



TENDER NOTICE

CEYLON PETROLEUM CORPORATION (CEYPETCO)

BID FOR THE SUPPLY A CARGO OF HIGH SULPHUR FUEL OIL 180 CST

- **20,000 MT PLUS/MINUS 5 PCT OF HIGH SULPHUR FUEL OIL 180 CST**

REF: BK/02/2020

**FOR SINGLE BERTH DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO
DURING LAYCAN 05-06/01/2020 ON
DAP COLOMBO BASIS (INCOTERMS 2010)**

CHAIRMAN,
SPECIAL STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SSCAPC)
03RD FLOOR,
CEYLON PETROLEUM CORPORATION
No. 609, DR. DANISTER DE SILVA MAWATHA,
COLOMBO 09,
SRI LANKA.

28/11/2019



INVITATION FOR BIDS

CEYLON PETROLEUM CORPORATION (CEPETCO)

**BID FOR THE SUPPLY OF
20,000 MT PLUS/MINUS 5 PCT OF HIGH SULPHUR FUEL OIL 180 CST
ON DELIVERED AT PLACE (DAP) (INCOTERMS 2010)**

FOR SINGLE BERTH DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO DURING LAYCAN
05-06/01/2020 ON DAP COLOMBO BASIS (INCOTERMS 2010)

REF: BK/02/2020

28TH NOVEMBER 2020

SECTION 1 – INSTRUCTIONS TO BIDDERS (ITB)

1.1. INTRODUCTION

THE CHAIRMAN, SPECIALSTANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SSCAPC), ON BEHALF OF CEYLON PETROLEUM CORPORATION (HEREIN AFTER REFERRED TO AS “CEPETCO”) INVITES FIRM OFFERS FROM THE SUPPLIERS REGISTERED WITH CEPETCO FOR THE SUPPLY OF **20,000 MT PLUS/MINUS 5 PCT OF HIGH SULPHUR FUEL OIL 180 CST** FOR SINGLE BERTH DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO DURING LAYCAN **05-06/01/2020** ON DAP COLOMBO BASIS (INCOTERMS 2010).

BIDDERS ARE REQUESTED TO QUOTE THE PREMIUM FOR FOB BASIS AS WELL.

1.2. ELIGIBILITY FOR BIDDING

ONLY THE SUPPLIERS WHO HAVE CURRENTLY BEEN REGISTERED WITH CEPETCO UNDER THE RELEVANT PRODUCT ARE ELIGIBLE TO SUBMIT BIDS. **THOSE SUPPLIERS WHO ARE SUSPENDED BY CEPETCO ARE NOT ELIGIBLE FOR BIDDING.**

1.3. SUBMISSION OF BIDS

PLEASE REFER CLAUSE 2.24.

1.4. LOCAL AGENT

PLEASE REFER CLAUSE 2.13.

1.5. AWARD OF THE TENDER

PLEASE REFER CLAUSE 2.17.

1.6. PRICING METHODOLOGY / CURRENCY

ALL VALUES SHOULD INDICATE IN UNITED STATES DOLLARS (USD).

1.7. BID SECURITY GUARANTEE

- 1.7.1 PRIOR TO THE BID OPENING, **ALL BIDDERS SHALL ESTABLISH A BID SECURITY GUARANTEE FOR UNITED STATES DOLLARS TWO HUNDRED THOUSAND (USD 200,000/=)** FOR THE TENDER UNDERTAKING THAT THE BID WILL BE HELD VALID FOR THE SPECIFIED PERIOD AND THAT THE BID WILL NOT BE WITHDRAWN DURING THAT PERIOD. SUCH SECURITY SHALL BE IN THE FORM OF A BANK GUARANTEE ISSUED/CONFIRMED BY A LICENCED COMMERCIAL BANK IN SRI LANKA, IN FAVOR OF CEYPETCO AND PAYABLE TO THE SAME ON DEMAND. **THE ORIGINAL BID SECURITY GUARANTEE SHALL BE SUBMITTED ALONG WITH THE OFFER.**

IMPORTANT

PLEASE NOTE THAT ALL BIDDERS IRRESPECTIVE OF WHETHER THEY ARE RECOGNIZED GOVERNMENT OWNED INSTITUTIONS / SUBSIDIARIES AND/OR OIL MAJORS SHALL SUBMIT THE BID SECURITY GUARANTEE.

- 1.7.2 THE BID SECURITY GUARANTEE SHALL BE VALID FOR A MINIMUM THIRTY (30) DAYS FROM THE DATE OF CLOSING OF THE BID. **THE FORMAT OF BID SECURITY GUARANTEE IS ANNEXED HERETO AS ANNEX - 'A'.**
- 1.7.3 FAILURE TO SUBMIT THE BID SECURITY GUARANTEE INCONFORMITY WITH THE BID REQUIREMENT ON OR BEFORE THE CLOSING TIME OF BID **BY ANY BIDDER**, WILL RESULT IN THE BID BEING REJECTED. CEYPETCO SHALL BE ENTITLED TO FORFEIT THE BID SECURITY GUARANTEE IN THE EVENT THE SUCCESSFUL BIDDER FAILS TO SUBMIT A PERFORMANCE SECURITY GUARANTEE, WITHIN A PERIOD OF SEVEN (7) WORKING DAYS SUBSEQUENT TO WRITTEN INSTRUCTION FROM CEYPETCO TO ENTER INTO THE SAID CONTRACT.
- 1.7.4 THE BID SECURITY OF THE SUCCESSFUL BIDDER WILL BE RETURNED ONLY AFTER RECEIPT OF THE PERFORMANCE SECURITY GUARANTEE BY THE SUCCESSFUL BIDDER. CEYPETCO SHALL BE ENTITLED TO FORFEIT THE BID SECURITY GUARANTEE UNLESS A PERFORMANCE SECURITY GUARANTEE IS PROVIDED BY THE SUCCESSFUL BIDDER, ON THE DATE SPECIFIED BY CEYPETCO.
- 1.7.5 THE BID SECURITY GUARANTEE FROM THE UNSUCCESSFUL BIDDERS WILL BE RETURNED TO THEM AFTER THE AWARD IS MADE TO THE SUCCESSFUL BIDDER.

