6 does Maxus Exploration have in that activity?

7 A. There are different blocks and depending
8 on which block there are different percentages. The
9 most important operation or better perspective at
10 this time is the block named Neptuno and the
11 percentage must be around here.

12 Q. You're looking in the 2006 20-F?

13 A. 2005. You can go to page three. It
14 doesn't state the percentage. Here it says that YPF
15 through Maxus has interest in 73 exploratory blocks.

16 Q. To date has YPF booked any of the
17 interest in Neptune or other blocks in the Gulf of
18 Mexico as proven or unproven reserves?

19 A. In 20-FE where you have the consolidated
20 information of YPF and subsidiaries, the proven
21 reserves are included.

22 Q. To date those investments have not
23 resulted in income to Maxus or any of its
24 subsidiaries?

[25 A. No, the investments in exploration take

1

G. Leiva

2 many years before the production begins, and in this
3 field what is being expected is that this will happen
4 in 2007.]

5 Q. Let me hand you what we have previously
6 marked as Plaintiffs' Exhibit 74.

7 Are you familiar with this document,
8 sir?

9 A. No.

10 Q. If you will turn to page 395 you will
11 see that it is attaching as Annex B, Resolution of
12 the YPF International Limited Board.

13 A. Yes, that's correct.

14 Q. This is regarding the sale -- if you
15 look to the next page, 396, this document is
16 regarding the purchase and sale agreement whereby YPF
17 International sold the stock of YPF Holdings to YPF.

18 Do you see that?

19 A. Yes.

20 Q. Why did this happen?

21 A. I believe that they thought that it was
22 not convenient to have the American unit through a
23 company, through a Cayman company. To this date the
24 Indonesian operations have already been sold or they
25 were about to be sold to a Chinese company that

1 G. Leiva

2 actually bought them, therefore, YPF International
3 had no sense or started to have no sense within the
4 organization, therefore, YPF Holdings shares were
5 sold so that the YPF Holdings would be a subsidiary
6 of YPF.

7 Q. You see the valuation of the stock of
8 YPF Holdings at this time amounted to \$195,373,000;
9 is that correct?

10 A. That's correct.

11 Q. At this time the companies that were
12 included in this were YPF Holdings, CLH Holdings,
13 Tierra, and Maxus; is that correct?

14 A. That's correct.

15 Q. KPMG performed an audit to value the
16 stock of YPF Holdings; is that correct?

17 A. That's correct.

18 Q. Do you know what information was
19 provided to KPMG as part of its valuation efforts?

20 A. No.

21 Q. Do you know how KPMG valued the
22 environmental liabilities of Tierra in establishing
23 this value?

24 A. No.

25 Q. Sir, I would like to hand you quickly

EXHIBIT 59

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
OCCIDENTAL CHEMICAL : Civil Action No.
CORPORATION, TIERRA : 2:06-CV-00401-JCL-PS
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

1 6:31 p.m.

2 Q. (By Ms. Blanco) Mr. Smith, you're looking at
3 Plaintiffs' Exhibit 38?

4 A. Yes.

5 Q. And I want to turn your attention to the
6 discussion about the Contribution Agreement. Do you
7 see that, sir?

8 A. Yes, I do.

9 Q. Did you discuss the Contribution Agreement
10 issues with Mr. Hartline?

11 A. Yes, I did.

12 Q. Specifically what did you and Mr. Hartline
13 discuss about the Contribution Agreement?

14 A. Well, we discussed the work that had been
15 done to determine how much funding had been advanced by
16 YPF under the Contribution Agreement.

17 Q. Did you get an understanding as to round-park
18 figure as to how much YPF had contributed according to
19 Mr. Hartline under the Contribution Agreement?

20 A. Yes, I did.

21 Q. And how much was that?

22 A. \$25.5 million.

23 Q. During which period of time was that?

24 A. That was for the period from 1996 to 1998.

25 Q. During the 1996 through 1998 period, was

1 Maxus also making contributions to Tierra?

2 A. Yes, it was.

3 Q. After the 1998 period, did Maxus then

4 continue making contributions to Tierra?

5 A. Yes, Maxus continued.

6 Q. Was the accounting scheme or treatment of the

7 funds under the contribution ever changed during this

8 time period, during any time period?

9 A. To my knowledge, the accounting treatment
10 before 1998 and after 1998 was the same.

11 Q. And what's the source of that information?

12 A. Well, I believe that Rick Hartline indicated
13 that to me in terms of the contributions and
14 distributions that we discussed earlier.

