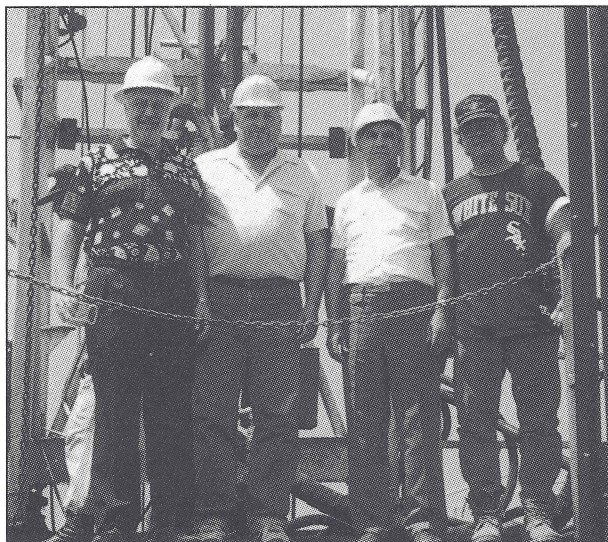




companies to invest in Ukraine's oil and gas program. Cormick added that Ukraine would attract much more foreign investment in the oil and gas sector if the country "removes the onerous tax structure."

Epic's drilling program became possible after the company completed a private placement of 20 million Special Warrants for gross proceeds of \$20 million.

Investors include several major institutional funds. Approximately 22 million shares, representing 52% of the outstanding shares, have been purchased from the majority shareholder by current members of management, institutional investors, and Niko Resources Limited of Calgary. Of this amount \$5 million, augmented by internal cash flow, will be used to develop the Kerch shallow oil fields. An additional \$8-10 million of the financing are to be used to evaluate the potential of the deeper oil-gas-condensate fields by conducting comprehensive feasibility studies and potentially re-completing two or three preserved,



B.P. LONG/UKR. NEWS

Epic Energy team standing in front of rig drilling test well in Aktash filed in Crimea. L-r: Ronald Cormick, Epic Energy President and CEO; Leonid Yedeshko, GM Krymgeologia; Bohdan Byalyuk, Dep. Chairman, Ukr. State Committee on Geology and Utilization of Mineral Resources; and Denis Mosher, drilling manager.

Ukrainian-drilled wells. Epic, through a wholly owned subsidiary, is a 60% owner of the KrymTexasNafta joint venture, with Ukraine's State Property Fund owning the other 40% through the state geological enterprise, Krymgeologia. KrymTexasNafta has pre-emptive rights to explore and develop oil and gas reserves within an 18,000 square-kilometre area in Crimea with significant hydrocarbon accumulation.

Kashtan ready to drill

Oct. 1996... During a Ukrainian-Canadian round-table on energy, UK-RAN CEO Ed Southern announced that the Ukrainian-Canadian JV *Kashtan* was ready to begin drilling the Leliakivske oil field in Pryluky, Poltava oblast.

UK-RAN, the Canadian partner of the vertically integrated state oil company *UkrNafta*, has already invested US\$4 million in the Leliakivske project. According to *UkrNafta* representatives,

Delegation in Western Canada

Bankers Target Canadian Investors

A delegation of bankers from Ukraine visited three Canadian provinces from Sept 1-15 to meet with Canadian bankers, investors, and business people. The delegation included Sarkis Simovyan, President of Grant Bank and Vagram Simovyan, one of its Directors. Grant Bank, established in 1991, is the official municipal bank of Kharkiv, a city of 2 million in Eastern Ukraine.

"The trip was very effective," said Anatoliy Satenko, Vice President of the Kyiv branch of Kharkiv's Grant Bank. "Many contacts were made that will be productive in the future." The delegation met with representatives of three banks - the Royal Bank, Canadian Imperial Bank of Commerce and the Bank of Nova Scotia - with the objective of setting up correspondent accounts.

Another goal was to raise awareness of Eastern Ukraine as a potential site for investment among Canadian businessmen. Grant Bank wants to set itself up as a guarantor of funds for its own clients in Ukraine who wish to set up joint ventures with Canadian partners, Satenko said.

In Regina, Sask. Energy Minister Eldon Lautermilch welcomed them at a brief



SASK. ENERGY AND MINES

Ukrainian bankers found welcome partners in Western Canada. L-r: Nautilus Pres. Mike Monea; Saskatchewan Energy Minister Eldon Lautermilch; Anatoliy Satenko; Rocky Rombs; Nataliya Dvorak; Vagram Simovyan; Sarkis Simovyan; and a Canadian reporter.

ceremony held in the offices of Nautilus Exploration, an oil and gas production company based in Regina.

Nautilus President Michael Monea said that

business opportunities in Ukraine have prompted his company to seriously consider expansion into Ukraine.

"We'll be looking at various oil fields to develop and moving equipment in early spring 1997 - if we can get the concession and royalty structures agreed to (by the Ukrainian government)," he said, explaining that royalty rates in Ukraine are determined "by Presidential decree", and vary from one project to the next. "Ukraine needs to have royalty rates that encourage investment."

The company plans to invest US\$4 million in the first phase of development, which consists of rehabilitating existing wells. Further development, including horizontal drilling and processing facilities, could raise the total project cost to \$20-\$30 million, he added. "If we can cut a good deal, we're going to go there," Monea said.

In addition to their Regina stop, the delegation also met with banking, investment and business people in Saskatoon, Estevan, Edmonton, Calgary and Toronto.