1.8. CORRECTION OF ERRORS

WHERE THERE IS A DISCREPANCY BETWEEN THE AMOUNT IN FIGURES AND IN WORDS, THE AMOUNT IN WORD WILL GOVERN.

SECTION 2 - TERMS & CONDITIONS OF THE BID

2.1. BUYER

CEYLON PETROLEUM CORPORATION (CEYPETCO),
NO. 609,
DR. DANISTER DE SILVA MAWATHA,
COLOMBO 09,
SRI LANKA.

2.2. CONTRACTUAL CARGO QUANTITIES

2.2.1. TOTAL QUANTITY OF PRODUCT REQUIRED UNDER THIS CONTRACT IS AS FOLLOWS.

PRODUCT	TOTAL CONTRACTUAL QUANTITY
HIGH SULPHUR FUEL OIL 180 CST	20,000 MT PLUS/MINUS 5 PCT

2.2.2. THE TOTAL QUANTITY OF THE SHIPMENT SHALL BE AS PER THE **ANNEX – ‘B’** WHERE TOTAL AVERAGE CARGO SIZE IS **20,000 MT PLUS/MINUS 5%**.

2.2.3. QUANTITY OF THE PRODUCT SHALL BE LOADED WITHIN THE PLUS/MINUS 5% (+/-5%) TOLERANCE.

2.2.4. ANY DEVIATION TO THE PLUS/MINUS 5% (+/-5%) TOLERANCE WILL ONLY BE CONSIDERED UNDER SPECIAL CIRCUMSTANCES, ON MUTUAL AGREEMENT BETWEEN CEYPETCO AND THE SUCCESSFUL SUPPLIER/ BIDDER.

2.3. DELIVERY

2.3.1. THE TWO DAY DELIVERY LAYCAN SHALL BE COMMENCED FROM 0001 HRS OF THE FIRST DAY OF THE DELIVERY LAYCAN UP TO THE 2400 HRS OF THE SECOND DAY OF THE DELIVERY LAYCAN.

2.3.2. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL DISCHARGE THE FULL CARGO AS GIVEN IN **ANNEX - ‘B’** AT DOLPHIN TANKER BERTH, COLOMBO.

2.4. IMPORTANT

IT IS IMPERATIVE THAT THE CARGO IS DELIVERED AT DOLPHIN TANKER BERTH, COLOMBO IN ONE LOT DURING THE CONTRACTUAL LAYCAN **05-06/01/2020** AND UNDER NO CIRCUMSTANCES THE CARGO WILL BE ACCEPTED IN TWO SEPARATE TANKERS. SHOULD THE SUCCESSFUL SUPPLIER / BIDDER FAIL TO DELIVER THE CARGO FOR SINGLE BERTH DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO IN ONE LOT DURING THE CONTRACTUAL LAYCAN **05-06/01/2020**, THE SUCCESSFUL SUPPLIER / BIDDER WOULD BE HELD LIABLE FOR HEAVY PENALTIES AND ALL CONSEQUENTIAL LOSSES.

2.5. THIRD PARTY CARGO

TENDERERS ARE NOT PERMITTED TO CARRY ANY THIRD PARTY CARGO ALONG WITH THIS CARGO IN THE SAME TANKER.

2.6. QUALITY

BIDDER SHALL ENSURE THAT THE PRODUCT OFFERED IS IN CONFORMITY WITH THE RELEVANT SPECIFICATIONS GIVEN IN **ANNEX - ‘C’**. **BIDDER SHALL STATE THE COMPLIANCE TO THE SPECIFICATIONS IN ANNEX - ‘C-1’ FOR HIGH SULPHUR FUEL OIL 180 CST AND SUBMIT ALONG WITH THE BID.**

2.7. SOURCE OF SUPPLY

- 2.7.1 THE COUNTRY OF ORIGIN & THE PORT OF SHIPMENT OF EACH PRODUCT SHALL BE CLEARLY INDICATED.
- 2.7.2 CEYPETCO PREFERS TO BUY HIGH SULPHUR FUEL OIL 180 CST DIRECTLY FROM REFINERIES.
- 2.7.3 ON BOARD BLENDING OF PRODUCTS ARE STRICTLY PROHIBITED.
- 2.7.4 IF THE PRODUCTS ARE PURCHASED FROM A THIRD PARTY, THE FULL DETAILS OF THE THIRD PARTY INCLUDING THE ORIGINAL SOURCE OF PURCHASE SHALL BE CLEARLY INDICATED.

2.8. MODE OF LOADING/PORT OF LOADING

- 2.8.1 UNDER THIS SHIPMENT, ALL TYPES OF PRODUCTS SHALL BE LOADED ON TO THE NOMINATED VESSEL **ONLY FROM SHORE TANKS** AND THE **SHIP TO SHIP TRANSFER OF PRODUCTS IS STRICTLY PROHIBITED**.
- 2.8.2 UNDER NO CIRCUMSTANCES ANY PRODUCT SHALL BE LOADED TO THE SLOP TANKS OF THE VESSEL. THE PRODUCT LOADING PLAN SHALL BE PROVIDED TO CEYPETCO INDICATING ALL NOMINATED TANKS.