15 Q. Now, have -- under the funds that have been
16 advanced under the credit agreements that were entered
17 into starting in 2005 between YPFH and YPF -- are you
18 with me, sir?

19 A. Yes.

20 Q. -- under those credit agreements, have the
21 extension of funds under those credit agreements and as
22 they have been amended, injured Maxus in any way?

23 A. No.

24 Q. Has it benefited Maxus in any way?

25 A. Certainly.

1 Q. And how is that?

2 A. Well, the funds allowed Maxus to continue its
3 drilling operations and to enable Maxus to continue
4 funding Tierra Resources' obligation.

5 Q. So has the funding under the credit
6 agreements that we've been discussing injured Tierra in
7 any way?

8 A. No.

9 Q. And what impact, if any, has it had on
10 Tierra?

11 A. Well, they have been very helpful to Tierra
12 because they served as a source of Tierra's funds so as
13 to enable Tierra to conduct its operations.

14 Q. Through Maxus?

15 A. Through Maxus.

16 Q. To your understanding, do the funds that
17 Tierra receives come through Maxus?

18 A. Yes. It is my understanding that Maxus acts
19 kind of like a banker in distributing the funds.]

20 Q. Does YPFH assert any control over the
21 operations of Maxus?

22 A. YPFH exerts only the controls that a
23 shareholder would exert in the sense that it wants to
24 understand its investment and review matters, but
25 otherwise it does not exert any kind of control beyond

EXHIBIT 60

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
Civil Action No. :
2:06-CV-00401-JCL-PS :
OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

1 Q. Do you know why that began?

2 MR. STARNES: Objection.

3 MS. BLANCO: Same objection.

4 A. The accounting followed the transfer of cash
5 from Maxus in favor of Tierra Solutions and it had to
6 be accounted for in one of two ways, it seems. Either
7 in the method that was described that involved
8 dividends or distribution up and contributions down, or
9 by the creation of an account payable between the two
10 companies.

11 However, the former method of the
12 distributions up and contributions down is more
13 consistent with the obligations of the parties under
14 the Contribution Agreement.

15 Q. (By Mr. Gilmour) Do you know why there was a
16 change?

17 MS. BLANCO: Objection.

18 MR. STARNES: Objection.

19 A. A change in which?

20 Q. (By Mr. Gilmour) In the funding mechanism.

21 MR. STARNES: Objection.

22 MS. BLANCO: Objection.

23 A. A change from which part to what part?

24 Q. (By Mr. Gilmour) From 1996 to 1998 they
25 funded -- "they" being signatories to the Contribution

1 Agreement -- funded Tierra using one mechanism. And
2 then in 1999 what you're telling me is they changed to
3 the dividend-up-contribution-down scheme.

4 MR. STARNES: Objection.

5 MS. BLANCO: I don't think he's finished
6 yet.

7 Q. (By Mr. Gilmour) Why did that change take
8 place?

9 MS. BLANCO: Objection.

10 MR. STARNES: Objection.

11 A. I don't know the real history of why that
12 changed. It may have been as simple as Maxus had funds
13 available within the U.S. to fulfill this obligation
14 that the other parties had.

15 Q. (By Mr. Gilmour) In 1999 did Maxus receive
16 funds from the sale of its assets?

17 A. I believe in 1999, in late 1999, Maxus sold
18 the project called Crescendo and the Texas Panhandle
19 was dissolved. It was a limited partnership with Amoco
20 and properties were distributed to the limited
21 partners; and then in the case of the Maxus properties,
22 those properties were sold at the end of 1999 to
23 generate funds, yes.

24 Q. Were those funds used in the
25 dividend-up-contribution-down scheme?

1 A. The dividend-up-contribution-down scheme is
2 an accounting mechanism. The funds I believe would
3 have been used and were used to pay the obligations of
4 Tierra Solutions.

5 Q. At some point did those funds -- or were
6 those funds used up?

7 A. I believe those funds were used up at some
8 point perhaps in 2004, approximately.]

9 Q. Do you know why the board of YPF Holdings
10 decided to take, as you said, a fresh look at these
11 issues?

12 A. Why they decided at this time?

13 Q. Yes, sir.

14 A. I think that probably it was the fact that
15 they were newly elected; and as a newly elected board,
16 they needed to look at the company and its businesses.

