

ENDORSED

by decision of the OAO Sibneft

general shareholders meeting

Minutes No. ____ of _____ 2002

Meeting chairman

_____ **(K.N. Potapov)**

**REGULATION ON THE BOARD OF DIRECTORS
of the Open Joint Stock Company Sibirskaya Neftyanaya Kompaniya**

1. GENERAL PROVISIONS

1.1. This Regulation on the Board of Directors (hereinafter "Regulation") shall determine the procedure of the activities of the Board of Directors of the Company in accordance with the Civil Code of the Russian Federation, the federal law On Joint Stock Companies and the Articles of Incorporation of OAO Sibneft (hereinafter, "the Company").

1.2. The terms and definitions used in this Regulation are used in the meaning which they have in the legislation of the Russian Federation on joint stock companies and securities unless otherwise provided for hereunder.

For the purposes of these regulations the following terms and definitions are used:

"loyalty" shall mean the attitude of a member of the Board of Directors to the Company when the member of the Board of Directors refrains from taking advantage of his position in the Company in the interests of other persons;

"confidentiality" shall mean withholding information on the Company and its activity from third persons;

"officials" shall mean persons who perform organizational-executive or administrative-economic functions in the Company;

"employee" shall mean a person who has a labor contractual relationship with the Company;

1.3. The Board of Directors shall be a collegiate body managing the Company. Members of the Management Board of the Company may not constitute more than one-fourth of the members of the Board of Directors.

2. THE GOALS AND OBJECTIVES OF THE ACTIVITIES OF THE BOARD OF DIRECTORS

2.1. The Board of Directors shall exercise the general management of the Company, with the exception of decision making with regard to matters placed by the federal laws and the articles of incorporation of the Company under the jurisdiction of the general shareholders' meeting, act in the interests of all shareholders and the Company, determine the medium- and long-term development strategy for the Company, provide for the fulfillment of decisions taken by the shareholders' meeting and be accountable to the shareholders. In order to manage the current operations of the Company it shall appoint members of the Management Board and monitor the efficiency of the work of the executive bodies.

2.2. The goals of the activities of the Board of Directors shall be maximizing the profits and increasing the assets of the Company, protecting the rights and legitimate interests of the shareholders, constant oversight over the executive bodies, ensuring full, authentic and objective information of the public about the company.

2.3. To implement the goals of its activities the Board of Directors shall be guided by the following principles:

- passing decisions on the basis of accurate information on the activities of the Company;

- ruling out restrictions on the right of shareholders to take part in managing the affairs of the company, getting dividends and information on the Company;

- achieving a balance of interests of different groups of shareholders and adoption by the Board of Directors of objective decisions in the interests of all the shareholders of the Company.

2.4. Any insurmountable ambivalence of rules fixed in regulatory legal and other acts shall be interpreted by the Board of Directors in favor of broadening the rights and legitimate interests of the shareholders.

2.5. The competence of the Board of Directors shall be determined by the Company's Articles of Incorporation. To implement its goals the Board of Directors shall within its scope of authority solve the following tasks:

organize fulfillment of decisions of the General Meeting of Shareholders;

assess the political, financial and other risks that affect the activities of the Company;

approve the business plans of the company;

approve policy on investments and participation in other organizations;

assess the results of the activities of the company and its bodies;

set down the terms of payment of dividends;

determine the criteria for hiring managerial personnel;

work out the systems and methods of motivation and incentives for the personnel;

ensure disclosure of information on the Company;

supervise the activities of the executive bodies of the company;

ensure compliance by the Company with applicable legislation;

ensure compliance with corporate management principles.

2.6. A member of the Board of Directors shall have the right to:

- request from the officials and employees of the Company any information (documents and materials) under a procedure set down in this Regulation;

- receive for the performance of his/her duties remuneration and (or) compensation for the expenses incurred in the performance of the functions of a member of the Board of Directors of the Company in cases and in amounts determined by decision of the General Meeting of Shareholders;

- access the minutes of the meeting of the Board of Directors and other collegiate bodies of the Company and receive copies thereof;

- initiate consideration of issues by the Board of Directors, request that his/her dissenting opinion on issues on the agenda and decisions passed be entered in the minutes of the meetings of

the Board of Directors, and also request that his/her dissenting opinion be included in the recommendations of the Board of Directors as regards voting on matters on the agenda of the shareholders' meeting.