2.9. INSPECTION

2.9.1 INSPECTION AT LOAD PORT

- 2.9.1.1 CEYPETCO SHALL NOMINATE AN INDEPENDENT INSPECTOR (GEO-CHEM / ITS CALEB BRETT / SBC ASIA – SAYBOLT / SGS / BUREAU VERITAS / CCIC) ACCEPTABLE TO THE SUCCESSFUL SUPPLIER/ BIDDER TO SAMPLE, TEST AND CERTIFY THE QUALITY OF THE PRODUCT FOR INCONFORMITY WITH THE TENDER SPECIFICATIONS AND THE QUANTITY FOR INCONFORMITY WITH THE TENDER CONDITIONS. THEY SHOULD PRESENT AT THE TIME OF LOADING OF THE CARGO TO CARRYOUT/ WITNESS THE INSPECTION AND TO PREPARE THE QUALITY AND QUANTITY CERTIFICATES AND ANY OTHER DOCUMENTS SPECIFIED.
- 2.9.1.2 CEYPETCO RESERVES THE RIGHT TO NOMINATE A SECOND INSPECTION COMPANY AT ITS SOLE DISCRETION TO WITNESS THE QUALITY & QUANTITY OF THE PRODUCTS AT LOAD PORT AS AND WHEN REQUIRED AT **ITS OWN COST**.
- 2.9.1.3 IT IS THE RESPONSIBILITY OF THE SUCCESSFUL SUPPLIER/ BIDDER TO ENSURE THE PRESENCE OF THE INDEPENDENT INSPECTOR AT THE TIME OF SAMPLING, TESTING AND LOADING OF THE CARGO AT THE LOAD PORT. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL CO-OPERATE AND LIAISE WITH THE INDEPENDENT INSPECTOR TO ENSURE THAT THE INSPECTION IS CARRIED OUT TO THE SATISFACTION OF CEYPETCO. UNDER NO CIRCUMSTANCES THE QUALITY OF THE CARGO SHALL BE TESTED AT THE LABORATORY AT THE LOAD PORT OR THE CARGO LOADED ON TO THE VESSEL AT THE LOAD PORT WITHOUT THE PRESENCE OF THE INDEPENDENT INSPECTOR APPOINTED AS PER **SUB CLAUSE 2.9.1.1** ABOVE.
- 2.9.1.4 CEYPETCO WILL FURNISH FULL PARTICULARS OF THE RESPECTIVE CARGO TO BE PURCHASED TO THE INDEPENDENT INSPECTOR UNDER ADVICE TO THE SUCCESSFUL SUPPLIER/ BIDDER. THE QUALITY AND QUANTITY OF THE PRODUCT SHALL BE TESTED IN ACCORDANCE WITH GOOD INDUSTRY STANDARDS AND PRACTICES, USING INTERNATIONALLY ACCEPTED

SAMPLING AND ANALYTICAL/ TESTING METHODS STIPULATED IN RELEVANT SPECIFICATION SHEETS.

2.9.1.5 SHORE TANK QUALITY CERTIFICATE ISSUED BY THE SUCCESSFUL SUPPLIER'S/ BIDDER'S TERMINAL AND SIGNED BY THE MUTUALLY AGREED INDEPENDENT INSPECTOR, SHALL BE FORWARDED/ COMMUNICATED TO THE DEPUTY GENERAL MANAGER (COMMERCIAL & SUPPLY CHAIN) OR COMMERCIAL MANAGER OF CEYPETCO THROUGH E-MAIL, BEFORE COMMENCEMENT OF LOADING.

2.9.1.6 THE SUCCESSFUL SUPPLIER/ BIDDER SHALL ENSURE THAT VESSEL LOADS ONLY THE PRODUCT THAT MEETS EACH, EVERY AND ALL SPECIFICATIONS AS SPECIFIED BY CEYPETCO IN THE CONTRACT. THE INDEPENDENT INSPECTOR NOMINATED BY CEYPETCO AND ACCEPTED BY THE SUCCESSFUL SUPPLIER/ BIDDER SHALL ALSO ENSURE THAT THE VESSEL LOADS ONLY PRODUCT THAT IS ON SPECIFICATIONS.

IF THE LOAD PORT QUALITY CERTIFICATE OF THE PRODUCT DOES NOT MEET THE CEYPETCO CONTRACTUAL SPECIFICATIONS, CEYPETCO SHALL COMMUNICATE THE REJECTION OF SUCH PRODUCT WITH REASONS WITHIN A REASONABLE TIME PERIOD AFTER THE SUCCESSFUL SUPPLIER/ BIDDER HAS SENT THE QUALITY CERTIFICATES THROUGH E-MAIL.

UNDER NO CIRCUMSTANCES THE LOADING SHALL BE DELAYED, IF ALL THE PARAMETERS OF LOAD PORT QUALITY CERTIFICATES FOR ALL PRODUCT ARE ON SPECIFICATIONS.

2.9.1.7 CEYPETCO SHALL PROVIDE AT LEAST THREE (03) E-MAIL ADDRESSES FOR SUCH CORRESPONDENCE TO THE SUCCESSFUL SUPPLIER/ BIDDER AND THE SELLER SHALL SEND THE QUALITY CERTIFICATES TO ALL THREE E-MAIL ADDRESSES PROVIDED BY THE BUYER FOR THE SAID PURPOSE.

