

March 5, 2007

Via Electronic and U.S. Mail

Richard Irons, PhD, DABT
Principal Investigator, Shanghai Health Study
University of Colorado Health Sciences Center
4200 East 9th Avenue, C238
Denver, CO 80262

Ralph J Altieri, PhD
Dean, School of Pharmacy
University of Colorado Health Sciences Center
4200 East 9th Avenue, C238
Denver, CO 80262

Re: ***The Shanghai Health Study***

Dear Drs. Irons and Altieri:

We are writing on behalf of the American Petroleum Institute (API) in support of the scientific and clinical research being conducted in China, the Shanghai Health Study. We appreciate Dr. Irons efforts as a principal investigator for this unique project in Shanghai and his efforts to develop a plan to complete this project which have been previously reviewed and conditionally supported by the Oversight Committee.

We understand that Dr. Irons was a participant in the January 29th SHS Oversight Committee meeting where there was unanimous support expressed for moving forward with the new administrative structure proposed by Dr. Irons.

API, as the formal contracting party, requires a proposal consistent with its attached guidelines. We appreciate the urgency of this matter, and if we can assist in facilitating this proposal, please advise. API has been authorized to spend additional money to continue the study contingent upon API receiving formal financial commitments from the five members of the Benzene Health Research Consortium. Additional conditions of the study being continued are the implementation of an acceptable independent Quality Assurance/Quality Control plan and acceptable metrics and milestones for progress and payment. API has considered the **Draft** request, Shanghai Health Study Proposed Budget for Extension and JCML Transition dated November 10, 2006, submitted by Dr. Irons of the University of Colorado. Additional funding up to \$6,559,864 has been agreed to. This represents funding for the following (as described in the referenced request):

Plan A Study Completion Total (Tables 1 and 2)	\$5,759,864
--	-------------

Plan B Laboratory Transition Personnel Proposed Budget (From Table 3)	\$400,000
Post Study Costs for continued publication of study findings	<u>\$400,000</u>
TOTAL	<u>\$6,559,864</u>

Formal authorization and disbursement of these additional monies is contingent upon successful execution of an agreement between API and the research entity that will be continuing the study.

Given the urgency to execute a grant/contract to continue the study, API looks forward to receiving a proposal in the near future to extend the existing grant or to establish a new contract with the University of Colorado, CynPathogen, Inc. or another entity. API Exhibits A-I to A-III, Proposal Guide For Prospective Contractors are attached; the information requested therein is necessary for the establishment of the new commitment.

Sincerely,

Red Cavaney

Brenda Hargett

Cc: C. Klaus
D. Ross
D. Wilkerson