

AGREEMENT

FOR THE

DIRECT SALE OF CRUDE OIL AND

DIRECT PURCHASE OF PETROLEUM

PRODUCT (DSDP)

(2021 – 2022)

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This Agreement is made this day of between _____, a company registered under the laws of the Federal Republic of Nigeria, and having its Head Office at _____, Nigeria (hereinafter called “.....” which expression shall where the context so admits, include its successors in title and permitted assigns) of the one part;

And

_____, a company incorporated under the laws of _____ and whose registered office is at _____ (hereinafter called “___” which expression shall where the context so admits, include its successors in title and permitted assigns); and

_____, a company incorporated under the laws of _____ and whose registered office is at _____ (hereinafter called “_____” which expression shall where the context so admits, include its successors in title and permitted assigns) all of the other part.

___ and _____ shall hereinafter be referred to as **CONSORTIUM**.

WHEREAS:

1. NNPC desires to deliver Crude Oil on FOB basis to the CONSORTIUM and receive in return from CONSORTIUM, Petroleum Product based on the value of the Crude Oil delivered, through the DSDP arrangement.
2. CONSORTIUM represents that it is engaged in the business of petroleum refining and trading and has the technical skills, financial and logistics capacity to lift Crude Oil and deliver Petroleum Product to NNPC on DAP basis, at designated port (s) in Nigeria.

3. CONSORTIUM further agrees to deliver to NNPC, Petroleum Product quantity based on the value of Crude Oil received, on such terms and conditions as set out herein.

NOW THEREFORE, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATIONS

1.1 DEFINITIONS

Where used in this Agreement, except as otherwise required by the context, the words defined in the following sections of this Article 1 shall have the meanings respectively ascribed thereto.

"Affiliate" or **"Subsidiary"** shall mean a legal entity which directly or indirectly owns a Party or which is directly or indirectly owned by a Party. Ownership means the ownership, directly or indirectly, through one or more intermediaries, of more than fifty (50) percent of the issued shares or voting rights in a company, partnership, or legal entity.

"Advanced Pricing Option" means, in relation to a pricing period five (5) consecutive published quotations, with the fifth day before the bill of lading day as day one i.e. the bill of lading day is day six.

"Agreement" or **"Contract"** shall mean this agreement including the appendices attached hereto.

"Apapa Port" shall mean Petroleum Wharf, Apapa (PWA), Bulk Oil Platform (BOP), and New Oil Jetty (NOJ).

"API" shall mean the American Petroleum Institute.

"ASTM" shall mean the American Society for Testing and Materials.

“ATK” shall mean Aviation Turbine Kerosine

“Barrel” shall mean a barrel of forty-two U.S. gallons measured at 60 degrees Fahrenheit.

“B/CD”, shall mean Barrels per calendar day.

“Banking Day(s)” shall mean the days on which banks in Abuja, London and New York are open for business (New York being for payment purposes only).

“COMD” shall mean Crude Oil Marketing Division of NNPC.

“Crude Oil” means, the liquid petroleum, which has been treated but not refined and includes condensates but excludes basic sediments and water.

“DAP” shall mean such term as defined under INCO Terms 2010 or as subsequently amended, except as may be modified in this Agreement where in the case of any conflict, the terms of this Agreement shall prevail.

“Dated Brent” means, Platt’s Quotations representing the price of physical or wet Brent-Forties-Oseberg loading not less than 10 days forward.

“Deferred Pricing Option” means, in relation to the pricing period five (5) consecutive published quotations, with the sixth quotation day after the bill of lading date as day one.

“Discharge Port” shall mean the berth, dock, anchorage, submarine line, single point or single buoy mooring facility, offshore location, alongside vessels or lighters or any other place, within Nigeria at which the Petroleum Product to be delivered under this Agreement is to be discharged.

“DPK” shall mean Dual Purpose Kerosene as per the specifications attached in Appendix 2A/2B.

“DPR” shall mean Department of Petroleum Resources.

“DSDP” shall mean Direct Sale of Crude Oil and Direct Purchase of Petroleum Product.

“DWT” (Deadweight Tonnage) shall mean the total weight of cargo, fuel, supplies, water, stores and crew on-board a vessel.

“Effective Date” shall mean the

“Environmental Laws” shall mean all Laws and Regulations within the jurisdiction of Nigeria which involve, relate to, or affect the environment in any way, including, but not limited to, those which govern air emissions, water discharges, spills, hazardous or toxic substances, solid or hazardous waste, and occupational health and safety, as amended.

“ETA” shall mean Expected Time of Arrival.

“FOB” shall mean such term as defined under INCO Terms 2010 or as subsequently amended, except as may be modified in this Agreement, where in the case of any conflict, the terms of this Agreement shall prevail.

“Gallon” shall mean a U.S. standard gallon of 231 cubic inches measured at 60 degrees Fahrenheit.

“Governmental Authority” shall mean any federal, state, or local governmental body or agency or subdivision thereof, including, but not limited to, any legislative, administrative, or judicial body which has jurisdiction to exercise authority or control over NNPC and /or CONSORTIUM over all or any part of the transactions and services to be performed under this Agreement.

“ITOPF” shall mean International Tanker Owners Pollution Federation.

“Large Range 1 Vessel” or “LR1” shall mean a Vessel with DWT range of 55,000 – 79,999MT and delivering a minimum of 40,000MT up to a maximum of 60,999 MT of cargo in one lot as full or Part Cargo pursuant to Article 4.1(iv) of this Agreement.

“Large Range 2 Vessel” or “LR2” shall mean a Vessel with DWT range of 80,000 – 159,999MT and delivering a minimum of 61,000MT up to a maximum of 120,000 MT of cargo in one lot as full or Part Cargo pursuant to Article 4.1(iv) of this Agreement.

“Laws and Regulations” shall mean all applicable treaties, statutes, regulations, codes, ordinances, licenses, decisions, orders of any relevant Governmental Authorities, interpretations, or license, permit or compliance requirements.

“Laycan” shall mean an agreed date range within which a Vessel shall arrive at Load Port or Discharge Port and tender NOR for loading of Crude Oil or discharge of Petroleum Product (as the case may be).

“Laytime” shall mean the time allowed for loading or discharging a Vessel (as the case may be) as set out in Articles 9, 11 and 12.

“Letter of Credit” shall mean the stand-by letter of credit to be issued by a bank nominated by NNPC in accordance with the terms specified in Article 13 of this Agreement and shall be substantially in the form set out in Appendix 4 attached to this Contract.

“Liabilities” shall mean losses, claims, charges, damages, deficiencies, assessments, interests, penalties, costs, and expenses of any kind (including, without limitation, related attorneys' fees and other fees, court costs, and other disbursements), directly arising out of or related to any suit, proceeding, judgment, settlement or judicial or administrative order.

“Load Port” shall mean the berth, dock, anchorage, submarine line, single point or single berth mooring facility, off shore location, alongside vessels or lighters or any other place within Nigeria at which Crude Oil is to be delivered under this Agreement.

“LOA” shall mean Length Over All.

“LTBP” shall mean London Tanker Brokers Panel.

“Medium Range Vessel” or “MR” shall mean a Vessel with DWT range of 35,000 – 54,999MT and delivering of a minimum of 30,000 MT up to a maximum of 39,999 MT per cargo in one lot as full or Part Cargo pursuant to Article 4.1 (iv).

“Metric Ton” shall mean One Thousand (1,000) Kilogrammes.

“NIDAS” shall mean NIDAS Marine Limited, a wholly owned subsidiary of NNPC.

“NOR” shall mean Notice of Readiness tendered to crude oil terminal for loading of crude oil or Notice of Readiness tendered to and accepted by Petroleum Products Marketing Company Limited; except as may otherwise be contemplated under this Agreement.

“Off Shore Lome” shall mean a lightering location within Lome territorial waters for Ship to Ship (STS) transfer operations from Loadport mother Vessel into the shuttle/delivering vessels.

“Out-turn Quantity” shall mean the total quantity of Petroleum Product received from nominated Vessels into NNPC shore tanks or via Ship to Ship (STS) into shuttle Vessels or both.

“Part Cargo” shall mean when a cargo is discharged in more than one Discharge Port or received by more than one receiver at the Discharge Port.

“Party” shall mean NNPC or CONSORTIUM and **“Parties”** shall mean both NNPC and CONSORTIUM.

“Prompt Pricing Option” means, in relation to the pricing period five (5) consecutive published quotations after the bill of lading date with the bill of lading date as day zero.

“Petroleum Product” shall mean the premium petroleum product stated in Article 4.1(iii) of this Agreement.

“P & I Club” means Protection and Indemnity Club.

“PMS” shall mean Unleaded Gasoline as fully described in Appendix 1A/1B.

“PPMC” shall mean Petroleum Products Marketing Company Limited, a wholly owned subsidiary of NNPC.

“PPPRA” shall mean Petroleum Products Pricing Regulatory Agency.

“Quarter” shall mean calendar quarter (three months) as applicable under the Contract.

“SDWT” shall mean Summer Deadweight (i.e. Deadweight at Summer Loadline).

“SSHINC” shall mean Saturday, Sunday, Holiday, inclusive.

“Standard Cargo Size” shall mean a cargo size of 950,000 Barrels of Crude Oil plus or minus five percent (+-5%) in the case of Crude Oil and in the case of Petroleum Product, a minimum cargo size of 30,000 MT to a maximum of 39,999 MT for MR, a minimum cargo size of 40,000MT to a maximum of 60,999 MT for LR1 and a minimum cargo size of 61,000MT to a maximum of 120,000MT for LR2.

“Supply or Pay Basis” shall mean Consortium shall deliver agreed Petroleum Product quantity or pay the full value of any shortfall in volume based on cargo BL.

“Taxes” shall mean any and all federal, state, and local taxes, duties, fees, charges, impositions and dues applicable to Crude Oil and Petroleum Product, including without limitation, loading fees, sales and use taxes, ad valorem taxes, except for taxes on income.

“United States Dollars or US\$” shall refer to the United States Dollar.

“Vessel” shall mean any vessel nominated by CONSORTIUM for the lifting of Crude Oil or delivery of Petroleum Product cargoes pursuant to the terms of this Agreement.

“Voyage Days” shall mean the sailing or steaming days of the Vessel from bill of lading date of the Petroleum Product to tendering of NOR on arrival to Petroleum

Products Marketing Company Limited Office, Lagos pursuant to Appendix 5 attached hereto.

1.2 INTERPRETATIONS:

- i) Unless the context otherwise requires, a reference to the singular shall include a reference to the plural and vice-versa, and a reference to any gender shall include a reference to the other gender.
- ii) The Appendices attached hereto shall form part of this Contract. Unless the context otherwise requires, a reference to the preamble, any Article or Appendix shall be to the preamble, Article or Appendix of this Contract.
- iii) The headings of the Articles in this Contract are inserted for convenience and shall not affect the meaning or interpretation of this Contract.
- iv) The words “include” or “including” shall be deemed to be followed by “without limitation” or “but not limited to” whether or not they are followed by such phrases.

ARTICLE 2

DURATION

- 2.1** This Contract shall come into effect on _____ and shall remain in full force and effect for a term of Twelve (12) months, with an option to extend the term for an additional period of Twelve (12) months subject to mutual agreement of the Parties.

Unless otherwise extended pursuant to Article 2.1 above or terminated in accordance with the provisions of Article 21 of this Agreement, this Contract shall automatically terminate on _____.

- 2.2** Notwithstanding the expiration or termination of this Agreement, CONSORTIUM shall deliver all outstanding Petroleum Product to NNPC to which it is obligated within thirty-five (35) days from the bill of lading date of the last Crude Oil delivery.

ARTICLE 3

CRUDE OIL DELIVERY OBLIGATIONS AND REMEDIES FOR DEFAULT OF LIFTING

3.1 CRUDE OIL DELIVERY BY NNPC

NNPC shall deliver to CONSORTIUM on FOB basis, a minimum of 20,000 BC/D +/-5% in a Standard Cargo Size of any Nigerian crude oil grade subject to availability.

3.2 CRUDE OIL LIFTING BY CONSORTIUM AND REMEDIES FOR FAILURE TO LIFT OR NOMINATE VESSEL

- (i) The lifting obligations of the CONSORTIUM under this Contract shall be determined by reference to the total quantity of Crude Oil that the CONSORTIUM is obligated to lift in the notified lifting programme pursuant to Article 8.1 of this Agreement. Except with the prior written consent of NNPC, CONSORTIUM shall lift the total volume of Crude Oil stipulated in the notified lifting programmes subject to the tolerance of plus or minus five (5) percent.
- (ii) Without prejudice to the remedies for failure to lift Crude Oil specified under Article 3.2(vii) hereunder and except as may otherwise be agreed by the Parties, where CONSORTIUM after acceptance of the Crude Oil cargo allocation fails to lift the designated Crude Oil, CONSORTIUM shall pay liquidated damages amounting to One Million United States Dollars (US\$1,000,000.00) to NNPC for such default.

(iii) **FAILURE TO NOMINATE A VESSEL**

If the CONSORTIUM fails to nominate a vessel within the time specified in the programme, then the CONSORTIUM shall be in default of this Contract with respect to its lifting entitlements. If such default continues for more than three (3) days from the period required for the vessel nomination to be notified to NNPC, the relevant cargo of Crude Oil shall be treated in accordance with the provisions of Article 3.2(vi).

(iv) **FAILURE TO TENDER NOR**

If the CONSORTIUM fails to cause NOR to be tendered by a nominated Vessel within the specified period, CONSORTIUM shall be in default of this Contract with respect to such lifting and the CONSORTIUM's cargo of Crude Oil shall be treated in accordance with the provisions of Article 3.2(vi).

(v) **FAILURE TO LIFT**

If after the relevant date for vessel nominations pursuant to Article 8.2 and the Terminal Operator notifies NNPC that the CONSORTIUM has failed or refused to lift its cargo of Crude Oil, the CONSORTIUM shall be in default of this Contract with respect to such lifting and the provisions of Article 3.2 (vii) shall apply.

(vi) **AUTHORITY TO ACT IN DEFAULT**

In the event of any default by the CONSORTIUM to lift the scheduled cargo, NNPC shall have the right to take all action concerning the CONSORTIUM's cargo to avoid shut-down or reduction in production:

- a) prevent the CONSORTIUM from lifting such cargo of Crude Oil except the CONSORTIUM demonstrates commitment to lift to the satisfaction of NNPC; or
- b) charter a vessel in order to place the CONSORTIUM's cargo of Crude Oil in storage. All costs associated with such charter shall be for the sole account of the CONSORTIUM;

- c) sell the CONSORTIUM's cargo of Crude Oil and all costs associated with such sale shall be to the sole account of the CONSORTIUM.

(vii) **INDEMNITY FOR FAILURE TO LIFT**

The CONSORTIUM shall be held responsible for and shall indemnify and defend NNPC and any person who lifts the CONSORTIUM's cargo of Crude Oil pursuant to Article 3.2 (vi) from and against any and all costs of whatever nature arising from, or related to such default and action taken under Article 3.2 (vi) (a), including without limitation:

- a) any costs incurred or associated with the chartering of a vessel to store the CONSORTIUM's cargo of Crude Oil, plus any administrative fee(s) by NNPC for selling such cargo of Crude Oil;
- b) any costs levied, incurred or associated with the sale or disposal of the CONSORTIUM's cargo of Crude Oil, plus 10% of the sales proceed as marketing fee;
- c) any costs arising from the reduction, shutdown or start-up of the Crude Oil production excluding costs arising from deferred or lost production;
- d) any costs incurred by any company which may arise from such default;
- e) interest on any such costs, fees or losses at the agreed interest rate commencing from the date such payments were made until the date such costs, fees or losses are fully reimbursed.
- f) any losses in value incurred or associated with the sale or disposal of the CONSORTIUM's cargo of Crude Oil.
- g) If the value realised from the sale of the cargo is less than the amount which would have been realised through the default procedure, CONSORTIUM shall be liable for such difference/loss.