2.9.1.8 THE SUCCESSFUL SUPPLIER/ BIDDER SHALL LOAD THE CARGO COMPLYING WITH CEYPETCO TENDER SPECIFICATION AT THEIR OWN RISK.

2.9.1.9 IN THE EVENT PRODUCT IS LOADED FROM DIFFERENT SHORE TANKS, INDEPENDENT INSPECTOR SHALL PROVIDE QUALITY CERTIFICATES IN RESPECT OF EACH AND EVERY SHORE TANK.

2.9.1.10 THE COST OF INSPECTION AT LOAD PORT SHALL BE SHARED EQUALLY BETWEEN CEYPETCO AND THE SUCCESSFUL SUPPLIER/ BIDDER.

2.9.1.11 QUANTITIES MENTIONED IN THE BILLS OF LADINGS (B/Ls) AT RESPECTIVE LOAD PORTS SHALL BE BINDING ON BOTH PARTIES.

2.9.1.12 IN THE EVENT THAT THE SUCCESSFUL SUPPLIER/ BIDDER DOES NOT AGREE TO THE NOMINATED INDEPENDENT INSPECTOR BY CEYPETCO AS PER THE **SUB CLAUSE 2.9.1.1** ABOVE THE SUCCESSFUL SUPPLIER/ BIDDER IS PERMITTED TO NOMINATE AN ALTERNATIVE INDEPENDENT INSPECTOR FROM COMPANIES LISTED UNDER THE SAID CLAUSE. UNDER NO CIRCUMSTANCES THE SUCCESSFUL SUPPLIER/ BIDDER SHALL BE PERMITTED TO CHANGE SUCH ALTERNATIVE NOMINATION THEREAFTER.

- 2.9.1.13 INDEPENDENT INSPECTOR SO APPOINTED SHALL BE BOUND TO PROVIDE A TANK CLEANLINESS & DRY CERTIFICATE ENSURING DRY AND CLEANLINESS OF THE VESSEL'S TANKS BEFORE LOADING AND VESSEL'S TANKS FACILITIES SUCH AS PIPELINES, PUMPS AND STRAINERS TO BE CLEANED, DRY AND SUITABLE FOR LOADING HIGH SULPHUR FUEL OIL 180 CST.
- 2.9.1.14 IT IS EXTREMELY IMPORTANT TO SUBMIT THE ABOVE CERTIFICATE TO CEYPETCO BY THE INDEPENDENT INSPECTOR PRIOR TO COMMENCEMENT OF LOADING. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL BE RESPONSIBLE TO LOAD THE CARGO INTO THE CLEAN AND DRY TANKS OF THE VESSEL AS CERTIFIED BY THE INDEPENDENT INSPECTOR.

2.9.2 INSPECTION AT DISCHARGE PORT

- 2.9.2.1 DISCHARGE PORT INDEPENDENT INSPECTOR SHALL BE DIFFERENT TO THAT AT THE LOAD PORT.
- 2.9.2.2 THE QUALITY AT DISCHARGE PORT COLOMBO SHALL BE DETERMINED BY CPSTL (CEYLON PETROLEUM STORAGE TERMINALS LIMITED) LABORATORY AND WITNESSED BY THE INDEPENDENT INSPECTOR (ITS CALEB BRETT / GEO-CHEM / SBC ASIA – SAYBOLT / SGS / BUREAU VERITAS) AT COLOMBO AND ONE REPRESENTATIVE IF NOMINATED BY THE SUCCESSFUL BIDDER. SUCH DETERMINATIONS SHALL BE BASED ON THE RECOGNISED CARGO ANALYSIS CARRIED OUT BY THE CPSTL LABORATORY. THE CERTIFICATE OF QUALITY ISSUED BY CPSTL LABORATORY AS WITNESSED BY THE INDEPENDENT INSPECTOR AT COLOMBO BASED ON SUCH RECOGNISED CARGO ANALYSIS SHALL BE BINDING ON BOTH PARTIES.

CEYPETCO SHALL RESERVE THE RIGHT TO DEPLOY ITS OWN REPRESENTATIVE/S TO WITNESS THE SAMPLING / TESTING PERFORMED AT THE VESSEL / CPSTL LABORATORY.

- 2.9.2.3 A SHIP TANK COMPOSITE SAMPLE FOR THE PRODUCT SHALL BE DRAWN FROM THE SHIP'S TANKS ACCORDING TO ASTM STANDARD METHOD OF SAMPLING BY A MUTUALLY AGREED INDEPENDENT INSPECTOR AT DISCHARGE PORT WITNESSED BY CEYPETCO / CPSTL REPRESENTATIVES AND REPRESENTATIVE IF NOMINATED BY THE SUCCESSFUL SUPPLIER/BIDDER.

SUCH SAMPLE WILL BE ANALYSED AT THE CEYLON STORAGE TERMINALS LIMITED (CPSTL) LABORATORY ACCORDING TO CONTRACTUAL SPECIFICATION AND SHALL BE WITNESSED BY THE MUTUALLY AGREED INDEPENDENT INSPECTOR. THE RESULT OF THE ANALYSIS SHALL BE THE RECOGNIZED CARGO ANALYSIS AND SHALL BE BINDING ON BOTH PARTIES.