17 Q. Does Mr. Sprouse hold a position at an
18 affiliated company?

19 A. No, he does not.

20 Q. Does Mr. Notestine hold a position at an
21 affiliated company?

22 A. No.

23 Q. Does Mr. Olivieri hold a position at an
24 affiliated company?

25 A. Yes, he does.

1 Q. Which company?

2 A. It's my understanding Mr. Olivieri is the
3 chief financial officer of YPF.

4 MS. BLANCO: John, if you're at a good
5 breaking point, there is something I need to tend to.

6 MR. GILMOUR: Sure.

7 MR. STARNES: Appreciate it.

8 THE VIDEOGRAPHER: Off the record. It's
9 4:14 p.m., end of tape No. 4.

10 (Recess taken 4:14 p.m., resuming at
11 4:29 p.m.)

12 THE VIDEOGRAPHER: Back on the record.
13 4:29 p.m., beginning of tape No. 5.

14 Q. (By Mr. Gilmour) Mr. Smith, we were looking
15 at Plaintiffs' 38, Page 9, Bates YPFH 344. If you will
16 look at the last paragraph on the page with me, it's
17 discussing available options for dealing with the
18 company's pension plans, the administration of its
19 retiree medical plan and the possible purchase of
20 environmental insurance.

21 What options of the pension plan does
22 this refer to?

23 A. Well, I believe that additional funding was
24 required for the pension plan and there needed to be a
25 way to ensure proper funding currently and into the

EXHIBIT 61

THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

NEW JERSEY DEPARTMENT OF :
ENVIRONMENTAL PROTECTION and :
THE ADMINISTRATOR OF THE NEW :
JERSEY SPILL COMPENSATION :
FUND, :
Plaintiffs, :
V. :
Civil Action No. :
2:06-CV-00401-JCL-PS :
OCCIDENTAL CHEMICAL :
CORPORATION, TIERRA :
SOLUTIONS, INC., MAXUS ENERGY :
CORPORATION, REPSOL YPF, :
S.A., YPF, S.A., YPF :
HOLDINGS, INC., and CLH :
HOLDINGS, :
Defendants :

VIDEOTAPED / REAL-TIMED DEPOSITION OF
CORPORATE REPRESENTATIVE OF YPF HOLDINGS, INC.

HARVEY R. SMITH

SEPTEMBER 15, 2006

1 to read the whole sentence or just in the middle of it
2 where you picked up?

3 MR. GILMOUR: I was just directing the
4 witness to where I was talking about, but he can read
5 the whole sentence if he would like.

6 A. I will read the last sentence of that
7 paragraph. "Following discussion upon motion duly made
8 and seconded, the directors ratified and approved such
9 expenditures and budgets if and to the extent required
10 or appropriate as a matter of general oversight."

11 Q. And were the expenditures and budgets to
12 which that refers Tierra's 2005 expenditures
13 year-to-date and the 2005 and 2006 budgets?

14 A. Yes, I believe that's correct.

15 Q. If you look at Page 4, please, sir, Bates
16 YPFH 333, first sentence on that page discusses
17 proposals from law firms regarding assisting the
18 company in resolving certain issues arising from the
19 Contribution Agreement with YPF.

20 What certain issues does that refer to?

21 A. Well, as mentioned earlier, there was a
22 question in the board members' mind whether YPF had met
23 all of its obligations under the Contribution
24 Agreement. And the board anticipated the need for a
25 negotiation to resolve any pending issues once it was

1 determined what may be owed to date under the
2 Contribution Agreement and then what had actually been
3 paid to date under the Contribution Agreement.

4 This goes back to the discussion we had
5 before the break relating to the study that had been
6 done to determine how much YPF had paid and the fact
7 that Maxus Energy had been paying Tierra Solutions'
8 expenses.

9 And in that regard, I probably ought to
10 clarify a matter or two about my earlier statements,
11 that the study that was done that's reflected in
12 document labeled as Plaintiffs' 28 covers the years
13 1996 through 1998.

14 And as I mentioned, after 1998, the
15 conclusion was that YPF was not making capital
16 contributions under the Contribution Agreement but that
17 Maxus was paying the expenses of Tierra Solutions at
18 that time going forward.

19 But I don't want to leave the impression
20 that Maxus started suddenly at that point. It's my
21 understanding and belief, based upon the dollars
22 involved and the costs, that Maxus had already been
23 paying expenses prior to 1998 along with YPF.

24 So I don't want to leave anyone with the
25 impression that something stopped abruptly and then

1 something else started abruptly. It was more or less
2 continuous. The only thing that stopped was the YPF
3 contributions. The Maxus contributions continued.]