ARTICLE 4

PETROLEUM PRODUCT DELIVERY OBLIGATION AND REMEDIES FOR DEFAULT

4.1 DELIVERY OBLIGATION

- i) Subject to agreed Laycan between the Parties, CONSORTIUM shall deliver Petroleum Product to NNPC within zero to thirty-fifth (0 – 35th) day from the bill of lading date of the Crude Oil DAP Lagos or Bonny Anchorage or any other safe Discharge Port; provided that any Discharge Port outside Lagos shall be mutually agreed by the Parties.
- ii) Notwithstanding the delivery period specified herein, NNPC may request for late delivery of Petroleum Product, subject to mutual agreement by the Parties.
- iii) The Petroleum Product to be delivered by CONSORTIUM pursuant to this Agreement shall conform with the standard Nigerian specifications described in Appendices 1, 2 and 3 of this Agreement and shall consist of:
 - a) PMS
 - b) DPK
 - c) Gasoil
- iv) Each cargo of Petroleum Product shall be delivered by CONSORTIUM in one lot as full or Part Cargo using MR Vessel.
- v) Subject to NNPC request, CONSORTIUM shall deliver cargo using LR1 or LR2 Vessel in one lot as full or Part Cargo.
- vi) The quantities of Petroleum Product to be delivered by CONSORTIUM under this Agreement shall be determined by the value of Crude Oil received; subject to the pricing formula specified under Article 6 and the quality of the Petroleum Product shall conform with the specifications set out in Appendices 1, 2 and 3.
- vii) Where CONSORTIUM, without recourse to NNPC delivers Petroleum Product above 5% short of the agreed quantity, CONSORTIUM shall be liable for breach and shall indemnify NNPC in line with the specifications of

Article 4.6(iv) of this Agreement. NNPC reserves the right to reject or accept such cargo on supply or pay basis.

- viii) Where CONSORTIUM, without recourse to NNPC, delivers Petroleum Product in excess of 5% above the agreed quantity, CONSORTIUM shall be liable for breach and NNPC reserves the right to reject or accept and value the cargo on agreed quantity basis without prejudice to article 1 and article 9.1(viii) regarding Vessel classes and Laytime.
- ix) NNPC reserves the right to renegotiate agreed Petroleum Product delivery during the lifecycle of the Contract at least twenty (20) days before first day of agreed Laycan.

4.2 LAYCAN CHANGE

- i) Any Laycan change application by CONSORTIUM must be supported with relevant verifiable documentations to justify such change including but not limited to the following:
 - a) Masters Log,
 - b) Masters Incidence report,
 - c) Weather report and/or forecast for the relevant period,
 - d) Vessel nomination,
 - e) ETA notices,
 - f) Scanned copies of loadport documents.
- ii) Where the reason presented by CONSORTIUM for Laycan change is not satisfactory to NNPC, CONSORTIUM's application for change shall be rejected and the provisions of Article 4.4 shall apply where CONSORTIUM delivers the Petroleum Product outside the agreed Laycan.

For the avoidance of doubt, only applications supported with verifiable evidence substantiating the relevant claim shall be considered.

4.3. PRE-DELIVERY

Subject to mutual agreement by the Parties, CONSORTIUM shall following NNPC's request, pre-deliver Petroleum Product to NNPC prior to CONSORTIUM lifting Crude Oil from NNPC.

4.4. LIQUIDATED DAMAGES FOR DELAYED DELIVERY OF PETROLEUM PRODUCT

Unless otherwise agreed by the Parties, where CONSORTIUM fails to deliver Petroleum Product within the specified Laycan, CONSORTIUM shall be liable as follows:

- i) Payment of delayed delivery charges assessed at US\$5.00/MT for failure to deliver Petroleum Product after the last day of the agreed Laycan.
- ii) Payment of additional delayed delivery charges assessed at US\$21.00/MT for failure to deliver Petroleum Product after fifteen (15) days of the agreed Laycan.
- iii) Notwithstanding the payment of delayed delivery charges specified in Article 4.4(i) and (ii) above, where the failure to deliver Petroleum Product exceeds forty (40) days after the agreed Laycan, NNPC shall have the right to call in the Letter of Credit and/or suspend subsequent Crude Oil allocation to CONSORTIUM.
- iv) Notwithstanding the payment of the delayed delivery charges specified in Article 4.4(i) and (ii) above, where CONSORTIUM fails to deliver Petroleum Product within the agreed Laycan on two (2) occasions, NNPC shall have the right to terminate this Contract without further recourse to CONSORTIUM.
- v) The payments for late delivery charges specified herein are without prejudice to the provisions of Article 12.2 (iii) which provides that where a Vessel to discharge Petroleum Product tenders NOR after the agreed

Laycan, the Vessel shall wait for a vacant berth and Laytime shall commence on all fast.

4.5 LIQUIDATED DAMAGES FOR FAILURE TO DELIVER PETROLEUM PRODUCT

Without prejudice to the provisions of Articles 4.6 of this Agreement and except as may otherwise be agreed by the Parties, where CONSORTIUM fails to deliver Petroleum Product to NNPC after acceptance of Laycan, CONSORTIUM shall pay liquidated damages amounting to 5% of the cargo value or One Million United States Dollars (US\$1,000,000.00), whichever is higher, to NNPC for failure to deliver the corresponding Petroleum Product of the Crude Oil lifted.

4.6 INDEMNITY FOR FAILURE TO DELIVER PETROLEUM PRODUCT

Without prejudice to the provisions of Article 4.4 and 4.5 of this Agreement, CONSORTIUM shall be held responsible for and shall indemnify and defend NNPC from any and against all associated costs of whatever nature arising from its default to deliver the corresponding Petroleum Product of the Crude Oil lifted including without limitation:

- i) any costs incurred or associated with the engagement of another entity to deliver the Petroleum Product;
- ii) any costs levied, incurred or associated with the direct procurement of Petroleum Product by NNPC to avoid Petroleum Product scarcity in the country;
- iii) any interest incurred by NNPC arising from costs specified in Articles 4.6(i) and (ii) above.
- iv) Any loss in value incurred or associated with the procurement of additional Petroleum Product to make up for shortfall pursuant to Article 4.1(vii) of this Agreement.

ARTICLE 5
CRUDE OIL PRICING AND INVOICING

5.1 CRUDE OIL PRICING

- (i) The value of each cargo of Crude Oil delivered under this Agreement shall be computed on Dated Brent related basis using the pricing options specified under Article 5.2(i) hereunder.
- (ii) The determination of the value of each Barrel of Crude Oil stream shall be the average of Platt's mid-range quotations for Dated Brent as published by Platt's Crude Oil Market-wire plus or minus applicable NNPC monthly published Official Selling Price (OSP) differential per Barrel for each relevant month.
- (iii) CONSORTIUM shall pay NNPC the applicable price for the total quantity of each cargo as stated in the bill of lading on Dated Brent related basis and certificates of quantity and quality issued pursuant to the provisions of this Contract. The price shall be expressed in the United States Dollars per Barrel F.O.B Nigerian loading terminal. The applicable price shall be the OSP derived from the pricing formula advised by NNPC as being the F.O.B price per Barrel at which Crude Oil shall be sold to the CONSORTIUM.

5.2 VALUATION OF CARGO

- i) Valuation of each cargo of Crude Oil delivered under this Contract shall either be on Prompt Option, Advance Option or Deferred Option basis at the election of the CONSORTIUM. Any option elected by the CONSORTIUM shall be indicated in the Letter of Credit which shall reach NNPC not later than six (6) Banking Days prior to the first day of Laycan. Where the CONSORTIUM fails to elect an option in the Letter of Credit, the Prompt Option or any other option shall be applied whichever is higher, subject to the discretion of NNPC.

- ii) Where CONSORTIUM varies the text/definition of a pricing option in the Letter of Credit, making it ambiguous or inconsistent with the relevant option, the SELLER shall disregard such option and apply its discretion by electing any of the three (3) pricing options for the valuation purpose, whichever is higher. For the avoidance of doubt, the CONSORTIUM is advised to indicate only the name of the preferred Option under the relevant paragraph in the Letter of Credit eg. PROMPT OPTION, ADVANCED OPTION OR DEFERRED OPTION to avoid ambiguity.
- iii) Where the Letter of Credit is submitted to the office of the GGM COMD later than six (6) Banking Days prior to the first day of Laycan, NNPC shall have the discretion to apply either the Prompt Option or the elected option, whichever is higher.
- iv) Where there is a change of Laycan date at the request of the CONSORTIUM and that change is made within six (6) Banking Days of the initial Laycan, either the Prompt Option or the elected option shall be applied whichever is higher, subject to the discretion of NNPC.
- v) Where the CONSORTIUM requests for a split cargo, pricing option can only be elected on the parcel with the initial Laycan while the remaining parcel(s) shall be priced on either the Prompt Option or elected option basis whichever is higher, subject to the discretion of NNPC.
- vi) Where the initial Laycan specified in Article 5.2 (v) above is changed, then, the pricing option for both parcels of the split cargo shall be based on either the Prompt Option or elected option whichever is higher, subject to the discretion of NNPC.
- vii) If due to operational constraints the Laycan date is changed by NNPC with prior written notice to CONSORTIUM within six (6) Banking Days of the initial Laycan date, then CONSORTIUM shall have the right of electing any of the three (3) pricing options provided CONSORTIUM submits the pricing

option within one (1) Banking Day from the date of advice of change in such Laycan.

- viii) In the event of an injection cargo, CONSORTIUM shall have the right to elect an option if the cargo injection is advised to CONSORTIUM within six (6) Banking Days of the Laycan. CONSORTIUM shall, in such event elect any of the three (3) pricing options provided CONSORTIUM specifies the elected price option in the Letter of Credit and submits same within one (1) Banking Day from the date of advice of the cargo injection.

5.3 Crude Oil Invoicing:

- (i) Following each lifting of Crude Oil and the presentation by NNPC to CONSORTIUM of all shipping documents required under this Contract, NNPC shall invoice CONSORTIUM an amount representing 100% of the value of the Crude Oil delivered as set out under this Contract.
- (ii) The value of Petroleum Product delivered and the value of Crude Oil lifted shall be determined and reconciled by the Parties during the reconciliation meetings subject to Article 18 herein.
- (iii) Where CONSORTIUM delivers Petroleum Product in excess of the value of Crude Oil delivered, or delivers Petroleum Product short of the value of Crude Oil lifted, such excess or shortfall (as the case may be) shall be adjusted in subsequent Petroleum Product delivery to NNPC.
- (iv) NNPC shall provide CONSORTIUM with the following shipping documents after each Crude Oil cargo lifting:
 - a) Commercial Invoice
 - b) Bill of Lading
 - c) Certificate of Quantity
 - d) Certificate of Quality
 - e) Certificate of Origin
 - f) Tanker's Ullage Report

- g) Tanker's Time Sheet

ARTICLE 6
PETROLEUM PRODUCT PRICING AND INVOICING

6.1 PRICING

The Petroleum Product specified hereunder shall be priced on the following basis:

6.1.1. CURRENT PRICING BASED ON PLATTS INDEX - DELIVERIES INTO LAGOS PORT (DAP LAGOS):

- i) **PMS (As per Appendix 1A)**
 - a) **For the period of October to March**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Barges FOB Rotterdam" for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply
 - b) **For the period of April to September**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Barges FOB Rotterdam" for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three United States Dollars (.....) per MT shall apply.
 - c) The bill of lading date of the relevant PMS cargo shall be the basis for determining the applicable month for such cargo.
- (ii) **DPK (As per Appendix 2A)**

For DPK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Jet

CIF NWE BASIS ARA” (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(iii) **GASOIL (As per Appendix 3A)**

For AGO, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Gasoil 0.1% FOB NWE” (AAYWR00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(iv) **ATK (As per Appendix 2A)**

For ATK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NEW BASIS ARA (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

- (v) In the event of multiple loading of Petroleum Product with different bill of lading dates, the bill of lading date with the lowest pricing shall determine the value and applicable pricing of the relevant Petroleum Product cargo.

6.1.2. CURRENT PRICING BASED ON PLATTS INDEX - DELIVERIES INTO BONNY ANCHORAGE (DAP BONNY)

i) **PMS (As per Appendix 1A)**

- a) **For the period of October to March**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Barges FOB Rotterdam” for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

- b) **For the period of April to September**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Barges FOB Rotterdam” for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.
- c) The bill of lading date of the relevant PMS cargo shall be the basis for determining the applicable month for such cargo.
- (ii) **DPK (As per Appendix 2A)**
For DPK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NWE BASIS ARA” (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.
- (iii) **GASOIL (As per Appendix 3A)**
For AGO, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Gasoil 0.1% FOB NWE” (AAYWR00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.
- (iv) **ATK (As per Appendix 2A)**
For ATK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NEW BASIS ARA (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.
- (v) In the event of multiple loading of Petroleum Product with different bill of lading dates, the bill of lading date with the lowest pricing shall determine the value and applicable pricing of the relevant Petroleum Product cargo.

6.2 NEW SON SPECIFICATION PRICING

Subject to NNPC's notification to CONSORTIUM, the Petroleum product pricing pursuant to this Contract may switch from the current specification to the New SON Specification subject to DPR directives. In such event, the Petroleum Products shall be priced on the following basis:

6.2.1 NEW SON SPECIFICATION PRICING – DELIVERIES INTO LAGOS PORT (DAP LAGOS)

i) PMS (As per Appendix 1B)

a) **For the period of October to March**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Barges FOB Rotterdam" for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply

b) **For the period of April to September**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Barges FOB Rotterdam" for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (....) per MT shall apply.

c) The bill of lading date of the relevant PMS cargo shall be the basis for determining the applicable month for such cargo.

(ii) DPK (As per Appendix 2B)

For DPK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading "Jet CIF NWE BASIS ARA" (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(iii) **GASOIL (As per Appendix 3B)**

For AGO, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Gasoil 0.1% FOB NWE” (AAYWR00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(iv) **ATK (As per Appendix 2B)**

For ATK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NEW BASIS ARA (PJAAU00) with bill of lading date as day three (3) United States Dollars (....) per MT shall apply.

(v) In the event of multiple loading of Petroleum Product with different bill of lading dates, the bill of lading date with the lowest pricing shall determine the value and applicable pricing of the relevant Petroleum Product cargo.

6.2.2 NEW SON SPECIFICATION PRICING – DELIVERIES INTO BONNY ANCHORAGE (DAP BONNY)

i) **PMS (As per Appendix 1B)**

a) **For the period of October to March**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Barges FOB Rotterdam” for Premium Gasoline 10ppm (PGABM00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply

b) **For the period of April to September**, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Barges FOB Rotterdam” for Premium Gasoline 10ppm(PGABM00) with bill of lading date as

day three (3) United States Dollars (.....) per MT shall apply.

c) The bill of lading date of the relevant PMS cargo shall be the basis for determining the applicable month for such cargo.

(ii) **DPK (As per Appendix 2B)**

For DPK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NWE BASIS ARA” (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(iii) **GASOIL (As per Appendix 3B)**

For AGO, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Gasoil 0.1% FOB NWE” (AAYWR00) with bill of lading date as day three (3) United States Dollars (....) per MT shall apply.

(iv) **ATK (As per Appendix 2B)**

For ATK, the Average of the Mean of the five (5) consecutive Platts European Market scan published quotations under the heading “Jet CIF NEW BASIS ARA (PJAAU00) with bill of lading date as day three (3) United States Dollars (.....) per MT shall apply.

(v) In the event of multiple loading of Petroleum Product with different bill of lading dates, the bill of lading date with the lowest pricing shall determine the value and applicable pricing of the relevant Petroleum Product cargo.

6.3 PETROLEUM PRODUCT INVOICING

(i) Following each delivery of Petroleum Product, CONSORTIUM shall issue a proforma invoice to NNPC, an amount representing 100% of the value of

the Petroleum Product delivered (the "Petroleum Product Invoice") as set out under this Contract.

- (ii) For Petroleum Product delivery, CONSORTIUM shall present to NNPC the following documents:
 - a) Duly signed proforma commercial invoice based on bill of lading quantity.
 - b) One or two originals clean on board ocean Load Port Bill(s) of Lading signed by Master of the Vessel plus three (3) Non-negotiable copies.
 - c) Certificate of quantity issued at Load Port plus three (3) copies.
 - d) Certificate of quality issued at Load Port plus three (3) copies.
 - e) Certificate of origin plus three (3) copies.
 - f) Time sheet plus three (3) copies.
 - g) Ullage report plus three (3) copies.
 - h) Master's receipt for sample.
 - i) Copy of document from Vessel's Master or Agent indicating that NOR was tendered and accepted by NNPC Lagos Office
 - j) Outturn quantity certificates duly countersigned by independent inspectors at Discharge Port.
- iii) Where Petroleum Product delivered is loaded from another vessel offshore, CONSORTIUM shall, in addition to the above documents, submit to NNPC, all of the STS shipping documents and Certificate of quality of the nominated Vessel and the mother vessel from which the nominated Vessel loaded. In such case, pricing shall be based on the Load Port bill of lading date of the mother vessel from which the nominated Vessel loaded.
- iv) In the event that the original documents mentioned above are not available at the time payment is due, valuation shall be based on:
 - a) Duly signed commercial invoice on out turn quantity
 - b) Original Letter of Indemnity issued by CONSORTIUM in favour of

NNPC.