2.7. A member of the Board of Directors shall:

- be loyal to the Company;

- act within his/her scope of authority, in good faith and in a way perceived to be the best possible in the interests of all shareholders and the Company as a whole and with due regard for the interests of the broad range of persons associated with the activities of the Company;

- not disclose and/or use insider information in his/her personal interest or in the interests of third parties;

- attend the meetings of the Board of Directors;

- take part in the decisions of the Board of Directors by voting on the issues on the agenda of its meetings;

- make reasonable decisions, for which purpose he/she shall study all the relevant information (materials), conduct investigations and bring to the notice of all the members of the Board of Directors all the information without exception that is relevant to the decisions being taken;

- in making decisions, assess risks and unfavorable consequences;

provide timely notice to the Company on his/her affiliations and changes thereof, or changes in substantive personal information, including any positions held concurrently in the management of other organizations, any possible developments that may entail a conflict of interests (in connection with any intention to participate in companies competing with the Company, or other companies), or any expected developments that may cause an independent director to lose his/her independence;

notify the members of the Board of Directors on proposed transactions in which he/she may be interested;

take part in expert examination of the projects and programs proposed by the Board of Directors;

prepare proposals on improving the financial and economic activities of the Company at the request of the Board of Directors;

notify other members of the Board of Directors of facts of violation of legal acts, the Articles of Incorporation, regulations, rules and instructions of the Company by employees of the Company, including officials, that have come to his/her knowledge;

prepare and submit for consideration by the Board of Directors the issues within his/her competence.

2.8. The activities of a member of the Board of Directors shall be continuous and not limited to participation in the passing of decisions by the Board of Directors.

The person who holds in custody the decisions and minutes of the meetings of the Board of Directors shall promptly, upon the request of a member of the Board of Directors, provide him/her with certified copies of such documents.

2.8. The President of the Company and its officials shall, upon request of a member of the Board of Directors, provide him/her with any information on the activities of the Company in full, arrange for his/her access to documents and for a possibility to make copies of them.

3. CHAIRMAN OF THE BOARD OF DIRECTORS

3.1. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from their number by a majority vote of all the members of the Board of Directors, with the votes of the retired members of the Board of Directors not counted.

3.2. The person that performs the functions of the one-person executive body of the Company may not simultaneously be the Chairman of the Board of Directors.

3.3. The Board of Directors shall have the right at any time to re-elect the Chairman of the Board of Directors by a majority vote of all the members of the Board of Directors, with the votes of the retired members of the Board of Directors not counted.

3.4. Members of the Board of Directors shall have the right to elect a deputy chairman of the Board of Directors to perform the functions of Chairman of the Board of Directors during his absence.

3.5. When the Chairman of the previous Board of Directors is elected to a new Board of Directors he/she shall continue to perform the duties of chairman pending the election of the new Chairman of the Board of Directors. If the Chairman of the previous Board of Directors is not elected to the new Board of Directors the duties of Chairman of the Board of Directors pending his/her election shall be performed by the oldest member of the Board of Directors.

3.6. The Chairman of the Board of Directors shall organize the work of the Board of Directors; call its meetings and preside over them; determine the agenda and format of meetings; keep a record of proposals from members of the Board of Directors and dissenting opinions on decisions taken; see to it that minutes are kept at meetings; represent the Board of Directors in relations with the executive bodies of the Company and in relations with other persons; and sign minutes, letters and other documents on behalf of the Board of Directors.

The Chairman of the Board of Directors shall apply and interpret the provisions of this Regulation and determine the procedure of the work of the Board of Directors in cases not stipulated hereunder.

3.7. In the absence of the Chairman of the Board of Directors and his/her deputy his/her functions shall be performed by a member of the Board of Directors by decision of the Board of Directors.

The person performing the functions of chairman of the Board of Directors in his absence shall have the right to exercise any powers envisaged for the Chairman of the Board of Directors.

3.8. The Chairman of the Board of Directors shall have no right to entrust the performance of his functions to another person.

4. SECRETARY OF THE BOARD OF DIRECTORS

4.1. The Secretary of the Board of Directors may be elected from amongst the members of the Board of Directors by a majority vote of all the members of the Board of Directors.