4 Q. If you'll look with me on Page 5, YPFH 334?

5 A. Yes.

6 Q. The first full sentence -- sorry. The second
7 full sentence, starting with "Commenting on."

8 A. (Reviewing.)

9 Q. It talks about \$5 million being reclassified
10 from other income to environmental expense. Do you
11 know what that is?

12 A. No, I don't really know what the
13 technicalities of the accounting change would be. It
14 might be reflected in a note to the financial
15 statements or it may not. I don't know why that
16 reclassification would have been made.

17 Q. Do you recall whether Mr. Hartline explained
18 how \$5 million in income was being reclassified as
19 \$5 million in expense?

20 A. The minutes reflect the reclassification, but
21 the minutes don't reflect the reason for the
22 reclassification; and I don't recall as such whether he
23 explained it or to what detail he may have explained
24 it.

25 Q. If you look at the next sentence with me,

1 sir, it refers to a provision for bad debt. What bad
2 debt is that?

3 A. Again, I would -- to answer that, I would
4 have to refer to the financial statements themselves
5 and see if there were any explanatory notes. I don't
6 recall what the bad debt related to.

7 Q. The very next sentence after that reflects
8 that Mr. Rabbe departed the meeting at that point. Do
9 you recall if the bad debt that was discussed was
10 regarding Tierra?

11 A. I think it would not have been Tierra because
12 bad debt on the books of YPF Holdings would indicate to
13 me, at least, that YPF Holdings or one of its
14 subsidiary companies was owed money by a third party
15 who may not pay it. I don't think there were any such
16 dealings between -- I don't believe there were any such
17 dealings within the consolidated group that could have
18 resulted in a bad debt entry.

19 Q. For Tierra or for the entire group?

20 A. For either.

21 Q. Sorry. I'm not following you. Are you
22 telling me that you don't think there are -- that any
23 of the companies within YPF Holdings and its
24 subsidiaries would have occasion for bad debt?

25 A. Perhaps you were asking to which -- which

1 some appear to be debits?

2 A. I don't know for sure, but I would suppose
3 from the sequence that it may indicate money flowing in
4 and flowing out.

5 Q. Can you tell me from this document from where
6 and to where that money you think is flowing in and out
7 would be going to and from?

8 A. I don't really know.

9 MR. GILMOUR: Given the timing,
10 Plaintiffs would adjourn the deposition and reserve
11 the right to reopen pursuant to the Court's order
12 yesterday and any other order that the Court may issue.

13 EXAMINATION

14 BY MS. BLANCO:

15 Q. Okay. Very briefly, could you take a look at
16 Plaintiffs' Exhibit No. 38, which are the minutes of
17 the November 15, 2005, board of directors?

18 MR. STARNES: Ileana, while he's pulling
19 that out, can we take a 60-second break?

20 MS. BLANCO: Sure.

21 THE VIDEOGRAPHER: Off the record. 6:29
22 p.m.

23 (Recess taken at 6:29 p.m., resuming at
24 6:31 p.m.)

25 THE VIDEOGRAPHER: Back on the record.

1 6:31 p.m.

2 Q. (By Ms. Blanco) Mr. Smith, you're looking at
3 Plaintiffs' Exhibit 38?

4 A. Yes.

5 Q. And I want to turn your attention to the
6 discussion about the Contribution Agreement. Do you
7 see that, sir?

8 A. Yes, I do.

9 Q. Did you discuss the Contribution Agreement
10 issues with Mr. Hartline?

11 A. Yes, I did.

12 Q. Specifically what did you and Mr. Hartline
13 discuss about the Contribution Agreement?

14 A. Well, we discussed the work that had been
15 done to determine how much funding had been advanced by
16 YPF under the Contribution Agreement.

17 Q. Did you get an understanding as to round-park
18 figure as to how much YPF had contributed according to
19 Mr. Hartline under the Contribution Agreement?

20 A. Yes, I did.

21 Q. And how much was that?

22 A. \$25.5 million.

23 Q. During which period of time was that?

24 A. That was for the period from 1996 to 1998.

25 Q. During the 1996 through 1998 period, was

1 Maxus also making contributions to Tierra?

2 A. Yes, it was.

3 Q. After the 1998 period, did Maxus then
4 continue making contributions to Tierra?

5 A. Yes, Maxus continued.

6 Q. Was the accounting scheme or treatment of the
7 funds under the contribution ever changed during this
8 time period, during any time period?

9 A. To my knowledge, the accounting treatment
10 before 1998 and after 1998 was the same.

11 Q. And what's the source of that information?

12 A. Well, I believe that Rick Hartline indicated
13 that to me in terms of the contributions and
14 distributions that we discussed earlier.