For the avoidance of doubt, the final commercial invoice/valuation of each Petroleum Product cargo delivered under this contract shall be based on the total out turn quantity discharged to shore tanks and/or STS (the summation of all multiple discharge operations performed by the nominated vessel) at disport.

- v) Where the out turn quantity exceeds the bill of lading quantity the bill of lading quantity shall be applied in determining the value of the Petroleum Product cargo.
- vi) Where the bill of lading date falls on a non-publication day, the five (5) days around the bill of lading date shall be two (2) days before and the three (3) days after the bill of lading date.

ARTICLE 7

DEEMING OF BILL OF LADING FOR PRICE DETERMINATION OF CARGO

- i) Except with the prior written approval of NNPC, where the Voyage period of Vessel commencing from the original Load Port bill of lading date of the Petroleum Product up to tendering of NOR on arrival exceeds the applicable Voyage Days for the relevant Voyage as indicated under Appendix 5 attached to this Agreement, such bill of lading date shall be deemed if the value of the cargo based on the original Load Port bill of lading is higher. In that case, the deemed bill of lading date shall be applied in determining the price of the cargo. Such deemed bill of Lading date shall be determined by calculating the Voyage Days backwards from the NOR tendering date.
- ii) Where the value of the cargo based on the original Load Port bill of lading date is lower, the original Load Port bill of lading date shall be applied in

determining the price of the cargo. In other words, the original Load Port bill of lading date shall not be deemed.

- iii) For the avoidance of doubt, tendering of NOR on arrival pursuant to Article 7 (i) above entails tendering to PPMC Office, Lagos, through a reputable agent appointed by CONSORTIUM and acceptable to NNPC. Such NOR shall be tendered along with original copies of the shipping documents earlier submitted to COMD and any other document that may be required by PPPRA or any other government agency as the case may be from time to time.
- iv) Upon receipt of the NOR and original copies of the shipping documents by PPMC Lagos Office, NNPC Marine Logistics Office, Lagos shall immediately contact the Vessel, and sign the date and time that such Vessel is contacted. For the avoidance of doubt, only such duly signed and stamped date and time shall constitute the valid and acknowledged date and time for such NOR pursuant to this Contract. In other words, the customary tendering of NOR to the Nigerian Ports Authority shall not be considered as tendering of NOR pursuant to this Contract.
- v) For Vessel arriving earlier than the agreed Laycan, the applicable price of the Petroleum Product delivered shall be based on deemed bill of lading where the value of the cargo based on the original bill of lading is higher. In that case, the deemed bill of lading date shall be applied in determining the price of the cargo. Such deemed bill of lading shall be determined by calculating the voyage time backwards from the first day of the agreed Laycan.

Where the value of the cargo based on the original Load Port bill of lading date is lower, such original Load Port bill of lading date shall be applied in determining the price of the cargo.

- vi) The Parties hereby agree that the Voyage Days specified in Appendix 5 shall determine the applicable Voyage Days subject to the provisions of Article 7 (i) above.

For the avoidance of doubt, the respective Voyage Days were determined using an average of 10 nautical miles from various Ports around the globe to Apapa, Lagos or Bonny Anchorage using distance calculator from <http://www.sea-distances.org> or Refinitiv.

- vii) In the event that a Load Port/country is not specified under Appendix 5, the applicable Voyage Days shall be determined based on the average speed of 10 nautical miles using the same distance calculator available on <http://www.sea-distances.org> or Refinitiv provided that every distance from any Load Port or country shall be subject to a maximum period of thirty-one (31) Voyage Days as indicated in this Article 7 (viii) hereunder.
- viii) Notwithstanding the provisions of Article 7(vii) hereof, the maximum allowable Voyage Days pursuant to this Contract shall be thirty-one (31) days as shown in Appendix 5. In that case, any Voyage whatsoever including Far East which is in excess of the maximum period of 31 days shall be treated in accordance with the provisions of Article 7 (i) of this Agreement.
- ix) Where early or late arrival of Vessel is agreed by NNPC or the late arrival is due to such acts or events specified under Article 22 of this Agreement, including total restriction or bad weather condition pursuant to Article 12.5 (g), then, the applicable price shall not be based on a deemed bill of lading.
- x) For the avoidance of doubt, only applications for early/late arrival of a Vessel submitted by CONSORTIUM and supported with verifiable evidence substantiating such claim shall be considered by NNPC. Where the application for waiver and reason thereof is not satisfactorily verified by

NNPC, CONSORTIUM's application for waiver shall be rejected and the provisions of deeming shall be applied for purposes of determining the price of the Petroleum Product cargo.

ARTICLE 8
CRUDE OIL LIFTING SCHEDULES/PROGRAMMING AND VESSEL NOMINATION
PROCEDURE

8.1 LIFTING SCHEDULES AND PROGRAMMING

- i) NNPC shall provide Crude Oil lifting schedule to CONSORTIUM forty-five (45) days in advance indicating estimated quantities, the grades by Crude Oil names and the loading terminals. Such notification of quantities, grades and/or estimated Laycans are subject to change depending on the availability of Crude Oil at the relevant time.
- ii) NNPC may propose changes to the lifting schedule for any relevant month. Such proposal shall be delivered to CONSORTIUM within twenty-one (21) days prior to the date of such lifting.
- iii) Not later than five (5) days SSHINC from the date a lifting advice is given pursuant to Article 8.1 (i) above, CONSORTIUM shall give NNPC notice in writing stating its acceptance to lift the cargo of Crude Oil.
- iv) Where CONSORTIUM issues notice of acceptance to lift cargo pursuant to Article 8.1 (iii) above, and thereafter declines and returns the allocation to NNPC causing NNPC to dispose of such cargo through a third party, then, CONSORTIUM shall be liable to NNPC for any and all costs, damages, losses and liabilities associated with the disposal of such distressed cargo by NNPC through a third party as a result of non-performance of CONSORTIUM.

Without prejudice to the foregoing, NNPC reserves the right to suspend further cargo allocations to CONSORTIUM.

- v) Not later than twenty (20) days prior to the beginning of the decade of the month in which CONSORTIUM is programmed to lift the Crude Oil cargo, NNPC shall advise CONSORTIUM of the two (2) day Laycan.
- vi) In the event that CONSORTIUM does not receive written notification of Laycan as provided in Article 8.1(v) hereof, CONSORTIUM shall inform NNPC in writing and by phone calls failing which such Laycan shall be deemed to have been received and accepted by CONSORTIUM.

8.2 VESSEL NOMINATION PROCEDURE

- (i) Each Vessel which is to lift Crude Oil pursuant to this Contract shall be nominated in writing by CONSORTIUM not later than fourteen (14) days before the first day of the Laycan in which the CONSORTIUM is to lift Crude Oil. Such notices shall specify the following:
 - (a) The name of Vessel, date built and flag.
 - (b) The Vessel's dimensions and other specifications, which shall be within the maximum and/or minimum limits specified by NNPC from time to time and shall satisfy the standards and regulations of the terminal operator at the relevant time.
 - (c) The quantity and grade(s) of Crude Oil to be loaded, documentation instructions and the destination of the Vessel.
 - (d) The ETA of the Vessel: Any deviation exceeding six (6) hours from such original ETA or where Vessel's delayed arrival would prevent her from being berthed/moored the same day due to any night-time navigation or other applicable restrictions, CONSORTIUM shall

immediately advise NNPC and the terminal operator stating the reasons for such deviation or delay.

- (ii) With regards to any nominated Vessel, CONSORTIUM warrants to NNPC that the Vessel shall:
- a) be capable of receiving Crude Oil at hourly bulk loading rates of not less than 10% of the SDW of the Vessel or a maximum of 15,000 tons whichever is lower;
 - b) have hose handling derricks with a minimum lifting capacity as required by NNPC's terminal regulations;
 - c) be safe and have adequate mooring arrangements which comply with accepted international standards;
 - d) be maintained and operated to accepted international standards and shall comply with all terminal and international safety precautions and regulations;
 - e) comply with the requirement of the International Code for Security of Ships and Port Facilities (ISPS CODE) and the relevant amendments thereof;
 - f) be capable of receiving Crude Oil at the minimum rate specified for each terminal;
 - g) conform to the terminal regulations and any applicable local laws and regulations with respect to safety, size, vessel movement, navigation and operating standards, documentation on board, discharge of ballast and the like;
 - h) have characteristics which shall comply in all material respects with the limits imposed by the terminal regulations;

- i) comply with applicable regulations concerning oil spill emergency prevention and response;
- j) comply with the applicable requirements of those international conventions regarding the control of oil pollution to which the flag state of the Vessel is a party;
- k) be a vessel entered in a P&I Club, which is a member of the International Group of P&I Clubs;
- l) have in place insurance coverage for oil pollution in an amount not less than the highest standard oil pollution coverage available under the rules of the International Group of P&I Clubs;
- m) have owners who are members of the ITOPF and the Vessel has on board a valid certificate issued pursuant to the Civil Liability Convention (CLC) 1969, or the 1992 Protocol, as amended; and
- n) comply with the International Safety Management Code which became effective 1st July 1998, and shall, upon request, provide a copy of the relevant valid safety management certificate and document of compliance as required under the SOLAS Convention 1974, as amended.

8.3 ENGAGEMENT OF NIDAS VESSEL FOR AFFREIGHTMENT

- i) The Parties hereby agree that for every crude oil cargo allocated to CONSORTIUM pursuant to this Contract, CONSORTIUM shall engage NIDAS Vessel for the shipping of at least One (1) of every Two (2) Crude Oil cargoes and its corresponding Petroleum Product(s).
- ii) Pursuant to item (i) above, CONSORTIUM hereby acknowledges that NIDAS possesses the right of first refusal to provide the Vessel for the carriage of Crude Oil or Petroleum Products cargoes as may be required under this Contract.

8.4 Acceptance of Vessel:

- (a) Upon receipt of Vessel nomination but in no event, more than forty-eight (48) hours after receipt thereof, NNPC shall advise CONSORTIUM in writing if the Vessel is accepted as a nominated Vessel, or is rejected. In the absence of a timely reply, the Vessel shall be deemed to be rejected. NNPC may reject the nominated Vessel if:
 - (i) CONSORTIUM fails to engage NIDAS Vessel subject to Article 8.3 above;
 - (ii) the Vessel does not comply with the specifications of this Contract, or the terminal regulations and/or applicable laws and regulations, including without limitation health, Environmental Laws, and regulations, or industry standards; or
 - (iii) the Vessel in the reasonable belief of NNPC or the terminal operator may endanger the terminal, terminal operations, the environment, or the health or safety of individuals; or
 - (iv) there are legal restrictions including, but not limited to, international or national sanctions, to which the Vessel is subject.
- (b) If the Vessel nominated by CONSORTIUM is rejected pursuant to this Article 8.4, for whatever reason, then the reason or reasons for such rejection shall be disclosed to the CONSORTIUM.

8.5 CONSORTIUM shall not, except during the occurrence of Force Majeure, postpone or cancel without immediate substitution, any accepted Vessel less than four (4) days prior to the first day of the agreed Laycan. Any production loss, damages and expenses resulting from such CONSORTIUM's cancellation or postponement shall be to CONSORTIUM's account.

8.6 Duty to Nominate Substitute Vessel:

If a Vessel nominated by CONSORTIUM is rejected, the CONSORTIUM shall nominate an alternate or substitute Vessel. The nomination of such alternate or substitute Vessel shall be made in writing to NNPC and the terminal operator not later than three (3) days after the date that NNPC notified CONSORTIUM that the nominated Vessel has been rejected.

8.7 Acceptance of Alternate or Substitute Vessel:

NNPC shall within twenty-four (24) hours after receipt of the nomination of alternate or substitute Vessel, advise CONSORTIUM in writing if the alternate or substitute Vessel is accepted or rejected in accordance with the provisions set out in Article 8.5.

8.8 Subject to the provision of not less than three (3) days' notice prior to the first day of the agreed Laycan to NNPC, the CONSORTIUM may substitute the nominated Vessel provided the substituting vessel is acceptable to NNPC and conforms with the existing crude oil transportation regulations and policies of the Federal Government of Nigeria.

8.9 CONSORTIUM shall cause any nominated Vessel to report by radio/telex/fax/email to the terminal operator of each Vessel's scheduled arrival date and hour as follows:

- (a) Seven (7) days before nominated Vessel's ETA or immediately upon leaving last port (if the nominated Vessel becomes available less than seven (7) days steaming time before ETA).
- (b) Seventy-two (72) hours before nominated Vessel's ETA.
- (c) Forty-eight (48) hours before nominated Vessel/s ETA
- (d) Twenty-four (24) hours before nominated Vessel's ETA.

- 8.10** NNPC shall not be liable for any costs, losses or expenses incurred by the nominated Vessel, the charterers or the nominated Vessels' owners resulting from the failure of any loading terminal/installation to comply with the ISPS Code.
- 8.11** Notwithstanding any prior acceptance of nominated Vessel by NNPC, if at any relevant time, such Vessel ceases to comply or is found to be non-compliant with the requirement of the ISPS Code, NNPC shall have the right not to berth such nominated Vessel and any demurrage resulting therefrom shall be for CONSORTIUM's account. Therefore, NNPC hereby disclaims any liability that may arise from non-compliant Vessel.

ARTICLE 9

PETROLEUM PRODUCT PROGRAMMING AND VESSEL NOMINATION PROCEDURE

9.1 PETROLEUM PRODUCT PROGRAMMING PROCEDURE

- i) Except as may be mutually agreed by the Parties, NNPC shall provide Petroleum Product delivery schedule to CONSORTIUM not later than thirty-five (35) days in advance to the first day of Laycan.
- ii) The Parties shall establish agreed programming procedures, declarations and other required information which are deemed necessary for initiating and operating the Petroleum Product delivery programme under this Agreement.
- iii) NNPC shall propose Laycan to CONSORTIUM and CONSORTIUM shall accept such proposal or counter-propose to NNPC in writing, its three (3) days delivery programme indicating the nominated quantities and quality of the Petroleum Product to be supplied, including the Load Port, name of independent inspectors and cargo size which shall all be clearly stated in the programme not later than twenty (20) Banking Days prior to the first day of the agreed Laycan.

Such proposal shall be subject to NNPC's acceptance of the programme within five (5) Banking Days of receipt of delivery Laycan. CONSORTIUM shall supply the said quantities within the three (3) days of delivery Laycan as advised by NNPC and accepted by CONSORTIUM.

- iv) Any Laycan change request by CONSORTIUM following agreed Laycan between NNPC and Consortium shall be supported with relevant verifiable documentation as specified in Article 4.2 of this agreement.
- v) Where the reason presented for Laycan change is not satisfactory to NNPC, CONSORTIUM's application for change shall be rejected and the provisions of Article 4.4 shall apply where CONSORTIUM delivers the Petroleum Product outside the agreed Laycan.
- vi) CONSORTIUM shall promptly furnish scanned copies of the Load Port documents upon completion of loading of the Vessel at least Fourteen (14) days before the first day of Laycan to the email addresses advised on the Vessel's acceptance letter by NNPC.
- vii) CONSORTIUM shall confirm the ETA of Vessel and Petroleum Product specification for acceptance by NNPC not later than ten (10) Banking Days prior to the first day of the agreed Laycan. Any delay in discharge of cargo arising from late receipt of Petroleum Product specifications shall be for CONSORTIUM's account.

CONSORTIUM shall instruct each performing Vessel to report daily ETA notices to NNPC advised email addresses from completion of loading at the Load Port up to completion of discharge at the Discharge Port.

- viii) Laytime for import Vessel shall be one hundred and twenty (120) hours SSHINC and shall commence 6 (six) hours after NOR is tendered and accepted subject to Article 9.1 (xii) hereof within the agreed delivery Laycan

and within office work hours (i.e. 0800 - 1800 hours) and shall continue until hoses are disconnected.

In the event of delivery using LR1 Vessel subject to NNPC request, Laytime shall be three hundred and sixty (360) hours SSHINC and shall commence 6 (six) hours after NOR is tendered and accepted subject to Article 9.1 (xii) hereof within the agreed delivery Laycan and within office work hours (i.e. 0800 - 1800 hours) and shall continue until hoses are disconnected.

In the event of delivery using LR2 Vessel subject to NNPC request, Laytime shall be Seven Hundred and Twenty (720) hours SSHINC and shall commence 6 (six) hours after NOR is tendered and accepted subject to Article 9.1 (xii) hereof within the agreed delivery Laycan and within office work hours (i.e. 0800 - 1800 hours) and shall continue until hoses are disconnected.