- 2.9.2.4 THE SUCCESSFUL SUPPLIER/BIDDER SHALL DECLARE IN THE BID THAT THE CERTIFICATE OF THE QUALITY AT DISCHARGE PORT **FOR THE PRODUCT** SHALL BE ON THE BASIS OF SHIP TANK COMPOSITE SAMPLE TAKEN ON ARRIVAL OF THE VESSEL AT DISCHARGE PORT AS PER THE SUB CLAUSE 2.9.2.3.
- 2.9.2.5 HOWEVER, IN THE EVENT THE FIRST COMPOSITE SAMPLE DOES NOT MEET THE CONTRACTUAL SPECIFICATIONS THE INDEPENDENT INSPECTOR WILL BE REQUESTED TO DRAW A SECOND SET OF SAMPLES FROM VESSEL'S INDIVIDUAL TANKS IN THE PRESENCE OF REPRESENTATIVES FROM CEYPETCO, TWO REPRESENTATIVES FROM THE SUCCESSFUL SUPPLIER/ BIDDER AND ONE REPRESENTATIVE FROM THE PROTECTION & INDEMNITY INSURANCE (P&I CLUB).

SUCH INDIVIDUAL SAMPLE WILL BE ANALYZED AT THE LABORATORY OF CPSTL ACCORDING TO THE CONTRACTUAL SPECIFICATIONS AND SHALL BE WITNESSED BY THE MUTUALLY AGREED INDEPENDENT INSPECTOR. THE RESULTS OF THESE ANALYSIS BASED ON THE SAMPLES DRAWN FROM VESSEL'S INDIVIDUAL TANKS SHALL BE THE RECOGNIZED CARGO ANALYSIS AND SHALL BE BINDING ON BOTH PARTIES. ALL REPRESENTATIVES WITNESS THIS TEST REQUIRED TO BE SIGNED EACH OF THE FULL TEST CERTIFICATES ISSUED BY CPSTL LABORATORY.

- 2.9.2.6 IF THE SPECIFICATION OF THE PRODUCT DEVIATED FROM THE CEYPETCO STANDARD SPECIFICATIONS, CEYPETCO RESERVES THE RIGHT TO REJECT THE TOTAL CARGO.
- 2.9.2.7 UNDER NO CIRCUMSTANCES, ANY TESTING RESULTS FROM ANY OTHER LABORATORIES OTHER THAN THE CPSTL LABORATORY SHALL NOT BE ENTERTAINED FOR FINAL DETERMINATION OF THE QUALITY OF THE SUBJECT CARGO.
- 2.9.2.8 IN THE EVENT OF CEYPETCO DECIDING TO ACCEPT A PART CARGO ON BOARD THE VESSEL BASED ON THE TEST RESULTS OF THE SECOND TEST FOR THE INDIVIDUAL TANKS, THE PART CARGO SHALL BE DISCHARGED AT ITS SOLE DISCRETION OF CEYPETCO. IN CASE IT IS DECIDED TO ACCEPT PART CARGO DISCHARGE, THEN LAYTIME AND DEMURRAGE TO BE PRO-RATED IN LINE WITH THE QUANTITY OF CARGO DISCHARGED. THE TIME PERIOD BETWEEN FIRST REJECTION OF THE CARGO OR PART CARGO AND RECOMMENCEMENT OF THE LAYTIME FOR THE PART CARGO SHALL NOT BE COUNTED AS USED LAYTIME.
- 2.9.2.9 THE QUALITY CERTIFICATE AT DISCHARGE PORT, COLOMBO SHALL BE ISSUED BY THE INDEPENDENT INSPECTOR BASED ON THE TEST REPORT OF CPSTL LABORATORY.
- 2.9.2.10 DISCHARGE OF VESSEL SHALL COMMENCE ONLY AFTER THE CERTIFICATE OF QUALITY AT DISCHARGE PORT, AS ISSUED BY INDEPENDENT INSPECTOR BASED ON THE TEST REPORTS OF CPSTL LABORATORY AND COUNTERSIGNED BY CEYPETCO'S REPRESENTATIVE IS IN THE POSSESSION OF THE SUCCESSFUL SUPPLIER/ BIDDER.
- 2.9.2.11 THE QUANTITY OF PRODUCTS AT THE DISCHARGE PORT COLOMBO WILL BE DETERMINED BY AN INDEPENDENT INSPECTOR (ITS CALEB BRETT / GEO-CHEM/ SBC ASIA – SAYBOLT / SGS / BUREAU VERITAS) AT COLOMBO. SUCH DETERMINATIONS SHALL BE REPORTED ON THE CERTIFICATE OF QUANTITY.

IN THE EVENT THAT THE OUT-TURN LOSS (OUT-TURN QUANTITY VS. B/L QUANTITY) IS IN EXCESS OF 0.5% AND/OR THERE IS ANY FREE FLOWING PRODUCT LEFT ON BOARD AS REPORTED AND CERTIFIED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, THE SUCCESSFUL SUPPLIER'S/ BIDDER SHALL DEDUCT THE EXCESS LOSS AND/OR FREE FLOWING PRODUCT LEFT ON BOARD FROM THE BILL OF LADING QUANTITY FOR INVOICE PURPOSES.

- 2.9.2.12 IN THE EVENT THE OUT-TURN LOSS IS PROVED TO BE DUE TO CEYPETCO'S FAULT INCLUDING BUT NOT LIMITED TO DISCHARGING PIPE LINE LEAKAGE, CAUSING AND OUT-TURN LOSS IN EXCESS OF 0.5%, SUCH EXCESS LOSS SHALL NOT BE DEDUCTED FROM THE B/L QUANTITY FOR INVOICE PURPOSES.
- 2.9.2.13 THE COST OF INSPECTION, INCLUDING COST FOR TESTING OF SECOND COMPOSITE SAMPLE PAYABLE TO INDEPENDENT INSPECTOR AT DISCHARGE PORT, SHALL BE SHARED EQUALLY BETWEEN CEYPETCO AND THE SUCCESSFUL SUPPLIER'S/ BIDDER.