15 Q. Now, have -- under the funds that have been
16 advanced under the credit agreements that were entered
17 into starting in 2005 between YPFH and YPF -- are you
18 with me, sir?

19 A. Yes.

20 Q. -- under those credit agreements, have the
21 extension of funds under those credit agreements and as
22 they have been amended, injured Maxus in any way?

23 A. No.

24 Q. Has it benefited Maxus in any way?

25 A. Certainly.

EXHIBIT 62



Buenos Aires, March 8, 2005

YPF Holdings Inc.
717 Harwood Street
Dallas, Texas, USA

We hereby confirm that YPF S.A. will provide necessary resources to fund all the obligations of YPF Holdings Inc. as all liabilities come due through January 1, 2006.

Kind regards.

A handwritten signature in black ink, appearing to read 'C. Olivieri', is written over a horizontal line.

Carlos Olivieri
Chief Financial Officer

YPF, una empresa en acción

YPF S.A. Avenida Roque Sáenz Peña 777, Buenos Aires CP C1035AAC, Argentina. Tel: 4329-2000

YPF 517

EXHIBIT 63



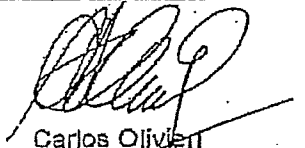
Buenos Aires, October 6, 2005

Messrs.


YPF Holdings Inc.
717 Harwood Street
Dallas, Texas, USA

YPF understands that YPF Holdings Inc. is currently exploring various options regarding its operations and structure. YPF is willing support YPF Holdings Inc up to an amount not in excess of \$120 million. YPF shall be entitled to, and hereby reserves the right to, take credit for any amounts it may contribute to YPF Holdings pursuant to this letter and offset them against any other obligation (if any) YPF may have to contribute funds to YPF Holdings or any of its subsidiary companies. This undertaking shall expire December 31, 2006.

Kind regards,



Carlos Olivieri
Chief Financial Officer


YPF, una empresa en acción

YPF S.A. Avenida Roque Sáenz Peña 777 Buenos Aires 1364 Argentina. Tel. 4329-3000

10/06/05 THU 06:52 [TX/RX NO 78371]

YPF 518

EXHIBIT 64



Buenos Aires, may 3, 2006

Messrs.
Deloitte & Touche LLP
Suite 2300 , 333 Clay Street
Houston, TX, 77002
USA

Gentlemen,

In connection with the annual audit of the financial records of YPF Holdings, Inc., a Delaware corporation ("YPF Holdings") for the period ending December 31, 2005, YPF S.A. ("YPF") hereby confirms that YPF is willing to support YPF Holdings through potential transactions, including potential asset purchases, loan extensions, loan forgiveness, loan fundings, contributions, or other transactions, if any, selected by YPF subject to the following: (1) the amount of the transactions effecting such support would not exceed U\$\$ 190 million, net of loans previously funded and net of other commitments, if any, made or to be made to YPF Holdings or its subsidiaries, and not in addition to any such loans or commitments, and (ii) this letter expires on May 1, 2007.

This letter has been prepared solely for the purpose of and to comply with audit standards including accounting ruling regarding ongoing concern and cannot be relied upon by any person or used for any purpose other than your use in connection with the application of such rule in connection with the above referenced annual audit.

YPF S.A.



Carlos Olivieri
Chief Financial Officer

YPF 4237

YPF, una empresa en acción

YPF S.A. Avenida Roque Sáenz Peña 177. Buenos Aires 1306. Argentina. Tel.: 4329-2000

EXHIBIT 65



Buenos Aires, August 8th, 2006

Messrs.
Deloitte & Touche LLP
Suite 2300 , 303 Plate Street
Houston, Texas, USA

Gentlemen,

In connection with the review of the financial records of YPF Holdings, Inc., a Delaware corporation ("YPF Holdings") for the period ending March 31, 2006, YPF S.A. ("YPF") hereby confirms that YPF is willing to provide support to YPF Holdings through potential transactions, including potential asset purchases, loan extensions, loan forgiveness, loan fundings, contributions, or other transactions, if any, selected by YPF subject to the following: (1) the amount of the transactions effecting such financial support would not exceed US\$ 190 million, net of loans previously funded and net of other commitments, if any, made or to be made to YPF Holdings or its subsidiaries, and not in addition to any such loans or commitments, and (ii) this letter expires on August 30, 2007.