For the avoidance of doubt where there is an overlap of Deadweight (DWT) or cargo quantity between any two (2) vessel classes, the Laytime for the higher class of vessel shall subsist.

- ix) For Vessel arriving before the agreed Laycan, Laytime shall commence 1200 hours from the first day of the agreed Laycan or when Vessel is all fast to a pier or a shuttle vessel for STS whichever is earlier; and the Laytime shall be one hundred and twenty (120) hours SSHINC for MR Vessel, three hundred and sixty (360) hours SSHINC for LR1 Vessel or Seven Hundred and Twenty (720) hours SSHINC for LR2 Vessel.
- x) If NOR is tendered within the agreed Laycan but outside the normal working hours, then NOR shall be deemed to have been tendered at 0600 hours of the following day. In such case, Laytime shall commence 1200 hours and shall be for one hundred and twenty (120) hours SSHINC for MR Vessel, three hundred and sixty (360) hours SSHINC for LR1 Vessel or Seven Hundred and Twenty (720) hours SSHINC for LR2 Vessel.

For the avoidance of doubt, Vessel arriving after 1800 hours on the last day of its Laycan shall be on all fast.

- xi) Vessel arriving after the agreed Laycan shall wait for a vacant berth and Laytime commences on berthing. Time spent and any demurrage incurred while waiting for a vacant berth shall be for CONSORTIUM's account. Laytime for Vessels arriving after the agreed Laycan shall be one hundred and twenty (120) hours SSHINC for MR Vessel, three hundred and sixty (360) hours SSHINC for LR1 Vessel or Seven Hundred and Twenty (720) hours SSHINC for LR2 Vessel.
- xii) Vessels arrival shall be reported and NOR tendered to PPMC Office Lagos through a reputable agent appointed by CONSORTIUM and acceptable to NNPC. Such NOR shall be tendered along with copies of the shipping documents earlier submitted to COMD and any other document that may be required by PPPRA or any other government agency from time to time.
- xiii) Upon receipt of the NOR and the original copies of the shipping documents by PPMC Office Lagos, NNPC Marine Logistics Office, Lagos shall immediately contact the Vessel and shall sign the date and time that such Vessel is contacted. For the avoidance of doubt, only such duly signed and stamped date and time shall constitute the valid date and time of such NOR under this Contract.

For the avoidance of doubt, the customary tendering of NOR to the Nigerian Ports Authority shall not be considered as tendering of NOR pursuant to this Contract.
- xvi) In the event that CONSORTIUM loads Petroleum Product from nominated Vessels or lighters from a nominated Vessel offshore Lome (STS transfer), CONSORTIUM shall in addition to the set of shipping documents of the mother Vessel, deliver to NNPC the STS shipping documents, and any other documents of the nominated daughter vessel (s) as may be required

by PPPRA. For the avoidance of doubt, where the total Voyage Days from the import Vessel bill of lading date to the acceptance of the NOR of the delivering shuttle vessels exceed the allowable Voyage Days specified in Appendix 5 to this Agreement, the provisions of Article 7 shall apply.

- xv) The agent appointed by CONSORTIUM shall be responsible for prompt berthing and un-berthing of Vessels as advised by NNPC. If the services of the agent are considered unsatisfactory (such as failure to berth or un-berth the Vessel etc.) by NNPC, CONSORTIUM shall, upon the request of NNPC immediately replace the agent and appoint another agent that is acceptable to the Parties at the sole cost of the CONSORTIUM.
- xvi) All Petroleum Product Delivery Vessels shall submit original copies of the shipping documents to the loading master at Discharge Port, and failure to do so may result in cargo rejection.
- xvii) CONSORTIUM shall submit all original copies of the Load Port shipping documents to the office of the GGM, COMD not later than seventy-two (72) hours to the first day of Laycan for processing of pre-arrival clearance to all relevant Government Agencies. Any delay in NOR tendering arising from late receipt of Load Port documents shall be for CONSORTIUM's account.

9.2 VESSEL NOMINATION PROCEDURE

- i) CONSORTIUM shall nominate Vessel for Petroleum Product delivery not less than twenty (20) Banking Days prior to the first day of agreed Laycan. Such nomination shall clearly indicate the type, quality and quantity of Petroleum Product to be supplied and nominated cargo quantity to be loaded.

Any delay in discharging of Vessel as a result of late nomination of a Vessel later than ten (10) banking days prior to the first day of agreed Laycan shall be to CONSORTIUM's account.

- ii) Vessels nominated for Petroleum Product delivery shall be in good and seaworthy condition and shall not be older than 15 years from the date of manufacture or up to a maximum of eighteen (18) years with a Condition Assessment Program (CAP) rating of +1 conducted and issued by an International Association of Classification Society (IACS) member. CONSORTIUM shall at all times submit to NNPC the names and specifications of Vessels intended for use for Petroleum Product delivery for necessary certification.
- iii) Such Vessel specification shall include but not limited to name, age of Vessel, SDWT, flag, LOA, number of pumps, loading and discharging rates as generally required by the International Maritime Industry.
- iv) The maximum draft shall not exceed 12 metres for SPM, 10.50 metres for New Atlas Cove Jetty, 8.5 metres for Apapa Jetty, 9 metres for Okrika Jetty and 6 / 5.8metres for both Calabar and Warri Jetties.
- v) CONSORTIUM hereby warrants and undertakes that each Vessel nominated shall be owned, leased or chartered from ITOPF membership pool.
- vi) CONSORTIUM shall ensure that:
 - a). For Vessels carrying persistent oil as cargo, the Vessel carries on board a certificate of insurance as described in the Civil Liability Convention for Oil Pollution Damage; and
 - b). The Vessel has in place insurance cover for oil pollution no less in scope and amount than available under the Rules of P&I Clubs entered into by the International Group of P&I Clubs.

ARTICLE 10
QUANTITY AND QUALITY DETERMINATION

10.1 CRUDE OIL QUANTITY DETERMINATION

- i) The measurements, sampling and testing of each cargo of Crude Oil shall be carried out at the Load Port at the time of loading and in accordance with ASTM or IP or API standards.

The ASTM or the IP Petroleum Measurement Tables, 1980 edition or the latest revised edition thereof, shall be used for the correction and calculation of volumes of Crude Oil at 60°F.

- ii) The quantity of Crude Oil shall be determined by manual measurements of the shore tanks immediately before and after loading by the terminal operator and/or by mechanical gauging devices. The certificate of quantity of Crude Oil comprising the shipment issued shall, except in cases of manifest error or fraud, be conclusive and binding on both NNPC and CONSORTIUM. In the event of the absence or failure of the mechanical devices, manual measurement shall suffice and shall be the final measurement.
- (iii) The CONSORTIUM or its appointed agent and/or Master of the nominated Vessel as notified to NNPC in writing, shall have the right to participate in the volumetric and temperature measurements of Crude Oil sampling with the terminal operator or NNPC's representative at the Load Port.

The signature of the Master of the nominated Vessel on the bill of lading shall be conclusive evidence of the quantity of Crude Oil loaded into the nominated Vessel, unless the Master prior to departure of the said Vessel from the loading terminal shall have registered a written protest with regard to the quantity and/or temperature of the Crude Oil loaded into the said Vessel. In that case, NNPC shall instruct the terminal operator to retain the sample for re-test. The detailed particulars relating to such protest shall be

furnished by CONSORTIUM to NNPC within thirty (30) days after the bill of lading date.

- (iv) Only basic sediments and water (BS&W) ascertained at the loading terminal shall be deducted in computing the net quantity of Crude Oil loaded and certified in the bill of lading.

The ASTM or the IP Petroleum Measurement Tables, 1980 edition or the latest revised edition thereof, shall be used for the correction and calculation of volumes of Crude Oil at 60°F.

- (v) CONSORTIUM shall in respect of every Crude Oil lifted, submit to NNPC the report of the out-turn quantity at the Discharge Port not later than forty-five (45) days after the discharge of Crude Oil. The report of the out-turn quantity shall be duly signed by an independent inspector appointed by CONSORTIUM and cost incurred thereto shall be for the sole account of CONSORTIUM.
- (vi) Samples of Crude Oil delivered/lifted shall be retained by the Parties for a period of ninety (90) days from the completion of loading.

10.2 CRUDE OIL QUALITY DETERMINATION

- i) The grade or quality of Crude Oil to be delivered under this Contract shall be Nigerian Crude Oil conforming to the normal export quality as generally made available at the time and place of loading.
- (ii) This Article 10.2 constitutes the whole of NNPC's obligations with respect to the description, quality and fitness for purpose of Crude Oil delivered to CONSORTIUM under this Contract (save to the extent that exclusion thereof is not permitted or is ineffective by operation of law) and all statutory or other conditions or warranties, express or implied, with respect to description, quality or fitness for purpose of the Crude Oil are hereby excluded.

- (iii) CONSORTIUM shall have the right to receive one Gallon sealed representative sample of the Crude Oil quality to be placed aboard the Vessel concerned if so requested. NNPC shall retain representative sealed sample at the loading terminal for a maximum period of sixty (60) days after loading of each cargo of Crude Oil.
- (iv) The terminal operator shall test for BS&W, specific gravity and temperature of Crude Oil before loading at the loading terminal. The result of the test shall be binding upon the CONSORTIUM and NNPC, and no claim shall be made by CONSORTIUM concerning the quality of the Crude Oil after delivery has been made by NNPC except in accordance with the provisions of Article 10.3 hereunder.

10.3 CLAIMS IN RESPECT OF QUALITY AND/OR QUANTITY OF CRUDE OIL

- (i) Any complaint of difference in quantity or deficiency of quality of Crude Oil made by the CONSORTIUM after laboratory test of undischarged cargo of Crude Oil delivered at the Load Port shall be admissible only if notified in writing to NNPC within fifteen (15) days from the bill of lading date. Thereafter, a formal claim shall be submitted to NNPC within forty-five (45) days from the bill of lading date and accompanied by evidence fully supporting the complaint. Both NNPC and CONSORTIUM shall appoint their respective independent inspectors who shall jointly certify the quality and/or quantity of the Crude Oil (as the case may be) from samples taken at the Load Port and their findings shall be conclusive and binding on both NNPC and CONSORTIUM.
- ii) The costs and expenses incurred by the independent inspectors including costs associated with the laboratory test(s) of the samples shall be borne solely by CONSORTIUM.
- (iii) In the event that the report as duly certified by the independent inspectors shows that there is a difference in quantity or deficiency in the quality or

grade of the Crude Oil, NNPC shall only pay the amount equivalent to the differential in the quantity or quality resulting from a retest carried out on a retained sample that exceeds the industry tolerance of 0.5% BS &W.

10.4 PETROLEUM PRODUCT QUANTITY DETERMINATION

- i) NNPC and CONSORTIUM shall appoint their respective independent inspectors who shall jointly determine the Out-turn Quantity of Petroleum Products at the Discharge Port. The report of the independent inspectors shall be the basis for determining the quantity of Petroleum Product delivered under this Contract and shall be binding on the Parties. The cost incurred by the independent inspectors shall be borne by the respective Parties.

The certificate of quantity as duly countersigned by the respective independent inspectors shall be binding on the Parties.

- ii). In the event of conflict during quantity determination, a common density tested and agreed by the independent inspectors shall be applied in determining the Petroleum Product quantities.
- iii) In case of two port discharges, the density tested and agreed at the first and final Discharge Port shall have a 0.0012 reproducibility level and the variance of the two figures or reproducibility level of the figures shall not exceed 0.0012.
- iv) Where reproducibility level of two figures exceeds 0.0012, a common figure tested and agreed by the independent inspectors shall apply.

10.5 PETROLEUM PRODUCT QUALITY DETERMINATION

- i) All Petroleum Product delivered by CONSORTIUM under this Agreement shall comply with Current specifications stipulated in Appendices 1, 2 and 3 to this Agreement unless otherwise advised by NNPC in writing.

- ii) International independent inspector shall be appointed by CONSORTIUM at the Load Port to determine the quality and quantity of the Petroleum Product. CONSORTIUM shall advise NNPC in writing of the name and address of such independent inspector before any loading shall commence. The report of such independent inspector including certificates of quality and quantity shall be delivered on completion of loading by courier to GGM COMD.
- iii) NNPC and CONSORTIUM shall appoint respective independent inspectors to take four (4) representative samples from the Vessel's tanks upon the Vessel arrival and prior to discharge. The samples shall be sealed and signed by the Master of the Vessel and NNPC's authorized representatives. The first sample shall be kept by the Master of the Vessel, the second sample shall be kept by CONSORTIUM, and the third sample shall be tested for quality at a laboratory nominated by NNPC, while the fourth sample shall be kept by NNPC for use as the need arises.
- iv) The independent inspectors shall in determining the quality of the Petroleum Product carry out tests on the representative sample specified in Article 10.5(iii) above. The test shall be carried out in accordance with the test method prevailing in the industry as approved by the Parties.
- v) Where the results of any tests confirm the Petroleum Product supplied is outside the specifications described under Appendices 1, 2 and 3 to this Agreement or as may be advised by NNPC, a joint re-certification test shall be conducted at an independent laboratory mutually acceptable to NNPC and CONSORTIUM. The cost of such re-certification exercise shall be borne solely by CONSORTIUM irrespective of whether the re-certification report affirms that the Petroleum Product is on-specification or off-specification.

- vi) Where the result of the joint re-certification confirm that the cargo is off-specification, the affected cargo shall be rejected outright and the Vessel shall be taken at all fast. In such case, CONSORTIUM shall be fully responsible for every cost and associated expenses incurred by Vessel while awaiting re-certification of the cargo including other attendant remedies arising from such acts or events. Notwithstanding the foregoing, all applicable remedies for default pursuant to this Agreement shall apply.
- vii) The certificates of quality as duly countersigned by the independent inspector shall be final and binding on the Parties.
- viii) The samples of Petroleum Product delivered shall be retained by the Parties for a period of ninety (90) days from the completion of discharge at the Discharge Port.

10.6 Out-Turn Quantity/Losses:

- i) The Out-turn Quantity for the Petroleum Product shall be the total quantity received into NNPC designated shore tanks or into shuttle/delivery vessels via STS.
- ii) Where the Out-turn Quantity report certified by the Independent Inspectors shows a difference in quantity, NNPC shall only pay the amount equivalent to such differential in excess of the industry tolerance of 0.5% provided that where the loss is attributable to reasons due to the import Vessel, the loss shall be to CONSORTIUM's account.
- iii) Where the recorded loss falls within the industry tolerance limit of 0.5%, the loss shall be to CONSORTIUM's account.
- iv) In the event of two or more port discharges, the loss quantity/ percentage shall be determined by adding the total quantities discharged at the various

ports. NNPC shall only pay the amount equivalent to the differential in excess of the industry tolerance of 0.5%.

ARTICLE 11

LOADING CONDITIONS AND DEMURRAGE FOR CRUDE OIL

11.1 NOTICE OF READINESS

Vessel shall tender NOR for loading of Crude Oil on arrival at the customary anchorage or at the pilot station, whichever is applicable. The NOR can be tendered at any time by letter, email, wireless, or telephone (to be confirmed in writing by telex, letter or email), either directly or through the Vessel's agents.

The CONSORTIUM shall ensure that nominated Vessels possess the usual facilities for mooring on arrival and departure at the loading terminal.

11.2 LAYTIME

11.2.1 Total Laytime allowed for loading of Crude Oil at the loading terminal shall be thirty-six (36) consecutive hours for cargoes up to the Standard cargo size as specified by NNPC. Where the cargo to be loaded exceeds the Standard cargo size of the loading terminal, NNPC shall be allowed to pro-rate Laytime, and Laytime of thirty-six (36) consecutive hours shall be increased in direct proportion to the actual size. The base cargo sizes shall be 950,000 Barrels plus/minus five percent (5%) unless otherwise changed by NNPC at any relevant time with appropriate notice to the CONSORTIUM.

11.2.2 Laytime allowed for loading at the loading terminal shall be SSHINC unless loading during such days shall be prohibited by applicable laws and/or regulations including the terminal regulations.

11.2.3 Laytime shall begin to run from six (6) hours after NOR has been tendered by the nominated Vessel Master to the terminal operator informing him of the nominated Vessel's readiness to load, berth or no berth. Loading of Crude Oil at the loading terminal shall be deemed to be completed upon disconnection of loading hoses.