2.10. RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO DUE TO UNACCEPTABLE QUALITY

2.10.1 IF THE QUALITY OF THE PRODUCT AT THE DISCHARGE PORT DOES NOT MEET/COMPLY WITH THE CONTRACTUAL SPECIFICATIONS SPECIFIED UNDER **ANNEX - 'C'** WITH RESPECT TO ANY OF THE PARAMETERS INDICATED THEREIN, SUBJECT TO **CLAUSE 2.9.2**, CEYPETCO RESERVES THE RIGHT TO REJECT THE FULL CONSIGNMENT ON BOARD THE VESSEL.

2.10.2 IN SUCH A CASE THE SUCCESSFUL SUPPLIER'S/ BIDDER IS OBLIGED TO PROVIDE A REPLACEMENT CARGO AT THE REQUEST OF CEYPETCO WITHOUT ANY ADDITIONAL COST TO CEYPETCO WITHIN THE TIME SPECIFIED BY CEYPETCO SUBJECT TO PAYMENT OF ZERO POINT ONE PERCENT (0.1%) OF THE DAP "VALUE OF THE REJECTED CARGO" PER DAY PRO-RATA BASIS FOR THE PERIOD COMMENCING FROM THE DATE OF REJECTION OF THE CARGO UNTIL THE REPLACEMENT CARGO IS DELIVERED AT COLOMBO (I.E. UP TO THE NOR TENDERED TIME) DURING THE NEW LAYCAN SUBJECT TO THE MAXIMUM OF TWENTY (20) DAYS. VALUE OF THE REJECTED CARGO SHALL BE DETERMINED, BASED ON THE B/L QUANTITY, THE B/L DATE OF THE REJECTED CARGO AND AS PER THE **CLAUSE 2.12** UNDER THE HEADING "PRICE /PAYMENT/ INTEREST" OF THIS TENDER DOCUMENT. DETERMINATION OF THE NEW LAYCAN WILL BE AT THE DISCRETION OF CEYPETCO. HOWEVER, THE CEYPETCO SHALL NOT UNREASONABLY DELAY THE ALLOCATION OF THE ALTERNATIVE DELIVERY LAYCAN.

THE CONSENT FOR THE SUPPLY OF REPLACEMENT CARGO SHALL BE COMMUNICATED IN WRITING BY THE SUCCESSFUL SUPPLIER/BIDDER TO CEYPETCO WITHIN **FORTY EIGHT (48) HOURS** OF SUCH REQUEST BY CEYPETCO.

2.10.3 IN THE EVENT OF REJECTION OF THE CARGO RESULTING IN THE DELAY OF REPLACEMENT CARGO UNDER THIS CONTRACT, THE SUPPLIER SHALL BE BOUND TO EXTEND THE VALIDITY OF THE PERFORMANCE SECURITY GUARANTEE UP TO THE DATE DETERMINED BY CEYPETCO AS REQUIRED.

2.10.4 THE PRICING OF THE REPLACEMENT CARGO SHALL BE DETERMINED AS PER THE **CLAUSE 2.12**, UNDER THE HEADING "PRICE / INTEREST / PAYMENT" OF THIS TENDER DOCUMENT AS FOLLOWS.

THE AVERAGE OF THE **MIDS OF FOB SINGAPORE PRICE OF FO 180 CST 3.5% PUBLISHED IN PLATT'S MARKET SCAN UNDER THE HEADING OF "HEAVY DISTILLATES ASSESSMENTS"** ON THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN OF THE REJECTED / ORIGINAL CARGO, TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN OF THE REJECTED / ORIGINAL CARGO. (IF THERE IS NO PUBLICATION ON THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN OF THE REJECTED / ORIGINAL CARGO THEN TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN OF THE REJECTED / ORIGINAL CARGO ARE TO BE TAKEN INTO ACCOUNT) PLUS A FIXED PREMIUM/DISCOUNT FOR THE 30 DAY INTEREST FREE CREDIT PERIOD.

2.10.5 IN THE EVENT, FAILURE BY THE SUCCESSFUL BIDDER/ SUPPLIER TO PROVIDE A REPLACEMENT CARGO, CEYPETCO RESERVES THE RIGHT TO TERMINATE THE CONTRACT AND TO FORFEIT THE PERFORMANCE GUARANTEE.

2.10.6 FOR THE REPLACEMENT CARGO, THE SAME TERMS AND CONDITIONS OF THIS TENDER SHALL BE APPLICABLE IN ALL ASPECTS INCLUDING QUALITY, DELIVERY AND RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO.

2.10.7 IN THE EVENT THE CEYPETCO DECIDING, AT ITS SOLE DISCRETION, NOT TO REQUEST A REPLACEMENT CARGO, A RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO WHICH AMOUNTS TO ONE POINT FIVE PERCENT (1.5%) OF DAP COLOMBO VALUE OF SUCH REJECTED PRODUCT SHALL BE CLAIMED AND RECOVERED FROM THE LETTER OF CREDIT (L/C) OF THE BALANCE ACCEPTED CARGO ON BOARD THE SAME VESSEL. ALTERNATIVELY THE SUCCESSFUL BIDDER/SUPPLIER MAY SETTLE SUCH AMOUNTS DIRECTLY TO CEYPETCO OUTSIDE THE L/C.