This letter has been prepared solely for the purpose of and to comply with standards including accounting ruling regarding ongoing concern and cannot be relied upon by any person or used for any purpose other than your use in connection with the application of such rule in connection with the above referenced review.

YPF S.A.



Carlos Olivieri
Chief Financial Officer

YPF 4238


YPF, una empresa en acción

YPF S.A. Avenida Roque Sáenz Peña 777. Buenos Aires 1364. Argentina. Tel.: 4329-2000

EXHIBIT 66

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.

-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,

a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva

2 affiliate of YPF up until 2002. I have no knowledge
3 of any financial statements from the years before.

4 Q. You have no knowledge of financial
5 statements from the years before from whom, YPF
6 International?

7 A. No, the YPF International I have the
8 financial statements 1995, '96, '97 all the way up to
9 2001. And then after the reorganization, when the
10 direct affiliate of YPF was YPF Holdings, I started
11 to receive the YPF Holdings financial statements
12 because that's where the requisites of CNB started,
13 from the moment that it became YPF Holdings.

14 Q. Will you agree to produce the 1995 to
15 2001 financial statements for YPF International?

16 A. Yes, I have those financial statements,
17 but what I wanted to clear up is that they are not
18 from YPF Holdings.

19 The second subject is that when I named
20 the people with whom I had spoken, I forgot to
21 mention Ricardo Ferro. I called him on the phone to
22 ask him about the YPF environmental management for
23 CNB.

24 MS. BLANCO: Let me object. I believe
25 that the word which the witness testified as policia

1 G. Leiva
2 was misinterpreted as politics. In the context it
3 should have been interpreted as policies.

4 Q. Where does Mr. Ferro work?

5 A. In Buenos Aires.

6 Q. For YPF?

7 A. Yes.

8 Q. Does YPF have an environmental policy?

9 A. Well, I asked him so he could give it to
10 me. What he commented was that YPF took as a policy
11 their own -- adopted their own policy.

12 Q. YPF adopted the policy of Repsol?

13 A. Repsol's policy is a very general
14 policy. It's available in the Internet. And they're
15 general requirements of their commitments with Repsol
16 to comply with the present legislation on the
17 environmental topic in every country where the
18 affiliated companies function. The compliance of
19 that legislation is not part of the policy, but it is
20 a responsibility of each company.]

21 MR. JACKSON: I will object as
22 non-responsive.

23 Q. I will ask again: Did YPF adopt, as its
24 own, the environmental policy of Repsol, though
25 general?

1 G. Leiva

2 A. Repsol's policy is a general framework
3 on which all affiliated companies function.

4 Q. They all must comply with that policy?

5 A. Yes, because it is a general framework
6 within which all must function, but each company has
7 the obligations of the countries where they operate.

8 Q. I understand.

9 A. The policy says, phrases sentences like
10 Repsol and YPF will comply in all the areas where
11 they function legislative. YPF will comply with all
12 the present legislation in the countries where they
13 operate. It is the responsibility of all the
14 employees of all the companies to comply with. It is
15 the intention -- let's see, what else -- to ensure
16 the safety of the environment in the community where
17 they operate. Very global. Each company interpreted
18 and does the requirements of each country.]

19 Q. So, YPF then adopts its own
20 environmental policy for its operations in compliance
21 with Repsol's general policy that it do so?

22 A. YPF operates under general rules of the
23 environmental policy set by Repsol, and in that
24 context makes necessary decisions, their own
25 necessary measures in order to comply with the

1 G. Leiva

2 general environmental regulations within a general
3 framework.

4 MS. BLANCO: I'm sorry. Objection to
5 the translation insofar as it omitted the witness'
6 discussion of compliance in Argentina.

7 INTERPRETER: Thank you.

8 Q. Would the witness care to share again
9 what was said regarding compliance in Argentina.

10 A. If I want to say which are the
11 obligations?

12 Q. If you could repeat your answer,
13 previous answer with respect to compliance in
14 Argentina.

15 A. YPF complies with all legislation and
16 makes their own decisions in order to comply with the
17 environmental regulations in Argentina within the
18 general framework of the environmental policy of
19 Repsol, or what Repsol has decided for their issues
20 and the affiliates.]

21 Q. Just so we're clear, I apologize, this
22 is a bit tedious, it is the policy of Repsol that all
23 of its direct and indirect subsidiaries comply with
24 the environmental laws in the countries in which they
25 operate; is that true?