- 11.2.4** Laytime shall run continuously from commencement of loading until completion and shall cease upon disconnection of the loading hose(s) following completion of loading at the loading terminal.
- 11.2.5** If the nominated Vessel arrives and tenders NOR to load at the loading terminal before its Laycan, Laytime shall not commence before 0600 hours on the first day of such Laycan unless the Nominated Vessel actually commences loading prior to such time in which event Laytime shall begin to run from commencement of loading at the loading terminal subject to the provisions of Article 11.2.4.
- 11.2.6** If the nominated Vessel arrives later than 1600 hours on the last day of the agreed date-range, Laytime shall begin from commencement of loading at the loading terminal subject to the provisions of Article 11.2.4. If NOR is tendered for the nominated Vessel after the last day of the agreed date range and is accepted by NNPC in its sole and absolute discretion, then, without prejudice to any of NNPC's other rights, Laytime shall commence only on commencement of loading. For purposes of calculating running hours, loading shall be deemed to be completed upon disconnection of loading hoses.
- 11.2.7** CONSORTIUM or the Master of the nominated Vessel shall deliver to the terminal operator the advance notice of ETA at loading terminal as follows: seven (7) days, three (3) days, forty-eight (48) hours and twenty-four (24) hours and any other changes made to the ETA by more than four (4) hours from the last notification. Failure to give due notice of twenty-four (24) hours prior to the ETA shall increase Laytime allowed to NNPC by the difference between twenty-four (24) hours and the actual number of hours the ETA notice is received by the terminal operator, provided, however that such increase in Laytime shall not exceed twenty-four (24) hours. Upon arrival at the anchorage, the Master of the nominated Vessel shall give the terminal operator NOR of the nominated Vessel to load. NOR shall only be tendered between the hours of 06:00 and 16:00 local time and NOR shall not be tendered during the period that the loading terminal is closed.

11.3 DEMURRAGE

11.3.1 Except for the conditions stated in Article 11.4 below, demurrage shall be paid to the CONSORTIUM in accordance with the provisions of Article 11.8 for Laytime in excess of the allowable Laytime specified in Article 11.2 above. In no event shall NNPC be liable for demurrage hereunder unless the demurrage claim has been submitted to NNPC by CONSORTIUM in writing within forty-five (45) days of the bill of lading date, stating in reasonable detail the specific facts upon which the claim is based, provided that any supporting documentation which is not at that time available to CONSORTIUM shall be submitted to NNPC within ninety (90) days of the bill of lading date. If CONSORTIUM fails to submit its claim within 45 days or documentation not available to it as at application time within the said ninety (90) days period, then any liability of NNPC for demurrage shall be extinguished.

The payment of demurrage shall be in accordance with the principles set out below:

- i) An average rate calculated by applying the LTBP's Monthly AFRA as published for the period of loading applicable to vessels of similar size; and
- ii) The average rate applicable to any relevant Vessel size shall be determined in accordance with the current edition of the World-Wide Tanker Nominal Freight Scale (World scale) as amended from time to time, or such other freight scale as may be issued in replacement thereof.
- iii) Vessel size classification shall be in accordance with LTBP's AFRA publications.
- iv) Where more than one cargo of Crude Oil is loaded on the same nominated Vessel at the loading terminal by different companies, then the Laytime and demurrage shall be allocated between the cargoes of Crude Oil pro-rata to the quantities loaded.

- v) No demurrage shall be paid if a nominated Vessel is VLCC or a larger vessel classification in accordance with LTBP's AFRA publications.

11.4 EXCLUSION FROM LAYTIME AND DEMURRAGE

Any delay arising out of or in connection with or any time used for any of the underlisted events shall not be counted or included in calculating the time taken by NNPC to load the shipment or the time in respect of which NNPC is liable for demurrage (whether or not the Nominated Vessel is already on demurrage) and the CONSORTIUM shall not be entitled to make any form of claim whatsoever:

- (a) delay of the nominated Vessel in reaching its berth caused by conditions not within the control of NNPC or NNPC's agent;
- (b) breakdown or inability of the nominated Vessel's facilities to receive Crude Oil within the time allowed;
- (c) tank cleaning aboard the nominated Vessel;
- (d) prohibition of loading by the CONSORTIUM, nominated Vessel owners, nominated Vessel operators or the Nigerian Port Authorities or agents of the Federal Government of Nigeria at any time;
- (e) delay or interruptions of loading due to bad weather condition, discharge of ballast or slop, awaiting clearance by Nigerian Ports Authority or any other reason beyond NNPC's control;
- (f) any Force Majeure occurrence as provided under Article 22 herein;
- (g) any delay caused by NNPC's failure to load Crude Oil on the nominated Vessel as a result of CONSORTIUM's non-fulfillment of a material term of this Contract;
- (h) non-compliance of the nominated Vessel with safety regulations;

- (i) slow loading as requested by the Master of the nominated Vessel;
- (j) suspension of loading due to electrical storms;
- (k) ullaging, sampling and connecting hoses;
- (l) fault or failure of the nominated Vessel which results in loading being suspended;
- (m) in the event that more than one grade of Crude Oil is co-loaded on a nominated Vessel;
- (n) grade switching (sandwich loading);
- (o) if nominated Vessel is VLCC or a larger vessel whose classification shall be in accordance with LTBP's AFRA publications;
- (p) inward passage to berth;
- (q) discharge of slops or ballast when not concurrent with loading at the required rate;
- (r) awaiting customs clearance, immigration clearance, free pratique, daylight or local administrative requirements; and
- (s) time loss caused by fire or explosion in or about the loading facilities.

11.5 If the total Laytime is exceeded as a result of breakdown of machinery provided by NNPC, the rate of demurrage shall be one-half of the stipulated rate for the period of delay directly attributable to such breakdown.

11.6 Notwithstanding anything contained elsewhere in this Agreement, if NNPC is, by any cause reasonably beyond its control, prevented, delayed or hindered from or bringing to the loading terminal the Crude Oil required for shipment hereunder or any part thereof, or from or in loading the same, any time lost, whether in the commencement, carrying out or completion of the loading, shall not be counted or included in calculating the time taken by NNPC to load such shipment; and

any time so lost after the Laytime shall have expired shall not be counted or included in calculating the time for which NNPC is liable for demurrage. For purposes of the foregoing, the Force Majeure events specified under Article 22 hereunder shall, without limitation, in each case be deemed a cause reasonably beyond the control of NNPC.

11.7 CLAIMS FOR FAILURE OF NOMINATED VESSEL TO VACATE BERTH

- i) If the nominated Vessel fails to vacate berth within three (3) hours after disconnection of the loading hose(s) and NNPC incurs losses, damages and/or other costs as a result of such failure to vacate, including demurrage payable as a result of such delay in berthing or mooring the next vessel awaiting its turn to load at such berth, then the CONSORTIUM shall be liable for all the losses, damages and other cost including demurrage payable as a result of the delay in berthing or mooring the next vessel.
- ii) Where NNPC becomes liable to third parties as a result of:
 - a) failure of nominated Vessel to vacate the berth promptly; or
 - b) damage caused to terminal facilities by CONSORTIUM's nominated Vessel,the CONSORTIUM shall reimburse NNPC for all monies paid by NNPC in settlement of such liability to third parties.

11.8 CLAIMS FOR DEMURRAGE

To make a claim for demurrage, the CONSORTIUM shall promptly give notice to NNPC within forty-five (45) days of the bill of lading date stating in reasonable details the specific facts upon which the claim is based and supported with appropriate documents to substantiate the claim, provided that any supporting document which is at that time not available to CONSORTIUM shall be submitted to NNPC within ninety (90) days of the bill of lading date. The supporting documents shall include but not limited to the following:

- (i) CONSORTIUM's invoice (Original),

- (ii) CONSORTIUM's Assessment (Original),
- (iii) NOR,
- (iv) latest Laycan Advice,
- (v) Tanker Time Sheet, and

If the CONSORTIUM fails to give such notice or documentation within the time specified herein, then the claim shall be deemed automatically and irrevocably waived by the CONSORTIUM.

NNPC shall subject to the receipt of the documents specified herein above and after verification thereof, pay the CONSORTIUM such verified demurrage in United States Dollars in accordance with the calculation method set out in Article 11.2 above.

- 11.9** If NNPC shall become liable to CONSORTIUM for demurrage in respect of any delivery made, NNPC shall not be liable for any other damages or loss arising from demurrage claim whether direct or indirect.

ARTICLE 12

LOADING/DISCHARGE CONDITIONS AND DEMURRAGE FOR PETROLEUM PRODUCT

12.1 NOTICE OF READINESS

The NOR for discharge of Petroleum Product shall be tendered to PPMC Office Lagos by the CONSORTIUM's agent pursuant to Article 9.1(x) of this Agreement.

12.2 LAYTIME:

- i) Laytime for Vessel discharging Petroleum Product shall be 120 hours and shall commence six (6) hours after NOR is tendered and accepted or upon berthing, whichever is earlier and shall continue until hoses are disconnected.

In the event of delivery by LR1 Vessel subject to NNPC request, Laytime shall be three hundred and sixty (360) hours SSHINC and shall commence 6 (six) hours after NOR is tendered and accepted within the agreed delivery Laycan and office working hours (i.e. 0800 - 1800 hours) and shall continue until hoses are disconnected.

In the event of delivery by LR2 Vessel subject to NNPC request, Laytime shall be Seven hundred and twenty (720) hours SSHINC and shall commence 6 (six) hours after NOR is tendered and accepted within the agreed delivery Laycan and office working hours (i.e. 0800 - 1800 hours) and shall continue until hoses are disconnected.

- ii) If the Vessel discharging Petroleum Product tenders NOR prior to the agreed Laycan, Laytime shall commence at 12.00 hours on the first day of the agreed Laycan or when Vessel is all fast, whichever is earlier.
- iii) If the Vessel discharging Petroleum Product tenders NOR later than the agreed Laycan, it shall wait for vacant berth and Laytime commences at all fast. In such instances, NNPC shall make available to CONSORTIUM next available berth to discharge the cargo. Demurrage incurred while waiting for vacant berth shall be to CONSORTIUM's account and NNPC shall not bear any responsibility for such delays.
- iv) For Vessels discharging Petroleum Product where Laytime is exceeded, NNPC shall pay demurrage for the excess time based on verifiable charter party rate or LTBP for month of loading whichever is lower. For the avoidance of doubt, the LTBP for MR calculations shall be the applicable LTBP for LR1 and LR2 pursuant to this Contract.

For the avoidance of doubt, in no event shall NNPC's payment to CONSORTIUM exceed demurrage cost incurred by CONSORTIUM. All demurrage claims shall be paid in United States Dollars currency.

- (v) If the Vessel shifts berth for any reason, other than a reason attributable to NNPC, then the time taken to shift berth shall count against Laytime or time on demurrage and shall be to CONSORTIUM's account.

12.3 DEMURRAGE

Except for the conditions stated under Article 12.5 below, demurrage shall be paid to the CONSORTIUM subject to Article 12.4 for Laytime in excess of the allowable Laytime indicated under Article 12.2 above.

12.4 CLAIM FOR DEMURRAGE

- i) Any claim for demurrage shall be made by CONSORTIUM in writing within forty-five (45) days from the date of completion of discharge of Petroleum Product and disconnection of hoses and such claim shall be supported with the following documents to substantiate such claim:
 - a) Consortium's Invoice (Original);
 - b) Consortium's Assessment (Original);
 - c) NOR;
 - d) Laycan Advice;
 - e) Copy of Vessel acceptance letter by NNPC;
 - f) Verifiable charter party rate (recap); and
 - g) Master's Time Sheet.
- ii) If CONSORTIUM fails to file its claim within the required forty-five (45) days from the date of completion of discharge and disconnection of hoses then, any liability of NNPC for such demurrage shall be extinguished and the demurrage shall be deemed to have been automatically and irrevocably waived by the CONSORTIUM.

12.5 EXCEPTIONS TO DEMURRAGE:

Except as may otherwise be agreed by the Parties, Laytime or demurrage shall not be to NNPC's account on the occurrence of any of the following events:

- a). On an inward passage, the Vessel moving from waiting place to the discharging place nominated by NNPC (from pilot on board to all fast);
- b). When Vessel is handling or preparing to handle ballast or bunkers, unless such activity is carried out concurrently with discharging or other normal cargo operations such that no loss of time is involved, or is carried out to comply with shore restrictions;
- c). Delay as a result of the action or inaction of governmental agency including amongst others, customs clearance, immigration clearance, Pilot, DPR, PPPRA, Nigerian Ports Authority or any other agent of the Federal Government of Nigeria; and
- d). Any Force Majeure condition as stipulated in Article 22 herein.
- e). Where the nominated Vessel is LR or large vessel classification in accordance with AFRA/LTBP's publication unless otherwise requested by NNPC.
- f). Delay as a result of the fault, failure or inefficiency of the Vessel or on the instructions of the operators or owner of the Vessel, provided that where the delay is necessary in order to safeguard the Vessel and/or cargo thereof from imminent danger, then, the provisions of Article 12.5 (g) hereunder shall apply.
- g). Delay or interruption of discharge due to bad weather condition, discharge of ballast or slop or any other act or event pursuant to Article 22 of this Agreement.

In the event that delay or interruption of discharge is attributable to bad weather condition or is deemed necessary to avoid imminent risk or danger to Vessel or cargo as contemplated under Article 12.5(f),

then, the demurrage cost incurred thereof shall be borne equally by NNPC and CONSORTIUM.

ARTICLE 13

LETTER OF CREDIT

13.1 CONSORTIUM shall submit to the office of the GGM COMD prior to receipt of Crude Oil cargo, an acceptable irrevocable stand-by Letter of Credit (Shipment-by-Shipment) issued by a reputable international bank acceptable to NNPC in the current value of the cargo of Crude Oil delivered by NNPC to CONSORTIUM as security for the Crude Oil lifted. Such Letter of Credit shall be for a validity period of ninety (90) days with effect from the second day of Laycan.

13.2 In case of pre-delivery pursuant to Article 4.3 of this Agreement, where the value of the Petroleum Product exceeds the nominal value of the Crude Oil, CONSORTIUM shall provide a one United States Dollars (US\$1) Letter of Credit issued by a reputable international bank acceptable to NNPC as guarantee.

In the event that the nominal value of Crude Oil exceeds the value of the Petroleum Product delivered, NNPC shall advise CONSORTIUM of the applicable Letter of Credit value to present as guarantee to cover the differential.

13.3 The Letter of Credit shall be submitted to NNPC not later than six (6) Banking Days prior to the first day of Laycan. The format and wordings of the Letter of Credit shall be in the form set out in Appendix 4 of this Agreement. The Letter of Credit shall be issued on shipment by shipment basis and shall be established with a confirmed and reputable first class Nigerian or international bank approved by NNPC.

13.4 For purposes of this Agreement such Letter of Credit shall only be considered opened at such time as it is received and acknowledged at the office of the GGM COMD.

- 13.5** All bank charges and additional costs related to the established Letter of Credit shall be for the account of CONSORTIUM.
- 13.6** Where CONSORTIUM fails to submit the Letter of Credit six (6) Banking Days prior to the first day of Laycan as stated under Article 13.3 herein, CONSORTIUM shall pay late delivery charges in the sum of US\$100,000.00 (One Hundred Thousand United States Dollars) to NNPC.
- 13.7** Notwithstanding the payment of late delivery charges specified hereinabove, where two (2) defaults are recorded against the CONSORTIUM, NNPC shall have the right to terminate this Contract without further notice to CONSORTIUM.

ARTICLE 14

TAXES AND OTHER CHARGES

- 14.1** (i) NNPC shall be responsible for the payment of applicable taxes and other charges imposed by Governmental Authorities at the Crude Oil Load Port before the Crude Oil passes into the Vessel's flange and the Petroleum Product at the Discharge Port after the Petroleum Product passes the Vessel's flange into a designated shore tank of NNPC.
- (ii) NNPC shall reimburse to CONSORTIUM all Nigerian Ports Authority charges including Vessel dues and cargo dues paid to Nigerian Ports Authority.
- (iii) CONSORTIUM shall submit all claims in respect of Article 14.1(ii) above not later than six (6) months after close-out reconciliation. Any claim submitted thereafter shall be deemed as time barred.
- 14.2** CONSORTIUM shall be responsible for the payment of all taxes and charges imposed by any government and government agencies in connection with the delivery of Crude Oil to CONSORTIUM at the Load Port after Crude Oil passes the

Vessel's flange and the Petroleum Product at the Discharge Port in Nigeria before the Petroleum Product passes the Vessel's flange.

ARTICLE 15

HARBOUR/WHARFAGE/SHIPPING DUES

- 15.1** Except as expressly indicated under Article 14.1(ii) above, all other fees including foreign or local charges, harbour, wharfage and shipping dues payable at Load Port and Discharge Port including Nigerian Maritime Safety Agency dues, jetty fees and terminal charges shall be borne by CONSORTIUM.
- 15.2** CONSORTIUM shall at all times indemnify NNPC against any liability and expense which may be incurred by NNPC by reason of CONSORTIUM's failure to pay all applicable taxes, fees, charges and levies.