A natural person that is not a member of the Board of Directors may be appointed Secretary of the Board of Directors. The Company shall enter into an agreement with such person envisaging liability for disclosing confidential information on the activities of the Company. The terms of the agreement are subject to prior approval by the Board of Directors.

The Secretary of the Board of Directors who is not a member of the Board of Directors shall perform his/her duties pending the appointment of a new Secretary or the expiration of the agreement.

4.2. The person performing the functions of the one-person executive body of the Company may not simultaneously be a member of the Board of Directors.

4.3. The Board of Directors shall have the right at any time to re-elect (terminate the powers) of the Secretary of the Board of Directors.

4.4. If the Secretary of the Board of Directors is not elected (appointed) the duties of Secretary of the Board of Directors until his/her election (appointment) shall be performed by the member of the Board of Directors who performs the duties of the Chairman of the Board of Directors.

4.5. The Secretary of the Board of Directors shall:

keep and compile minutes of the meetings of the Board of Directors;

register and hold in custody incoming documentation and copies of outgoing documentation of the Board of directors;

notify the members of the Board of Directors in advance about the holding of meetings of the Board of Directors;

communicate to the members of the Board of Directors materials and draft documents related to the agenda of the upcoming meeting, and questionnaires for the purpose of making Board of Directors decisions by polling (vote by correspondence);

fulfill concrete requests of the Chairman of the Board of Directors;

hold in custody the minutes and materials of the meetings of the Board of Directors and the minutes of the results of correspondence vote by members of the Board of Directors;

keep custody of the questionnaires sent to the Board of Directors by members of the Board of Directors for the purpose of making decisions of the Board of Directors by correspondence.

4.6. The Secretary of the Board of Directors who is a member of the Board of Directors may receive for the performance of his/her functions a remuneration and (or) compensation for the expenses incurred in the performance of the functions of Secretary of the Board of Directors by decision of the Board of Directors of the Company.

The size of such remuneration and compensations and the procedure of payment thereof shall be established by decision of the Board of Directors.

4.7. The Secretary of the Board of Directors who is not a member of the Board of Directors shall, for the performance of his/her functions, receive remuneration and compensations in accordance with the agreement he/she has signed with the Company

5. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND COMPENSATION OF EXPENDITURES INCURRED IN THE PERFORMANCE OF THEIR DUTIES

5.1. By decision of the General Meeting of shareholders members of the Board of Directors, for the period of the performance of their duties, may be paid remuneration and (or) compensations for the expenses they have incurred in performing their functions of members of the Board of Directors. The total sum of such remunerations and compensations shall be determined by decision of the General Meeting of shareholders.

5.2. Members of the Board of Directors shall have no right to receive remuneration and (or) compensation for their expenses in any manner or any form for performing their duties, for the adoption of decisions by the Board of Directors or any other bodies of the Company as well as for exercising their rights as members of the Board of Directors with the exception of remuneration and (or) compensation for expenses received by decision of the General Meeting of shareholders.

6. BOARD OF DIRECTORS' MEETINGS

6.1. A meeting of the Company's Board of Directors shall be called by the chairman of the Board of Directors on his own initiative, on demand of a member of the Board of Directors, the Auditing Commission or the auditor of the Company, the executive body of the Company, as well as on demand of a shareholder (shareholders) who jointly own 2 or more percent of voting shares.

The demand of a shareholder (shareholders) who jointly own 2 and more percent of voting shares to hold a meeting of the Board of Directors may be put forth only for the consideration of issues provided for in subclauses 2-10, 18-20, 24 of Clause 14.2 of the Company's Articles of Incorporation.

6.2. In making a decision to call a meeting of the Board of Directors, the persons calling it shall determine:

- the date, time and place of the meeting;
- the agenda;
- the wording of the issues to be put to the vote;

-- the list of information (materials) submitted to the members of the Board of Directors for the meeting.

6.3. A meeting may not be held in such place and at such time that create considerable obstacles for the presence of the majority of Board of Directors members at the meeting or that make their presence impossible.

6.4. A meeting may not be held at night (from 22 to 6 hours local time), or outside the Russian Federation.

6.5. A meeting may not be held on production or other premises or in places where the Board of Directors cannot work normally.