1 G. Leiva

2 A. Yes.

3 Q. Is it your understanding that the YPF
4 American unit does not have any environmental
5 policies?

6 A. I couldn't say that they don't because
7 it's probably the environmental policies of the
8 companies here. I don't have knowledge. What I
9 asked for was about the YPF policies.

10 Q. Is it part of the YPF policy that its
11 subsidiaries also have environmental policies?

12 A. It's not a policy that they have the
13 policy because, for example, YPF does not have it in
14 writing. It doesn't have in writing the precise --
15 it complies with the present legislation and in the
16 20-F reports that compliance, but it doesn't require
17 nor prevents that the subsidiary companies decide
18 their own environmental policies. That's obviously
19 not to be against the general framework.

20 Q. Can you turn to page 43 of Plaintiffs'
21 Exhibit 53. The last paragraph states -- I believe
22 Mr. Leiva can read this -- but it states "YPF
23 believes that YPF Holdings' policies and procedures
24 in the area of pollution control, product safety, and
25 occupational health are adequate to prevent

1

G. Leiva

2 unreasonable risk of environmental and other damage
3 resulting in financial liability in connection with
4 its business."

5

Do you see that, sir?

6

A. Yes.

7

Q. On what information -- did you write
8 this?

9

A. No, the paragraph from YPF Holdings I
10 received from David Wadsworth and from counsel.

11

Q. Did Mr. Wadsworth write "that YPF
12 believes"?

13

A. No. The sentence, the meaning of the
14 paragraph itself, our lawyers, Davis Polk...

15

Q. You believe that attorneys from Davis
16 Polk wrote this?

17

A. Yes, they've seen it, they wrote it,
18 they've approved it, and they've talked with the YPF
19 managers about what is said here.

20

Q. So, Davis Polk is serving as counsel for
21 YPF?

22

A. For the preparation of the 20-F.

23

Q. Was David Wadsworth also working on
24 behalf of YPF?

25

A. No.

EXHIBIT 67

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THE UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
and THE ADMINISTRATOR OF THE NEW JERSEY SPILL
COMPENSATION FUND,

Plaintiffs,

Civil Action No:
2:06-CV-00401-JCL-PS

-against-

OCCIDENTAL CHEMICAL CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION, REPSOL, YPF, S.A.,
YPF, S.A., YPF HOLDINGS, INC., and CLH HOLDINGS,

Defendants.
-----X

1177 Avenue of the Americas
New York, New York

September 23, 2006
9:30 a.m.

VIDEOTAPED DEPOSITION of YPF, S.A.,
a defendant, BY, GABRIEL LEIVA, taken on behalf of
the plaintiffs, pursuant to Notice, held before a
Notary Public of the State of New York.

1 G. Leiva
2 general environmental regulations within a general
3 framework.

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20 and the affiliates.

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22 is a bit tedious, it is the policy of Repsol that all
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4 American unit does not have any environmental
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25 occupational health are adequate to prevent

G. Leiva

1
2 unreasonable risk of environmental and other damage
3 resulting in financial liability in connection with
4 its business."

5 Do you see that, sir?

6 A. Yes.

7 Q. On what information -- did you write
8 this?

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10 received from David Wadsworth and from counsel.

11 Q. Did Mr. Wadsworth write "that YPF
12 believes"?

13 A. No. The sentence, the meaning of the
14 paragraph itself, our lawyers, Davis Polk...

15 Q. You believe that attorneys from Davis
16 Polk wrote this?

17 A. Yes, they've seen it, they wrote it,
18 they've approved it, and they've talked with the YPF
19 managers about what is said here.

20 Q. So, Davis Polk is serving as counsel for
21 YPF?

22 A. For the preparation of the 20-F.

23 Q. Was David Wadsworth also working on
24 behalf of YPF?

25 A. No.

NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION AND THE
ADMINISTRATOR OF THE NEW JERSEY
SPILL COMPELATION FUND,

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION
ESSEX COUNTY

DOCKET NO. 1-00000000 00

Plaintiffs,

CIVIL ACTION

v.

OCCIDENTAL CHEMICAL CORPORATION,
TIERRA SOLUTIONS, INC., MARCO
ENERGY CORPORATION, REPSOL YPF,
S.A., YPF, S.A., THE HAWKINS,
INC. AND OLI PALMINES,

Defendants.