ARTICLE 16

CAPACITY DEVELOPMENT OF NNPC PERSONNEL

CONSORTIUM shall at its sole cost and expense, carry out the training and capacity development of relevant NNPC staff in refinery operations and petroleum trading over the duration of this Contract as may be advised by COMD, NNPC.

ARTICLE 17

TITLE AND RISK OF LOSS

17.1 Crude Oil:

Transfer of Risk and Title

The risk and title in the Crude Oil delivered under this Contract shall pass to the CONSORTIUM as the Crude Oil passes the nominated Vessel's permanent hose connection at the Load Port.

Any loss or damage to Crude Oil during loading caused by the nominated Vessel or its officers or crew shall be to the account of CONSORTIUM. Any claim in

respect of damage to any facilities at the Load Port caused by the CONSORTIUM's nominated Vessel shall be borne by CONSORTIUM.

17.2 Petroleum Product:

Transfer of Risk and Title

The risk in and title to Petroleum Product delivered by CONSORTIUM to NNPC pursuant to this Agreement shall pass from CONSORTIUM to NNPC at the Discharge Port in Nigeria after the Petroleum Product passes the nominated Vessel's flange.

ARTICLE 18

RECONCILIATION AND FINAL SETTLEMENT

- 18.1** At the end of every four (4) months from the commencement of this Contract, there shall be a meeting between the Parties to reconcile all Petroleum Product and Crude Oil cargoes delivered under this Agreement. NNPC shall develop a monthly material balance report that will capture actual volumes of Crude Oil and Petroleum Product delivered by the Parties respectively pursuant to this Contract.
- 18.2** The venue of such reconciliation meeting shall be rotated between the offices of NNPC and CONSORTIUM unless otherwise agreed by the Parties.
- 18.3** Each reconciliation meeting shall be conducted within thirty (30) days of the end of every four (4) months and shall review all matters relating to the operation of this Agreement. A monthly material balance and value report shall be submitted by CONSORTIUM to NNPC in softcopy on a monthly basis or as may be mutually agreed by the Parties showing actual quantity of Crude Oil and Petroleum Product delivered by the Parties respectively pursuant to this Contract.
- 18.4** A final reconciliation meeting shall be held in Abuja, Nigeria. If at the final reconciliation meeting, it is established that there remains less than fifty (50) percent of a Standard Cargo Size of Petroleum Product due to be delivered to NNPC, CONSORTIUM shall in lieu of the delivery of such Petroleum Product, pay

NNPC the value for such Petroleum Product in accordance with the provisions of this Agreement.

- 18.5** Any agreed amount owed to either Party at the termination or expiration of this Agreement shall be paid by the relevant Party to the other Party within forty-five (45) days of receipt of the other Party's reconciliation invoice by wire transfer to the nominated bank account as set out in such reconciliation invoice.

For the avoidance of doubt, the outstanding delivery obligations of the Parties shall survive the termination or expiration of this Contract in accordance with Article 21.1 (b) of this Agreement.

ARTICLE 19

INSURANCE

- 19.1** At all times, all policies of insurance required for Petroleum Product delivery/shipment shall be procured by CONSORTIUM from a reputable insurance company acceptable to NNPC. Whenever requested by NNPC, CONSORTIUM shall submit copies of the insurance policies to NNPC.
- 19.2** CONSORTIUM shall procure the relevant marine insurance policy in accordance with the standard Lloyd's Marine Insurance Policy with Institute Cargo Clauses (A), Institute War Clauses (Cargo), Institute Strikes Clauses (Cargo) for 110 (one hundred and ten) percent of DAP cargo value insurance to cover leakage and shortage in excess of 0.50 percent of the bill of lading. CONSORTIUM shall take out the above Insurance policies with Lloyds of London and/or Institute of London Underwriters and submit copies of such policies to NNPC.
- 19.3** In case of any claim, CONSORTIUM shall submit a full file of such claim to the insurance company in order to obtain payment of insurance indemnities to the credit of NNPC. Such file shall include but not limited to submission of a protest letter on loss of Petroleum Product by NNPC within forty-five (45) days after completion of Petroleum Product discharge, backed up by full report from

independent inspectors as well as evidence of claim (e.g. letter of authority from NNPC to CONSORTIUM for processing the claim).

- 19.4** CONSORTIUM shall procure and maintain in force, appropriate normal and customary general liability insurance coverage for injury, death, or property damage, including liabilities under any Environmental Laws or for any environmental damages.

ARTICLE 20

AUDITING

- 20.1** CONSORTIUM shall give access or procure that access be given to NNPC, and its duly authorized representatives, to the accounting records and other documents maintained by CONSORTIUM for purposes of this Agreement. NNPC or an audit firm appointed by NNPC and notified to CONSORTIUM shall have the right to inspect or audit such records and such other documents at any reasonable time or times during the term of this Agreement or within five (5) years after the termination of this Agreement. CONSORTIUM shall preserve or shall procure the preservation of the aforesaid records and documents for a period of at least five (5) years after the expiration or termination of this Agreement.
- 20.2** Upon request by CONSORTIUM, NNPC shall provide CONSORTIUM with all documents and records in NNPC's possession that relate to its performance of this Contract. CONSORTIUM shall have access to the accounting records and other documents maintained by NNPC which relate to this Agreement and shall have the right to inspect or audit such records at any reasonable time or times during the term of this Agreement, or within five (5) years after the termination of this Agreement. NNPC shall preserve all of the aforesaid documents for a period of at least five (5) years after expiration or termination of this Agreement.

ARTICLE 21

SUSPENSION AND TERMINATION

21.1(a) Without prejudice to the rights of termination or suspension provided under this Agreement, this Agreement may be terminated upon the occurrence of any of the following events:

- (i) by mutual written consent of the Parties;
- (ii) by either NNPC or CONSORTIUM, within ninety (90) days after receipt of notice from the other Party that any representation or warranty made by the other Party is untrue in any material respect or any condition to such Party's obligations cannot be satisfied;
- (iii) by either NNPC or CONSORTIUM, if the other Party fails to meet its delivery obligations under Articles 3 and 4 of this Agreement or commits a material breach of any of the terms or conditions of this Agreement, and such failure or the material breach continues without cure for thirty (30) days after written notice thereof by either Party to the other;
- (iv) by either Party, if the other files a petition or otherwise commences or authorizes the commencement either by itself or by a third party, of a proceeding under any bankruptcy, reorganization, or similar law, for the protection against creditors, or has any such petition filed or proceeding commenced against it;
- (v) by either Party, if the other Party becomes bankrupt or insolvent, or makes an assignment for the benefit of its creditors (however evidenced);
- (vi) by either Party, if there is a major change in the direct or indirect ownership of any Company that may have material adverse effect on the performance of its obligations under this Agreement, provided that the provision of this Article shall not apply for any change relating to corporate restructuring;

- (vii) by either Party, if a receiver is appointed or an encumbrancer takes possession of the whole or a significant part of the assets or undertaking of the other Party;
- (viii) by either Party, if the other Party ceases or threatens to cease to carry on its business or a major part thereof, or a distress, execution, or other process is levied or enforced against any significant part of its property and is not discharged within fourteen (14) days;
- (ix) by either Party in the event of Force Majeure that persists for sixty (60) consecutive days;

21.1(b) The termination of this Agreement, pursuant to the provisions of this Article 21 shall not in any way affect the rights and remedies of either Party against the other for any covenants, violation or breach of any of the representations, warranties or other provisions of this Agreement occurring prior to the date of termination.

21.2 CONSEQUENCES OF TERMINATION

- (i) Notwithstanding the termination of this Agreement, CONSORTIUM or NNPC shall be entitled to Crude Oil or Petroleum Product deliveries (as the case may be) which may be outstanding to either of the Parties prior to the date of termination and such Crude Oil or Petroleum Product shall be delivered within sixty (60) days from the bill of lading date of the Crude Oil or Petroleum Product.
- ii) If, after the expiry date of this Agreement, there remains less than fifty percent (50%) of the Standard Cargo Size of Crude Oil or Petroleum Product due to be delivered by NNPC to CONSORTIUM or CONSORTIUM to NNPC (as the case may be), the owing Party shall in lieu of and in full satisfaction of such delivery obligation make payment to the other Party for an amount that shall be determined by reference to the quantity of the

relevant Crude Oil or Petroleum Product in accordance with the applicable pricing formula set out in Articles 5 and 6 of this Agreement.

- iii) If there remains more than 50% of the Standard Cargo Size of Crude Oil or Petroleum Product, such quantity shall be delivered in accordance with the provisions of this Agreement.

21.3 Subject to Article 35 of this Agreement, neither of the Parties shall be entitled to any claim for compensation or loss of anticipated profit or other economic loss resulting from such termination.

ARTICLE 22

FORCE MAJEURE

22.1 Neither NNPC nor CONSORTIUM shall be held liable for failure or delay in the performance of its obligations under this Contract, including without limitation the obligations to deliver the agreed quantities and grade of Crude Oil under this Contract, if such performance is delayed or hindered by the occurrence of an act or event which is beyond the reasonable control of the affected Party ("Force Majeure"). No party shall be entitled to claim any costs or expenses including demurrage or any form of compensation whatsoever arising from the effect of Force Majeure. For the purpose of this Agreement, Force Majeure shall mean any act or event, whether foreseeable or unforeseeable which is beyond the reasonable control of a Party, and that which delays, impairs or renders impossible a party's ability to perform its obligations under this contract. Force Majeure shall not affect any payment due to NNPC under this Contract.

22.2 The act or event constituting Force Majeure shall include, but not limited to:

- i) act of God (including but not limited to fire, explosion, flood, lightning, haze, epidemic, earthquake, storm, hurricane, drought, landslide, hazardous weather, collision, stranding, pestilence hail, cyclone or other

severe weather condition, natural calamity or other natural disaster which could not be foreseen and was beyond the control of such Party);

- ii) government sanction or embargo, decisions, intervention, directive, or policy and restrictions (including the denial or cancellation of any export or other necessary license);
- iii) act of war (whether declared or not), invasion, act of foreign enemies, hostilities, civil war, riot or disorder, act of public enemy, pirates, or other belligerents, sabotage, revolution, insurrection, confiscation, nationalization, sabotage and terrorist activities;
- iv) act of public disorder, grievance, riot, action by and among workers, labor disputes or any other labor difficulties civil unrest or commotion, rebellion, strike, blockage, vandalism, boycott, lock-out, labour unrest (whether direct or indirect, lawful or unlawful) except where it is limited to the employees of the CONSORTIUM);
- v) act of sabotage, terrorism, or foreign invasion;
- vi) Any act of international, national, port, transportation, local government or other, any agency of government or other Government Authority, which prohibits or restricts the delivery of Crude Oil and/or Petroleum Product;
- vii) any other event, condition or circumstance which adversely affects the ability of NNPC to receive Petroleum Product or deliver Crude Oil at any time.

22.3 Immediately on the occurrence of Force Majeure, the Party claiming to be affected by Force Majeure shall promptly notify the other Party in writing stating the details of the event or act constituting Force Majeure, and stating the measure being adopted by it to minimize or to remedy the consequences of the Force Majeure on the performance of its obligations under this Contract. The affected Party shall use

all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner.

22.4 If the Force Majeure ceases before the expiration of the sixty (60) days period specified in Article 22.7 herein below, the Party affected by the Force Majeure shall promptly notify the other Party in writing of such cessation, and shall thereafter commence the performance of its obligations under this Contract.

22.5 If the performance of a Party's obligation under this Agreement is prevented, delayed, restricted, or interfered with, in whole or in part, or rendered impossible by a Force Majeure, the Party so affected, shall be excused from the performance of such obligations provided that the Party shall use its reasonable efforts to remove such causes of non-performance.

22.6 The Party affected shall provide verbal notice of the Force Majeure Event as soon as the event or act of Force Majeure occurs and shall no later than two (2) days after the time that such Party had knowledge of the Force Majeure Event provide the other Party with written notice of the nature, cause, date of commencement, and anticipated period of such delay or non-performance.

For the avoidance of doubt, Vessel delay shall not constitute a Force Majeure Event, except where it is established to be caused by an act of God.

22.7 The Parties shall consult each other with the primary aim of determining mutually acceptable measures for reducing the difficulties that may arise from the occurrence of the Force Majeure. If the Force Majeure continues for a consecutive period of sixty (60) days, either Party shall have the right to terminate this Agreement by giving fourteen (14) day notice to the other.

ARTICLE 23

GOVERNING LAW AND ARBITRATION

This Agreement shall be construed in accordance with, and governed by, the Laws of the Federal Republic of Nigeria.

- 23.1** Any dispute, conflict, differences, claims or controversies arising out of, or in connection with the performance of this Agreement shall be settled amicably by CONSORTIUM and NNPC. If the Parties fail to resolve the dispute amicably, then either Party shall have the right to refer the matter to arbitration in accordance with the provisions of the Arbitration and Conciliation Act Cap.19, LFN 2004, and any amendments made thereto.
- 23.2** Within thirty (30) days of the dispute being referred to arbitration, either Party shall appoint an arbitrator and the two arbitrators thus appointed by the Parties shall within fifteen (15) days appoint a third arbitrator. If the arbitrators do not agree on the appointment of such third arbitrator, or if either Party fails to appoint the arbitrator to be appointed by it, such arbitrator shall be appointed by the Chief Judge of the Federal High Court in accordance with the provisions of the Arbitration and Conciliation Act Cap.19, LFN 2004. The notice of the intention to apply to the said Court shall be given in writing by the applicant to the other Party and when so appointed the third arbitrator shall convene meetings and act as the umpire thereof.
- 23.3** The venue of the arbitration shall be Abuja, Nigeria and the Laws of the Federal Republic of Nigeria shall be used for the determination of the issues in dispute.
- 23.4** The award of the arbitrators shall except in case of manifest error in law or fact or miscarriage of justice be final and binding on the Parties and may be entered as an award or judgment of a Court of competent jurisdiction. The costs of the arbitration shall be borne equally by CONSORTIUM and NNPC.

ARTICLE 24
REPRESENTATIONS, WARRANTIES AND COVENANTS OF NNPC

NNPC hereby represents and warrants as follows:

- 24.1** NNPC is as at the date of this Agreement, a corporation duly organized, and validly existing, in good standing under the Laws of the Federal Republic of Nigeria, and has full corporate power and authority to enter into this Agreement, and to carry out the transactions contemplated hereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary corporate action of NNPC.
- 24.2** This Agreement has been duly and validly executed and delivered by NNPC and constitutes a valid and binding obligation of NNPC, enforceable against it in accordance with its terms.
- 24.3** Neither the execution and delivery of this Agreement by NNPC, nor the consummation by NNPC of the transactions contemplated hereby shall:
- a) violate any provision of its enabling statute;
 - b) constitute a breach or default (or an event which, with the giving of notice or passage of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation or imposition of any security interest, lien, charge, or other encumbrance upon any assets of, or any material agreement, commitment, understanding, arrangement, or restriction of any kind or character, to which NNPC is a party, or by which NNPC or any of its assets is bound, or
 - c) violate any statute, laws, regulation, or rule, or any judgment, decree, order, writ, or injunction of any court or Governmental Authority, applicable to NNPC, or to its business and operations.

24.4 NNPC is in compliance with all material Laws and Regulations applicable to its operations and has not received any notification that it is not presently so in compliance.

24.5 NNPC shall maintain all licenses applicable to its operations as may be required by law. NNPC shall promptly notify CONSORTIUM of any change in statute, with respect to the licenses required under the law for its operations.

ARTICLE 25

REPRESENTATIONS, WARRANTIES AND COVENANTS OF CONSORTIUM

The CONSORTIUM hereby represents and warrants as follows:

25.1 that it is duly organized, validly existing and in good standing under the laws of its incorporation and that it has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein.

25.2 that it is jointly and severally liable for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

25.3 that this Agreement has been duly and validly executed and delivered and constitutes a valid and binding obligation, enforceable against it in accordance with its terms.

25.4 that to the best of its knowledge, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby shall:

- a) violate any provision of its charter documents;
- b) constitute a breach or default (or an event which, with the giving of notice or passage of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation or imposition of any security

interest, lien, charge, or other encumbrance upon any assets of, or any material agreement, commitment, understanding, arrangement, or restriction of any kind or character, to which it is a party, or by which or any of its assets is bound, or

- c) violate any statute, laws, regulation, or rule, or any judgment, decree, order, writ, or injunction of any court or Governmental Authority, applicable to it, or to its business and operations.