IN THE EVENT, THE SUPPLIER DOES NOT AGREE TO DEDUCT SUCH DAMAGES OR LOSSES FOR CEYEPTCO FROM THE LETTER OF CREDIT (L/C) OF THE BALANCE ACCEPTED CARGO ON BOARD THE VESSEL OR DOES NOT AGREE TO SETTLE DIRECTLY TO CEYPETCO AS CLAIMED BY CEYPETCO, IT SHALL BE CONSIDERED AS THE NON PERFORMANCE OF THE CONTRACT. MOREOVER, CEYPETCO SHALL RESERVE THE RIGHT TO RECOVER SUCH DAMAGES OR LOSSES FOR CEYPETCO SO ACCUMULATED FROM THE PERFORMANCE SECURITY GUARANTEE AT THE END OF THE CONTRACT.

2.11. OUT-TURN LOSS

IN THE EVENT THAT THE OUT-TURN LOSS (OUT-TURN QUANTITY VS. B/L QUANTITY) IS IN EXCESS OF 0.5% AND / OR THERE IS ANY FREE FLOWING PRODUCT LEFT ON BOARD AS REPORTED BY INDEPENDENT INSPECTORS (GEO-CHEM / ITS CALEB BRETT / SBC ASIA-SAYBOLT/ SGS / BUREAU VARITAS) AT DISCHARGE PORT, COLOMBO THE SUCCESSFUL SUPPLIER'S/BIDDER SHALL DEDUCT THE EXCESS LOSS AND / OR FREE FLOWING PRODUCT LEFT ON BOARD FROM THE B/L QUANTITY FOR INVOICE PURPOSES.

2.12. PRICE / PAYMENT / INTEREST

2.12.1 PAYMENT IN 30 DAYS – OPTION - 1

(A) DAP COLOMBO PRICE FOR **HIGH SULPHUR FUEL OIL 180 CST** SHALL BE CALCULATED AS FOLLOWS:

PRICE OFFERED FOR HIGH SULPHUR FUEL OIL 180 CST IN USD PER MT ON **DAP COLOMBO BASIS (INCOTERMS 2010)** SHOULD BE THE AVERAGE OF THE MIDS OF FOB SINGAPORE PRICE OF FO 180 CST 3.5% PUBLISHED IN PLATT'S MARKET SCAN UNDER THE HEADING OF "HEAVY DISTILLATES ASSESSMENTS" ON THE FIRST DAY OF THE DELIVERY LAYCAN, TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN (IF THERE IS NO PUBLICATION ON THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN THEN TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE DELIVERY LAYCAN ARE TO BE TAKEN INTO ACCOUNT) PLUS A FIXED PREMIUM/DISCOUNT FOR THE 30 DAY INTEREST FREE CREDIT PERIOD.

2.12.2 PAYMENT IN 180 DAYS – OPTION – 2

(B) DAP COLOMBO PRICE FOR **HIGH SULPHUR FUEL OIL 180 CST** SHALL BE CALCULATED AS FOLLOWS:

PRICE OFFERED FOR HIGH SULPHUR FUEL OIL 180 CST IN USD PER MT ON **DAP COLOMBO BASIS (INCOTERMS 2010)** SHOULD BE THE AVERAGE OF THE MIDS OF FOB SINGAPORE PRICE OF FO 180 CST 3.5% PUBLISHED IN PLATT'S MARKET SCAN UNDER THE HEADING OF "HEAVY DISTILLATES ASSESSMENTS" ON THE FIRST DAY OF THE DELIVERY LAYCAN, TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN (IF THERE IS NO PUBLICATION ON THE FIRST DAY OF THE TWO DAY

DELIVERY LAYCAN THEN TWO DAYS IMMEDIATELY BEFORE AND TWO DAYS IMMEDIATELY AFTER THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN TO BE TAKEN INTO ACCOUNT) PLUS A FIXED PREMIUM/DISCOUNT FOR THE 30 DAY INTEREST FREE CREDIT PERIOD PLUS INTEREST RATE FOR THE EXTENDED CREDIT PERIOD AFTER 30 DAYS TO 180 DAYS (B/L DATE COUNT AS DAY ZERO) BASED ON A MARGIN OVER SIX (06) MONTHS LIBOR (U.S. DOLLARS) AS PUBLISHED BY THE FINANCIAL TIMES OR REUTERS.

LIBOR WILL BE THAT EXISTING ON THE FIRST DAY OF THE DELIVERY LAYCAN. IF THE FIRST DAY OF THE DELIVERY LAYCAN IS A NON BANKING DAY IN LONDON, THEN THE SIX (06) MONTHS LIBOR (U.S. DOLLARS) QUOTE WILL BE THE FOLLOWING LONDON BANKING DAY AFTER THE FIRST DAY OF THE DELIVERY LAYCAN. L/C AMOUNT SHALL COVER THE CARGO VALUE AND THE INTEREST AMOUNT FOR THE EXTENDED PAYMENT PERIOD.

2.12.3 PAYMENT WILL BE MADE THIRTY (30) DAYS (OPTION-1) OR HUNDRED AND EIGHTY (180) DAYS (OPTION-2) AFTER THE B/L DATE [B/L DATE TO COUNT AS DAY ZERO (0)] BY AN IRREVOCABLE, NON-ASSIGNABLE, NON-TRANSFERABLE & UNCONFIRMED DOCUMENTARY LETTER OF CREDIT (L/C) ESTABLISHED THROUGH BANK OF CEYLON/PEOPLE'S BANK, COLOMBO. ALL BANK CHARGES OUTSIDE SRI LANKA, IF ANY, WILL BE TO THE ACCOUNT OF THE SUCCESSFUL SUPPLIER/BIDDER. CONFIRMATION CHARGES OF L/C SHALL BE TO THE BENEFICIARY'S ACCOUNT.