6.6. All members of the Board of Directors shall be notified about a meeting of the Board of Directors not less than five working days before the meeting. Notices are to be served on members of the Board of Directors, mailed or delivered in any other way convenient to them (including by telephone, electronic or other means of communications).

6.7. A notice shall specify:

-- the issues on the agenda;

-- the place and time of the meeting;

-- the name of the person who initiated the meeting (if it is not the chairman of the Board of Directors).

If the list of information (materials) to be submitted to the members of the Board of Directors for the meeting has been determined, such information (materials) shall be submitted to the members of the Board of Directors together with the notice.

6.8. Should there arise the circumstances that make it difficult or impossible to hold a meeting of the Board of Directors in the place and (or) at the time of which the members of the Board of Directors have been notified, a meeting on the planned agenda may be held in a different place and (or) at a different time. Such meeting shall be held not later than five days of the abortive meeting.

6.9. The chairman of the Board of Director shall notify all members of the Board of Directors about the change of place and (or) time of the meeting of the Board of Directors with such time in advance that is normally necessary for them to arrive for the meeting. A notice of changes should be sent to members of the Board of Directors in any form that guarantees the receipt of the notice by a member of the Board of Directors at the address of his location or at the address where his correspondence is delivered.

6.10. The demand of persons mentioned in Clause 6.1 of this Regulation to call a meeting of the Board of Directors should be submitted to the chairman of the Board of Directors or sent to the Company in writing and shall specify the following:

-- the initiator of the meeting (his name or the name of the body or legal entity that put forth the demand);

-- the issues on the agenda;

-- the reasons for including these issues in the agenda;

-- the address to which a reply to the demand should be sent.

6.11. The chairman of the Board of Directors may not deny the convocation of a meeting, except when:

-- the demand to call a meeting is not consistent with the normative regulatory acts, the Article of Incorporation and (or) this Regulation;

-- the initiator of the meeting has no right to demand the convocation of a meeting of the Board of Directors in accordance with the federal law On Joint Stock Companies, the Company's Articles of Incorporation and this Regulation.

6.12. The chairman of the Board of Directors shall consider the demand and make a decision to either call a meeting of the Board of Directors or deny its convocation within three working days of the demand.

6.13. The chairman of the Board of Directors shall notify the initiators of the meeting about his decision within three working days of the decision.

6.14. A meeting of the Board of Directors called on demand of persons mentioned in Clause 6.1 of this Regulation shall be held within 10 working days of the demand.

6.15. The chairman of the Board of Directors shall call a meeting of the Board of Directors to solve the following issues:

a) convocation of the annual general shareholders meeting and adoption of decisions needed for its convocation and holding as provided for in Clause 1 of Article 54 of the federal law On Joint Stock Companies;

b) preliminary approval of the Company's annual report;

c) consideration of proposals from shareholders regarding issues for the agenda of the annual general shareholders meeting and nomination of candidates to the Company's bodies in accordance with the procedure established by clauses 1 and 2 of Article 53 of the federal law On Joint Stock Companies, and the adoption of decisions on the inclusion of issues in the agenda of the annual general shareholders meeting, and of candidates in the list of candidates for election to the Company's bodies, or denial of such inclusion;

d) the convocation of the annual general shareholders meeting as provided for in Clause 2 of Article 68 of the federal law On Joint Stock Companies.

If the chairman of the Board of Directors does not call a meeting of the Board of Directors within reasonable time to solve the said issues, such meeting may be called by any member of the Board of Directors.

6.16. Meetings of the Board of Directors are held as may be necessary but not less than nine times a year.

6.17. In making decisions, members of the Board of Directors attending a meeting should express their views on issues on the agenda by voting on them.

The results of the voting are summed up and announced by the chairman of the meeting immediately after the vote.

6.18. In solving questions at a meeting of the Board of Directors, each member of the Board of Directors has one vote.

The transfer of the vote by a member of the Board of Directors to another person, including another member of the Board of Directors, shall not be allowed.

6.19. In determining whether there is a quorum and summing up the results of voting on issues on the agenda, the Board of Directors shall take into account the opinion submitted in writing by a member of the Company's Board of Directors not attending the meeting of the Board of Directors.