25.5 that on the date of this Agreement and to the best of its knowledge:

- a) there are no judgments, orders, writs, or injunctions of any court or Governmental Authority, or other regulatory or administrative agency, commission, or arbitration panel, domestic or foreign, presently in effect or pending or threatened against it, and
- (b) there are no claims, actions, suits or proceedings, or investigations by or before any court or Governmental Authority, or other regulatory or administrative agency, commission, or arbitral panel, pending or threatened by or against it, which would interfere with the consummation of the transactions contemplated by this Agreement, or would adversely affect its business or operations.

25.6 that it is in compliance with all material Laws and Regulations applicable to its operations and has not received any notification that it is not presently so in compliance.

ARTICLE 26

ASSIGNMENT

26.1 Neither Party shall assign nor transfer any or all of its rights or obligations under this Agreement to another party without the prior written consent of the other Party being obtained. In seeking the assignment, the assigning Party shall provide

reasons to the satisfaction of the other Party why it is desirous of the assignment and the other Party shall have the right to accept or reject such application where the reasons for the assignment is not tenable and such Party feels exposed if the assignment is implemented.

- 26.2** Without prejudice to the provisions of Article 26.1 hereof, the assigning Party shall demonstrate to the satisfaction of the other Party that the assignee shall adhere to and comply with all the obligations of the Agreement including the provision of acceptable guarantee in the form of stand-by Letter of Credit where such assignment is being sought by CONSORTIUM.

ARTICLE 27

EXECUTION OF AGREEMENT BETWEEN CONSORTIUM

- 27.1** The CONSORTIUM shall execute an agreement between them specifying their respective roles and responsibilities pursuant to this Contract. Such understanding shall ensure effective execution of CONSORTIUM's obligations under this Contract.
- 27.2** Notwithstanding the respective roles of the CONSORTIUM as may be specified under the CONSORTIUM's agreement, each of CONSORTIUM hereby agrees that it shall be jointly and severally liable to the performance of this Contract and the breach of any provision of this Contract by any of the CONSORTIUM shall be construed as breach by the entire CONSORTIUM.
- 27.3** Where such breach gives NNPC the right to terminate the Contract, each of the CONSORTIUM hereby agrees that it shall not absolve itself or institute an action against NNPC on grounds that the non-performance occasioning the breach or termination was committed by the other party.

ARTICLE 28
EXCHANGE OF INFORMATION AND CONFIDENTIALITY

28.1 Exchange of Information:

The Parties shall maintain close communication and mutually provide and exchange available information directly relevant to the fulfillment of the terms and conditions of this Agreement and shall procure that such available information shall be provided and exchanged for purposes of this Agreement.

28.2 Confidentiality

28.2.1 Duty of Confidentiality:

The terms of this Agreement and any information directly or indirectly provided, exchanged, disclosed or furnished whether orally, in writing or in any electronic, digital or other form, by either Party to the other Party in connection with or in relation to this Agreement which is not already known to the Party receiving the information or already in the public domain (other than as a result of the breach of the provisions of this Article) shall be kept confidential and shall not be sold, traded, published or otherwise disclosed to any third party in any manner whatsoever except for purposes connected with this Agreement.

All such information shall be referred to as “Confidential Information”.

28.2.2 Permitted Disclosure:

The Confidential Information may be disclosed:

- (i) to any legal counsel, finance consultant, insurance company underwriter or provider of finance or credit guarantee in relation to matters contemplated under this Agreement, or any Governmental Authority or agency of government to the extent required by applicable Laws and Regulations or the rules of any recognized stock exchange.

- (ii) to Affiliates, employees, directors and authorized representatives on a need-to-know basis; or
- (iii) to any intended assignee provided however that:
 - (a) such assignee has entered into a confidentiality agreement with the assignor on terms to restrict disclosure of the Confidential Information on a need to know basis and solely for the purpose of the proposed assignment.
 - (b) a copy of such confidentiality agreement has been furnished to the non-assigning Party for its acceptance of the terms;
- (iv) to any arbitrator appointed in accordance with the provisions of this Agreement.

28.2.3 Duration of Confidentiality:

- i) The foregoing obligation with regard to the Confidential Information shall remain valid and binding on the Parties for at least seven (7) years after the termination or expiration of this Agreement.
- ii) If this Agreement is terminated pursuant to the provisions thereof, the confidential information received by either Party hereto, with respect to the other Party or any of its Affiliates, shall be treated in accordance with the provisions of this Agreement.

ARTICLE 29

RELEASE FROM PERFORMANCE UNDER THE LAW

If any circumstance arises which renders it unlawful for either or both Parties to fulfill their obligations under this Agreement, the Parties shall be released from further performance of this Contract. This provision is without prejudice to any delivery and /or payment obligation that may be due from one Party to the other.

ARTICLE 30

HEALTH AND SAFETY

- 30.1** NNPC shall furnish to CONSORTIUM material safety data sheet for Crude Oil delivered to CONSORTIUM under this Agreement, including health and safety warnings. CONSORTIUM agrees to furnish such warnings and information to all persons whom CONSORTIUM can reasonably foresee, may be exposed to or may handle such Crude Oil, including, but not limited to, CONSORTIUM's employees, agents, contractors, and customers.
- 30.2** CONSORTIUM shall furnish to NNPC material safety data sheet for Petroleum Product delivered to NNPC under this Agreement including safety and health warnings. NNPC agrees to furnish such warnings and information to all persons whom NNPC can reasonably foresee, may be exposed to or may handle such Petroleum Product, including NNPC's employees, agents, contractors, and customers.

ARTICLE 31

TRADE CONTROLS AND BOYCOTTS

Notwithstanding anything to the contrary contained herein, nothing in this Agreement is intended, and nothing herein should be interpreted or construed, to induce or require a Party hereto to act in any manner (including failing to take any actions in connection with a transaction) which is inconsistent with applicable Laws and Regulations to which such Party is subject which relates to foreign trade controls, export controls, embargoes or international boycotts of any type and nature.

ARTICLE 32

FACILITATION PAYMENTS AND ANTI-CORRUPTION

- i) In recognition of the principles of the Organisation for Economic Co-operation and Development (OECD) Convention on Combating of Bribery of Foreign Public Officials in International Business Transactions, each of the Parties hereby warrants and undertakes to the other that in connection with this Agreement, they

shall each comply with all applicable laws, rules, regulations or decrees and/or official government orders of the Federal Republic of Nigeria and the United Kingdom relating to anti-bribery and anti-money laundering.

- ii) NNPC and CONSORTIUM each warrants and undertakes that it or any other person acting on its behalf has not and covenants that it and any such person will not, directly or indirectly in connection with this Agreement and the matter resulting therefrom, offer, pay, offer to pay, promise to pay or authorize the giving of money or anything of value to any official, or to any other person while knowing or being aware of a high probability that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly to an official, in order that the official will act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business for, or to direct business to, any person, or to obtain any other improper advantage or benefit.

For purposes of this Article 32, the word 'official' shall mean any officer or representative engaged or holding a position in any office of the Federal Government of Nigeria or State or Local government or any official or representative of any foreign company or foreign government.

- iii) Each of NNPC and CONSORTIUM represents, warrants and undertakes to the other that they shall not, directly or indirectly in connection with this Agreement:
 - a) pay, offer, give or promise to pay or authorize the payment of any monies or other things of value to:
 - (i) a government official or an officer or employee of a government or department, agency or instrumentality of any government;
 - (ii) an officer or employee of a public international organization;

- (iii) any person acting in an official capacity for or on behalf of any government or department, agency, or instrumentality of such government or of any public international organization;
 - (iv) any political party or official thereof, or any candidate for political office;
 - (v) or any other person, individual or entity at the suggestion, request or direction or for the benefit of any of the above-described persons or entities.
- iv) In particular, each Party represents and warrants to the other that it has not made any payments or given anything of value to officials, officers or employees of the government of the country in which the Crude Oil originated or the Petroleum Product was procured or to any agency, department or instrumentality of such government in connection with the Crude Oil or Petroleum Product which is the subject of this Agreement which would be inconsistent with or contravene the above referenced legislation.
- v) Either Party may terminate this Agreement forthwith upon written notice to the other at any time, if in its reasonable judgment the other is in breach of any of the above representations, warranties or undertakings.

ARTICLE 33

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

- 33.1** Each Party hereby agrees to comply and to procure its personnel, directors, agents, contractors, representatives and permitted assigns to comply with all laws, rules, regulations, valid directives and bye laws applicable and necessary for the performance by each Party of its obligations under this Contract.
- 33.2** CONSORTIUM shall at its sole cost comply with all Nigerian statutory requirements pertaining to completion and perfection of single goods declaration (SGD)

documentations and any other requirement as may be directed by the Nigerian Customs Services from time to time.

- 33.3** So far as it is legally able under any applicable law, each Party agrees to do all things required to give effect to this Contract including executing all required documents, and exercising all rights and powers (direct or indirect) available to it in relation to any person to ensure that the terms of this Contract are completely and punctually fulfilled, observed and performed and generally that full effect is given to the terms and conditions of this Contract .
- 33.4** The liability of any Party under this Article 33 shall not be discharged or impaired by any release of, or granting of time or other indulgence to any person acting on its behalf or any third party or any other act, event or omission which but for this Article 33 would operate to impair or discharge the liability of such Party under this Article.

ARTICLE 34

CLAIMS LIMITATION PERIOD

- 34.1** All claims by either Party under this Agreement shall be initiated within one year of the occurrence of the circumstances giving rise to such claim.
- 34.2** Where the limitation period of a claim under the Agreement is expressly provided in the Agreement such as demurrage claim, such specific limitation period shall prevail.

ARTICLE 35

NO CONSEQUENTIAL DAMAGES

- 35.1** Neither NNPC nor CONSORTIUM shall be liable for any consequential or indirect damages, losses and claims arising out of or in connection with this Contract.
- 35.2** For purposes of this Contract, consequential or indirect damages, losses or claims shall mean any deferments of revenue, loss of profit, economic loss, loss of opportunity or use.

ARTICLE 36
MISCELLANEOUS

36.1 Notices:

Unless otherwise agreed in writing, any notices, statements, requests, or other communications required to be given by either Party, pursuant to the provisions of this Agreement, shall be made in writing, and unless otherwise provided herein, be sufficiently made if sent by prepaid first class post, facsimile, telex or electronic means; subject to the provisions set out below and shall, unless otherwise provided herein, be deemed to have been made on the day on which such communication is sent at the addresses and telex numbers specified below:

For NNPC:

The Chief Executive Officer
Nigerian National Petroleum Company Limited
NNPC Towers, Central Business District,
Garki, Abuja
Nigeria

Any electronic communication to be made between the Parties under or in connection with this Agreement:

- (a) may be made by electronic mail or other electronic means if the Parties:
 - (i) agree that, unless and until notified to the contrary this is to be an acceptable form of communication;
 - (ii) notify each other in writing of the electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to the electronic mail address or any other such information supplied by them; and
- (b) will be effective only when actually received in a readable form.

36.2 Language of the Agreement

This Contract is made and executed in the English Language which shall be the language of communication and governing text for all purposes.

36.3 Conflict

In the event of any conflict between the provisions of this Contract and the Appendices, the provisions of this Contract shall prevail.

36.4 Entire Agreement:

This Agreement, including the Appendices, constitutes the entire understanding of the Parties with respect to the subject hereof. There are no commitments, agreements, promises, representations, warranties, covenants, or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements and understanding, including agreement in principle and undertakings between the Parties except to the extent any such prior agreement is specifically incorporated herein.

36.5 Severability Provisions:

If, at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction will in anyway be affected or impaired.

36.6 Headings:

The Article headings contained herein are for reference purposes only and shall not affect or impair in any way the meaning or interpretation of the text or body of the Agreement.

36.7 Counterparts:

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together constitute one and the same instrument.

36.8 Amendments and Waiver:

This Agreement may be amended or modified only by a written instrument duly executed by each of the Parties hereto.

No failure to exercise, nor any delay in exercising of any Party any right or remedy under the provisions of this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise of any right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any right or remedies provided by law.

36.9 Disclaimer of Agency:

Nothing in this Agreement shall be construed to establish any agency or partnership relationship among the Parties, and the Parties specifically disclaim any intention to create such a relationship.

36.10 Third Party Rights:

The Parties agree that no person who is not a Party to this Agreement shall have any right of enforcement or any right to agree any amendment, variation, waiver or settlement under or arising from or in respect of this Agreement or to rescind or terminate this Agreement.

For purposes of this provision, "person" shall mean any person, entity, company, individual, authority, corporation, partnership, unincorporated entity, trust, organization or other legal entity including Governmental Authority.

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed by their respective authorized representatives the day and year first above written.

SIGNED AND DELIVERED FOR AND ON BEHALF OF:

.....

Signature:

Name.....

Designation:

In the Presence of:

Signature:

Name:

Designation:

SIGNED and DELIVEREDFOR AND ON BEHALF OF:

.....

Signature.....

Name:.....

Designation:

In the Presence of:

Signature:

Name:

Designation:

SIGNED and DELIVERED FOR AND ON BEHALF OF:

.....

Signature.....

Name.....

Designation:

In the Presence of:

Signature:

Name:

Designation:

APPENDIX 1A
PMS (CURRENT SPECIFICATION)

PROPERTY	LIMITS	TEST METHOD ASTM
Appearance	Clear and Bright	Visual
Colour	Ox Blood Red	Visual
Free water	Nil	Visual
Suspended Matter	Nil	Visual
Specific Gravity at 15/15°C	0.720 -0.780	
Distillate Evaporated at: 70°C, %(viv),max 125°C, %viv, max 180°C%(viv),max	10 50 90	
End Boling Point, °C (.max)	210	
Residue, °(viv),max	2	
Cooper Corrosion, 3h At 50°C (Max)	Class 1b	
Sulphur Content, °(m/m) Max	0.05	
Existent Gum (Solvent- Washed) Mg/100ml, max.	4	
Oxidation Stability, °C (min)	360	
Reid Vapour Pressure, kPa (max.)	62.00(9 Psi)	
Lead Content, Max	Unleaded	
Benzene, m/m (max)	2.0	
RON, min	91	
Ethenol	Nil	

APPENDIX 1B
PMS (NEW SON SPECIFICATION)

Parameters	Requirements	Test Method
Appearance	Clear and Bright	Visual ASTD 4176
Colour Before Distribution	Ox blood red	Visual
Free Water	Nil	ASTM D4176
Suspended Matter	Nil	ASTM D4176
Specific Gravity at 15/15 °C	0.720 - 0.780	ASTM D1298; D4052
Distillate Evaporated at; 70 °C, % (v/v), max 125 °C (%) (v/v) (max) 180 °C (%) (v/v) (max)	10 50 90	ASTM D86
End Boiling Point, °C (max)	210	ASTM D86
Residue, (%) (v/v) (max)	2	ASTM D86
Copper Corrosion, 3h at 50 C (max)	Class 1b	ASTM D130
Sulphur Content, (% wt) (max) ¹	0.015	ASTM D2622; D5453; ASTM D4294
Existent Gum (solvent-washed), mg/100mL(max)	4	ASTM D381
Oxidation Stability, Minutes (min)	360	ASTM D 525, IP 324
Reid Vapour Pressure, kPa (max.)	62.0 (9psi)	ASTM D5191D-323
Lead Content, (% wt) (max)	Nil	ASTM D3237, D334 ASTM D5059, IP352
Benzene, (%) (v/v) (max)	2.0	ASTM 3606, D5587 ASTM D5580
Oxygen Content (%) (m/m) (max)	0.2	ASTM 4815
Parameters	Requirements	Test Method
Oxygenates Contents* (%) (v/v) (max) - ethanol - methanol - <i>iso</i> -propyl alcohol - <i>iso</i> -butyl alcohol - <i>tert</i> -butyl alcohol - ethers (5 or more C atoms) - Other oxygenates	Nil Nil 0.2 0.2 0.2 0.2 0.2	ASTM 4815
Research Octane Number, RON (min)	91	ASTM D2699
Motor Octane Number, MON (min)	81	ASTM D2700
Anti-Knock Index, AKI (min)	86	Calculated
* Every source of supply shall declare all oxygenates used in the Certificate of Quality		

APPENDIX 2A

DPK (CURRENT SPECIFICATION)

Table 1 - Specifications for Household Kerosene (HHK)

S/N	Parameters	Requirements	Test Method
1.	Appearance	Clear and Bright	(Visual) ASTM D 4176
2.	Colour, (min). (Saybolt)	+18	ASTM D 156
3.	Specific gravity at 15°C	0.775 - 0.830	ASTM D 1298
4.	Total Acidity, mgKOH/g (max).	0.01	ASTM D 3242
5.	Distillation: a) Percent recovery at 200°C, % Vol (min) b) Final boiling point, °C (max)	20 300	ASTM D 86
6.	Burning quality: a) Clean char (on oil consumed), mg/kg (max). b) Bloom on glass chimney	15 Not darker than grey.	ASTM D 187
7.	Flash point (TAG), °C (min).	45	ASTM D 56
8.	Copper corrosion, 2hr at 100°C, (Class) (max).	1b	ASTM D 130
9.	Smoke point, mm (min).	22	ASTM D 1322
10.	Sulphur content, % Wt (max) ¹	0.015	ASTM D 2622 ASTM D 4294 ASTM D 5453

Note 1: To convert from % weight to ppm, multiply by 10,000.