CERTIFICATION OF MARCOS MOZETIC

MARCOS MOZETIC, of full age, under oath, hereby certifies
as follows:

1. I am Director of Exploration-Upstream for Repsol YPF,
S.A. ("Repsol YPF"). I make this certification in support of
Repsol YPF's motion to dismiss plaintiffs' Amended Complaint. I
have personal knowledge of the facts set forth below.
2. Repsol YPF is a Spanish business corporation with its
principal place of business in Madrid, Spain.
3. Repsol YPF does not have a designated agent for
service of process in New Jersey, nor has New Jersey required
Repsol YPF to have one. Repsol YPF has never conducted business
meetings in New Jersey. Repsol YPF has never advertised,
solicited, or conducted business in New Jersey. Repsol YPF does
not maintain an office in New Jersey. Repsol YPF makes no

business decisions in New Jersey. Repsol YPF does not recruit any employees in or out of New Jersey, nor does Repsol YPF have any employees in New Jersey. Repsol YPF does not buy or sell goods or services in New Jersey.

4. Repsol YPF does not own any real property located in New Jersey. Further, Repsol YPF has no telephone listings in New Jersey and does not advertise in New Jersey. Repsol YPF maintains no bank account in New Jersey and transacts no banking business in New Jersey. Repsol YPF does not pay any taxes in New Jersey.

5. Repsol YPF's web site operator does not intentionally target New Jersey, nor does Repsol YPF solicit business in New Jersey via its web site.

6. Repsol YPF does not market its petroleum products, directly or through intermediaries, to New Jersey. Repsol YPF does not derive any benefits from the State of New Jersey.

7. No Court or agency has determined that Repsol YPF has committed any tort or violated any laws, in whole or in part, in New Jersey. Repsol YPF has never brought or defended a lawsuit (other than the present lawsuit) in New Jersey.

8. Repsol YPF has not assumed any liability or responsibility for the Lister Site.

9. No Repsol YPF director or officer serves as a director or officer of Tienta.

10. No Repsol YPF directors, officers, or personnel are involved in the activities or business of Tierra.

11. Repsol YPF does not pay the salaries or expenses of Tierra.

12. Repsol YPF does not develop the budget or control the activities of Tierra.

13. Repsol YPF does not commingle its funds with those of its subsidiaries or affiliated companies.

14. Repsol YPF does not control the environmental practices of Tierra.

15. Repsol YPF does not disregard the separate corporate existence of YPF, YPFH, Club, Mexus, or Tierra.

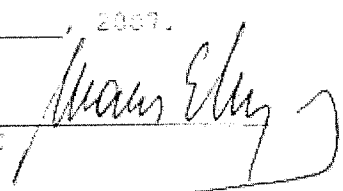
16. Tierra does not solicit sales for Repsol YPF.

17. Repsol YPF's operations are not intertwined with those of YPFH, Mexus, Club, or Tierra.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Executed on the 5 day of January, 2009.

MARCOS MOYETIS



Correction
Vicki from
A lead

GREENBAUM, ROWE, SMITH & DAVIS LLP

75 Livingston Ave
Roseland, New Jersey 07068
973/535-1600

Attorneys for Defendants: YPF Holdings, Inc.
CLH Holdings, YPF, S.A., and Repsol YPF, S.A.

And

BRACEWELL & GIULIANI

711 Louisiana Street
Suite 2300
Houston, Texas 77002
713/221-1584

NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION and THE
ADMINISTRATOR OF THE NEW JERSEY
SPILL COMPENSATION FUND,

Plaintiffs,

v.

OCCIDENTAL CHEMICAL CORPORATION,
TIERRA SOLUTIONS, INC., MAXUS
ENERGY CORPORATION, REPSOL YPF,
S.A., YPF, S.A., YPF HOLDINGS,
INC. AND CLH HOLDINGS,

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION
ESSEX COUNTY

DOCKET NO. L-009868 05

CIVIL ACTION

ORDER

THIS MATTER having been opened to the Court by Greenbaum,
Rowe, Smith & Davis LLP (Marc J. Gross, Esq., appearing), local
counsel for defendant Respol YPF, S.A., and the Court having
considered the submissions of counsel and having heard oral
argument; and for good cause shown,

IT IS on this ___ day of _____, 2007,

ORDERED THAT:

1. Defendant Repsol YPF, S.A.'s Motion to dismiss plaintiffs' Amended Complaint for lack of personal jurisdiction be and hereby shall be granted;

2. That plaintiffs' Amended Complaint as to defendant Repsol YPF, S.A. be and hereby shall be dismissed with prejudice.

3. That a true copy of this Order be and hereby shall be served upon all counsel of record within _____ days hereof.

HON. RACHEL N. DAVIDSON, J.S.C.