The opinion in writing shall be submitted by a member of the Board of Directors to the chairman of the Board of Directors prior to the meeting of the Board of Directors.

The opinion expressed by a member of the Board of Directors in writing may contain his vote both on all issues on the agenda of the meeting or some of them. The opinion of a member of the Board of Directors submitted in writing shall be taken into account when the Board of Directors determines if there is a quorum and announces the results of the vote only on those issues on the agenda on which the member of the Board of Directors voted in this written opinion.

6.12. The chairman of the meeting should announce the written opinion of a member of the Board of Directors not attending the meeting of the Board of Directors before the vote on the issue on the agenda on which he expressed his opinion.

If a member of the Board of Directors attends a meeting of the Board of Directors, his written opinion received before the vote shall not be announced at the meeting or taken into account when the quorum and the results of voting are determined.

6.13. The secretary of the Board of Directors shall keep minutes of a meeting of the Board of Directors, and in case of his absence, one of the members of the Board of Directors shall keep the minutes on instructions from the chairman of the meeting.

6.14. The minutes of a meeting shall be compiled not later than three days after the meeting.

The minutes shall state:

- the place and time of the meeting;
- the persons who attended the meeting;
- the persons who submitted their opinions on the issues on the agenda in writing;
- the agenda of the meeting;
- issues put to the vote and the results of the vote on them;
- decisions adopted.

The minutes of a meeting of the Board of Directors shall be signed by the chairman of the meeting and the secretary of the Board of Directors.

6.15. If the written opinions of members of the Board of Directors not attending a meeting are taken into account for determining the quorum and the results of voting on issues on the agenda,

such opinions on the issues on the agenda obtained from the members of the Board of Directors shall be attached to the minutes.

6.16. The minutes of the meetings of the Board of Directors shall at all times be kept at the location of the executive body of the Company. The Company shall make the minutes of the meetings of the Board of Directors accessible to the members of the Board of Directors, the Auditing Commission, and the Company's auditor under the procedures and within the time limits determined by the legislation and corporate documents of the Company.

7. REQUIREMENTS TO DECISIONS BY THE BOARD OF DIRECTORS

7.1. A decision of the Board of Directors shall be adopted:

- a) at a meeting of the Board of Directors;
- b) through the vote by correspondence.

7.2. When a decision is adopted by a three-fourth majority or unanimously by all members of the Board of Directors in accordance with the Company's Articles of Incorporation without taking into account the votes of the members who have left the Board of Directors, the latter being:

those deceased, absent for unknown reasons or incapable;

persons whose powers have been terminated ahead of time by the general shareholders meeting;

persons who have voluntarily resigned from the Board of Directors and notified the Company thereof in writing;

persons whose powers as members of the Board of Directors have been terminated or suspended by decisions of law enforcement agencies that have entered into force.

7.3. A decision of the Board of Directors adopted at a meeting of the Board of Directors shall become effective at the moment when the results of the vote on the issue are announced.

7.4. A decision of the Board of Directors adopted through the vote by correspondence shall become effective at the moment when the results of the vote by correspondence are announced.

8. COMMITTEES OF THE BOARD OF DIRECTORS

8.1. In order to perform its functions, the Board of Directors shall have the right to create standing and ad hoc committees. The Audit Committee, the Personnel and Reimbursement Committee and the Committee on Work with Minority Shareholders shall be the standing committees of the Board of Directors.

8.2. The committees shall be consultative bodies of the Board of Directors, shall not be empowered to act on behalf of the Board of Directors, and shall not have any authority. The functions of the committee and its formation and operational procedures shall be determined for each committee in regulations to be approved by the Board of Directors. Committee meetings may be held with personal attendance or by correspondence.

8.3. The members of the committee shall be appointed by the Board of Directors at its first meeting (following the election of the new Board of Directors).

Only an independent member of the Board of Directors may serve as chairperson of a committee.

One independent director may not chair more than two committees.

In case of need experts with required professional expertise may be retained for work in committees.

8.4. The Board of Directors shall provide the conditions for the work of the committees and arrange for their access to the required documents and information.

8.5. The committees shall prepare for the Board of Directors recommendations and conclusions on matters within their terms of reference and submit annual reports on the results of the work done.