APPENDIX 2B

DPK (NEW SON SPECIFICATION)

The DPK product shall conform to the Joint Fuelling System Check List-issue 14/1 embodying the most stringent requirements of the following specifications as they are stated/qualified in the Aviation Fuel Quality Requirements for Jointly Operated Systems — December 1990.

- a. DERD 2494 issue 10 June 1988
- b. IATA Guidance Material — Kerosene Type Fuel — Amended June 1988
- c. ASTM D1655-88a, Kerosene Type Jet A-I

S/N	Parameters	Requirements	Test Method
1.	Appearance	Clear and Bright	(Visual) ASTM D 4176
2.	Colour, (min). (Saybolt)	+18	ASTM D 156
3.	Specific gravity at 15°C	0.775 - 0.830	ASTM D 1298
4.	Total Acidity, mgKOH/g (max).	0.01	ASTM D 3242
5.	Distillation: a) Percent recovery at 200°C, % Vol (min) b) Final boiling point, °C (max)	20 300	ASTM D 86
6.	Burning quality: a) Clean char (on oil consumed), mg/kg (max). b) Bloom on glass chimney	15 Not darker than grey.	ASTM D 187
7.	Flash point (TAG), °C (min).	45	ASTM D 56
8.	Copper corrosion, 2hr at 100°C, (Class) (max).	1b	ASTM D 130
9.	Smoke point, mm (min).	22	ASTM D 1322
10.	Sulphur content, % Wt (max) ¹	0.015	ASTM D 2622 ASTM D 4294 ASTM D 5453

APPENDIX 3A

GASOIL (CURRENT SPECIFICATION)

Table 1 – Specification for Diesel Fuel (AGO)

S/N	Parameters	Requirement	Test Method
1.	Appearance	Clear and Bright	Visual
2.	Colour, ASTM, max	3.0	ASTM D1500 or IP17
3.	Specific Gravity at 15/15°C	0.820 – 0.870	ASTM D1298 or IP160
4.	Acidity, (inorganic acid)	Nil	ASTM D974 or IP 1
5.	Total Acid Number mgKOH/g, max	0.50	ASTM D664 or IP 177
6.	Distillation: a) Percentage recovery at 357°C, v/v, min b) Final boiling point, °C, max	90 385	ASTM D86 or IP 123
7.	Flash point, °C min.	66	ASTM D93 or IP34
8.	Kinematic viscosity at 40°C, (cSt)	2 – 5.5	ASTM D445 or IP71
9.	Cloud point, °C, max	4.4	ASTM D2500 or IP 219
10.	Conradson Carbon Residue on 10%residue, % wt, max	0.15	ASTM D189 or IP 13
11.	Ash, % wt, max	0.01	ASTM D482 or IP 4
12.	Copper strip corrosion, 3h at 100°C	Not worse than NO. 1	ASTM D130 or IP 154
13.	Sediment, % wt, max	0.01	ASTM D473 or IP 53
14.	Total sulfur, % wt, max ¹	0.3	ASTM D5453 or D2622 or IP336
15.	Water content, % vol, max	0.05	ASTM D95 or IP 74
16.	Cetane number, % min	45	ASTM D613 or IP41
17.	Cetane Index, % min	47	ASTM D976 or IP 380
18.	Lubricity, HFRR @ 60°C, micron, max	520	ASTM D6079 or IP 450

APPENDIX 3B

GASOIL (NEW SON SPECIFICATION)

S/N	Parameters	Requirement	Test Method
1.	Appearance	Clear and Bright	Visual
2.	Colour, ASTM, max	3.0	ASTMD1500 or IP17
3.	Specific Gravity at 15/15°C	0.820 – 0.870	ASTM D1298 or IP160
4.	Acidity,(inorganic acid)	Nil	ASTM D974 or IP 1
5.	Total Acid Number mgKOH/g, max	0.50	ASTM D664 or IP 177
6.	Distillation: a) percentage recovery at 357°C, v/v, min b) Final boiling point, °C, max	90 385	ASTM D86 or IP 123
7.	Flash point, °C min.	66	ASTM D93 or IP34
8.	Kinematic viscosity at 40°C, (cSt)	2 – 5.5	ASTM D445 or IP71
9.	Cloud point, °C, max	4.4	ASTM D2500 or IP 219
10.	Conradson Carbon Residue on 10%residue, % wt,max	0.15	ASTM D189 or IP 13
11.	Ash,% wt,max	0.01	ASTM D482 or IP 4
12.	Copper strip corrosion,3h at 100°C	Not worse than No.1	ASTM D130 or IP 154
13.	Sediment, % wt. max	0.01	ASTM D473 or IP 53
14.	Total sulfur,% wt. max ¹	0.005	ASTM D5453 or D2622 or IP336
15.	Water content,% vol, max	0.05	ASTM D95 or IP74
16.	Cetane number, % min	45	ASTM D613 or IP41
17.	Cetane Index, % min	47	ASTM D976 or IP 380
18.	Lubricity, HFRR @ 60°C, micron, max	520	ASTM D6079 or IP 450
19.	Conductivity, pS/m or conductivity units (C.U.)min	25	ASTM D2624 or D4308 or IP274
20.	Oxidation Stability, mg/100mL,g/m ³ , max	25	ASTM D2274 or IP388

APPENDIX 4

STAND - BY LETTER OF CREDIT (SHIPMENT BY SHIPMENT)

At the request of

.....

(hereinafter referred to as "CONSORTIUM")

We..... (the Bank), hereby open our irrevocable stand-by Letter of Credit, No.....

In favour of Nigerian National Petroleum Company Limited (NNPC) of NNPC Towers, Central Business District, Garki, Abuja (hereinafter referred to as ("NNPC")) covering the market value of the Crude Oil delivered to CONSORTIUM or the market value of the Petroleum Product deliverable to NNPC by CONSORTIUM.

We hereby irrevocably and unconditionally undertake to make payment of USD in favour of NNPC in a designated NNPC's account No..... with..... Bank, upon NNPC's first written request, and on the presentation of the following documentation:

- (a) A copy of NNPC's Commercial Invoice showing all or part of the quantity and value of Crude Oil delivered to CONSORTIUM or the value of Petroleum Product deliverable by CONSORTIUM to NNPC.
- (b) NNPC signed statement stating that payment of the above mentioned amount is due and that payment has not been made by CONSORTIUM or CONSORTIUM has not performed its Petroleum Product delivery obligation and is in breach of its obligations under the Direct Sale of Crude Oil and Direct Purchase of Petroleum Product Contract entered between NNPC and the CONSORTIUM.
- (c) A copy of statement sent by CONSORTIUM to NNPC evidencing Crude Oil and Petroleum Product deliveries, their values and any outstanding sum owed by either Party.
- (d) Three (3) copies "Clean on Board" bills of lading issued or endorsed to the order of, evidencing shipment of cargo(es) of Crude Oil as indicated in paragraph (a) above.

In addition to any payment made upon presentation of the documentation as set out in paragraphs (a) and (b), we will honour any claims by NNPC for claims at the interest rate, as published by the London Inter-Bank Offer Rate (LIBOR) plus two percent (2%) per annum above LIBOR rates for six (6) months, calculated from the due date of payment to the actual date of payment to the beneficiary.

The Validity period of the Letter of Credit shall be a period of ninety (90) days with effect from the second (2nd) day of Laycan.

All related banking charges and commissions, whether for NNPC or CONSORTIUM, shall be solely for the account of CONSORTIUM.

This irrevocable and revolving stand-by Letter of Credit shall be subject to the Uniform Customs and Practice for Documentary Credit, International Chamber of Commerce, Paris (ICC Publication No. 600 latest version).

This telex is the instrument of utilization. No mail confirmation follows.

We hereby agree that all requests for payment in accordance with the terms stipulated herein will be duly honoured upon presentation of the documentation as set out in paragraphs (a) and (b) above, if presented to the bank, on or before the termination of the Direct Sale of Crude Oil and Direct Purchase of Petroleum Product.

APPENDIX 5
VOYAGE DAYS

COUNTRY	PRODUCT LOADPORT	DISTANCE	VOYAGE DAYS (@10 Knots)
UK	ABERDEEN, UK	4,454	19
IVORY COAST	ABIDJAN, IVORY COAST	457	2
AGIOI THEODOROI	AGIOI THEODOROI	4,486	19
UAE	AJMAN, UAE	7,301	30
NETHERLANDS	AMSTERDAM, NETHERLANDS	4,199	18
VENEZUELA	AMUAY BAY, VENEZUELA	4,457	19
BELGIUM	ANTWERP, BELGIUM	4,176	17
ISRAEL	ASHDOD, ISRAEL	5,099	21
ISRAEL	ASHKELON, ISRAEL	5,099	21
GREECE	ASPROPYRGOS, GREECE	4,583	19
CONGO	BANANA, CONGO	929	4
SPAIN	BARCELONA, SPAIN	3,609	15
USA	BATON ROUGE, USA	5,866	24
USA	BAYPORT, USA	5,952	25
USA	BEAUMONT, USA	5,909	25
MOZAMBIQUE	BEIRA, MOZAMBIQUE	4,047	17
USA	BELLE CHASSE, USA	5,754	24
BULGARIA	BOURGAS, BULGARIA	5,020	21
SWEDEN	BROFJORDEN, SWEDEN	4,606	19
KOREA	BUSAN, KOREA	10,523	44
CAMEROUN	CAP LIMBOH, CAMEROUN	399	2
SOUTH AFRICA	CAPE TOWN, SOUTH AFRICA	2,566	11

COLOMBIA	CARTAGENA, COLOMBIA	4,798	20
USA	CHARLOTTE AMALIE, VI USA	4,146	-
USA	CHELSEA, USA	4,765	20
SRI LANKA	CHINA BAY, SRI LANKA	7,120	30
CUBA	CIENFUEGOS, CUBA	5,090	21
BAHAMAS	CLIFTON POINT, BAHAMAS	4,894	20
SRI LANKA	COLOMBO, SRI LANKA	7,120	30
ROMANIA	CONSTANTZA, ROMANIA	5,090	21
USA	CORPUS CHRISTI, USA	6,006	25
REPUBLIC OF BENIN	COTONOU, REPUBLIC OF BENIN	62	-
USA	DEER PARK, USA	5,947	25
FRANCE	DONGES, FRANCE	3,771	16
UAE	DUBAI, UAE	7,309	30
EGYPT	EL DEKHEILA, EGYPT	4,892	20
CURACAO	EMMASTAD, CURACAO	4,349	18
UK	FAWLEY, UK	3,947	16
BAHAMAS	FREEPORT, BAHAMAS	4,968	21
SIERRA LEONE	FREETOWN, SIERRA LEONE	1,159	5
UAE	FUJAIRAH, UAE	7,474	31
USA	GALENA PARK, USA	5,947	25
USA	GARYVILLE LA, USA	7,984	31 *
ITALY	GELA, ITALY	4,042	17
ITALY	GENOA, ITALY	3,941	16
BELGIUM	GHENT, BELGIUM	4,156	17
GIBRALTAR	GIBRALTAR	3,098	13

SWEDEN	GOTHENBURG, SWEDEN	4,615	19
USA	GULFPORT, USA	5,696	24
CUBA	HAVANA CITY, CUBA	5,167	22
HONG KONG	HONG KONG	9,472	31 *
USA	HOUSTON, USA	5,952	25
SPAIN	HUELVA, SPAIN	3,111	13
UK	IMMINGHAM, UK	4,236	18
KOREA	INCHON, KOREA	10,572	31 *
UAE	JEBEL ALI, UAE	7,474	31
YANBU	KING FAHAD PORT, YANBU	5,554	23
LITHUANIA	KLAIPEDA, LITHUANIA	5,039	21
TUNISIA	LA SKHIRRA, TUNISIA	4,124	17
USA	LAKE CHARLES LA, USA	5,889	25
FRANCE	LAVERA, FRANCE	3,779	16
FRANCE	LE HAVRE, FRANCE	3,966	17
ITALY	LIVORNO, ITALY	3,957	17
MALTA	MALTA	4,088	17
COLOMBIA	MAMONAL, COLOMBIA	4,794	20
UK	MILFORD HAVEN, UK	3,919	16
MOROCCO	MOHAMMEDIA, MOROCCO	2,927	12
NORWAY	MONGSTAD, NORWAY	4,622	19
INDIA	MUMBAI, INDIA	7,154	30
OMAN	MUSCAT, OMAN	7,010	29
BAHAMAS	NASSAU, BAHAMAS	4,894	20
USA	NEW ORLEANS, USA	5,754	24
ESTONIA	PALDISKI-PORT OF TALLINN, ESTONIA	5,220	22
USA	PASCAGOULA MS, USA	5,696	24

USA	PENSACOLA MS, USA	5,644	24
KOREA	POHANG, KOREA	10,523	31 *
CONGO	POINTE-NOIRE	846	4
USA	PORT ARTHUR, USA	5,884	25
USA	PORT CANAVERAL FL, USA	5,076	21
TRINIDAD	PORT OF SPAIN, TRINIDAD	3,929	16
SUDAN	PORT SUDAN, SUDAN	5,788	24
FINLAND	PORVOO, FINLAND	5,299	22
ITALY	PRIOLO GARGALLO, ITALY	4,126	17
ITALY	PRIOLO IASB REFINERY, ITALY	4,126	17
ITALY	PRIOLO, ITALY	4,131	17
SPAIN	PUERTO DE SANTA MARIA, SPAIN	3,090	13
SPAIN	PUERTO SANTA MARIA, SPAIN	3,090	13
ABIDJAN	PUMA ENERGY, ABIDJAN	457	2
VENEZUELA	PUNTA CARDON, VENEZUELA	4,463	19
KOREA	PUSAN, KOREA	10,523	31 *
CROATIA	RIJEKA, CROATIA	4,702	20
DOMINICA	ROSEAU, DOMINICA	3,925	16
NETHERLANDS	ROTTERDAM, NETHERLANDS	4,171	17
KOREA	SAMIL, KOREA	10,471	31 *
ARUBA	SAN NICOLAS, ARUBA	4,412	18
DOMINICA REPUBLIC	SAN PEDRO DE MACORIS, DOMINICA REPUBLIC	4,395	18
DOMINICAN REPUBLIC	SAN PEDRO DE MACORIS, DOMINICAN REPUBLIC	4,395	18
SPAIN	SANTA CRUZ DE TENERIFE, SPAIN	3,090	13
BRAZIL	SAO SEBASTIAO, BRAZIL	3,397	14
ITALY	SARROCH, ITALY	3,810	16

INDIA	SIKKA, INDIA	7,154	30
SINGAPORE	SINGAPORE	8,166	31 *
VIRGIN ISLANDS	ST CROIX, VIRGIN ISLANDS	4,125	17
NORWAY	STAVANGER, NORWAY	4,554	20
ESTONIA	TALLINN, ESTONIA	5,251	22
MOROCCO	TANGIER, MOROCCO	3,075	13
GHANA	TEMA, GHANA	213	1
USA	TEXAS CITY, USA	5,912	25
	THIRD PORT, VIRGIN ISALND	4,125	17
WEST INDIES	TRINIDAD, WEST INDIES	3,929	16
TURKEY	TUTUNCIFILIK, TURKEY	4,921	21
CROATIA	URINJ, CROATIA	4,702	20
MALTA	VALLETTA, MALTA	4,078	17
LATVIA	VENTSPILS, LATVIA	5,075	21
KOREA	YEOSU, KOREA	10,471	31 *
KOREA	YOSU, KOREA	10,471	31 *
USA	PAULSBORO, USA	4,968	21
USA	NEW YORK, USA	4,870	20
NETHERLANDS	TERNEUZEN, NETHERLANDS	4,138	18

*MAXIMUM ALLOWABLE VOYAGE DAYS FOR FAR-EAST AND OTHER DISTANT LOAD PORTS IS 31 DAYS