2.12.4 IN THE EVENT THAT THERE ARE DIFFERENT B/L DATES FOR LOADING THE CARGO, PAYMENT WILL BE MADE THIRTY (30) DAYS (OPTION-1) OR HUNDRED AND EIGHTY (180) DAYS (OPTION-2) AFTER EACH B/L DATE (B/L DATE COUNT AS DAY ZERO) BY AN IRREVOCABLE, NON-ASSIGNABLE AND NON-TRANSFERABLE DOCUMENTARY LETTER OF CREDIT ESTABLISHED THROUGH BANK OF CEYLON/ PEOPLE'S BANK, COLOMBO.

2.12.5 L/C TO BE ESTABLISHED BY THE CEYPETCO THROUGH ITS BANKERS EITHER BY BANK OF CEYLON OR PEOPLE'S BANK BASED ON THE TERMS AND CONDITIONS ACCEPTABLE TO BOTH SUCCESSFUL SUPPLIER/ BIDDER AND CEYPETCO, AT LEAST TWELVE (12) CALENDAR DAYS PRIOR TO THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN AT COLOMBO.

THE SUCCESSFUL SUPPLIER/BIDDER SHALL BE RESPONSIBLE TO TRACE AND VERIFY THE RECEIPT OF THE L/C THROUGH THEIR CORRESPONDING BANK. THE SUCCESSFUL SUPPLIER/BIDDER SHALL BE RESPONSIBLE TO SEND ALL REQUIRED DETAILS INCLUDING PERFORMA INVOICE FOR THE ESTABLISHMENT OF THE L/C BY CEYPETCO WITHIN THREE BUSINESS DAYS AFTER RECEIPT OF LETTER OF AWARD OF THE TENDER.

2.12.6 IF THE PAYMENT DUE DATE FALLS ON A SATURDAY OR NON-MONDAY BANK HOLIDAY IN NEW YORK, USA, PAYMENT SHALL BE EFFECTED ON THE LAST PRECEDING BANKING DAY IN NEW YORK, USA. IF THE PAYMENT DUE DATE FALLS ON A SUNDAY OR MONDAY BANK HOLIDAY IN NEW YORK, USA, PAYMENT SHALL BE EFFECTED ON THE FIRST FOLLOWING BANKING DAY IN NEW YORK, USA. CREDIT PERIOD UNDER **SUB CLAUSE 2.12.2** ABOVE FOR THE PURPOSE OF INTEREST CALCULATION SHALL BE ADJUSTED AS PER PAYMENT DUE DATE BEING AFFECTED UNDER THIS CONDITION.

2.12.7 IN THE EVENT THAT CEYPETCO SHALL REMIT ANY MONIES DUE AND PAYABLE TO SUCCESSFUL SELLER'S/ BIDDER BANK ACCOUNT ON A DATE AFTER THE DUE DATE SPECIFIED FOR PAYMENT, THEN INTEREST SHALL BE CHARGED AT PREVAILING MONTHLY AVERAGE LIBOR (U.S. DOLLARS) AS PUBLISHED BY THE FINANCIAL TIMES OR REUTERS PLUS A PREMIUM OF TWO PERCENT (2%) PER ANNUM, ON ALL AMOUNTS REMAINING OUTSTANDING FOR THE PERIOD FROM THE DATE PAYMENT WAS DUE TO THE DATE OF SUCCESSFUL SELLER'S / BIDDER RECEIPT OF PAYMENT.

- 2.12.8 FINAL UNIT PRICE FOR THE PRODUCT SHALL BE EXPRESSED TO **THREE DECIMAL PLACES** BY ROUNDING UP THE THIRD DECIMAL PLACE IF THE FOURTH DECIMAL PLACE IS FIVE (5) OR GREATER.
- 2.12.9 L/C ESTABLISHED BY CEYPETCO WILL CALL FOR THE FOLLOWING ORIGINAL DOCUMENTS.
- 2.12.9.1 MANUALLY SIGNED ORIGINAL COMMERCIAL INVOICE BASED ON THE B/L QUANTITY IN METRIC TON (IN AIR).
 - 2.12.9.2 FULL SET OF 3/3 ORIGINAL 'CLEAN ON BOARD' BILL OF LADING ISSUED OR ENDORSED TO THE ORDER OF BANK OF CEYLON/PEOPLE'S BANK, COLOMBO AND NOTIFY 'CEYLON PETROLEUM CORPORATION' AND SHOWING FREIGHT PAYABLE AS PER THE CHARTER PARTY. EACH ORIGINAL B/L TO BE MANUALLY SIGNED BY THE MASTER OF THE VESSEL OR OWNERS OR SIGNED ON BEHALF OF THE MASTER AS AGENTS.
 - 2.12.9.3 CERTIFICATE OF QUALITY EX SHORE TANKS AT LOAD PORT ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR, CONFIRMING THAT THE PRODUCTS SHIPPED CONFORMS TO THE CONTRACTUAL SPECIFICATIONS.
 - 2.12.9.4 CERTIFICATE OF QUANTITY EX SHORE TANKS AT LOAD PORT ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.
 - 2.12.9.5 CERTIFICATE OF ORIGIN ISSUED BY SELLER OR TERMINAL OR ANY AUTHORITY OR LOCAL BODY OR CHAMBER OF COMMERCE SUCH CERTIFICATE SHALL NOT BE ISSUED BY COUNTRIES WHICH COMES UNDER SANCTION IMPOSED BY UNITED STATES / UNITED NATIONS/ EUROPEAN UNION.
 - 2.12.9.6 TANK CLEANLINESS & DRY CERTIFICATE ISSUED BY THE INDEPENDENT INSPECTOR, CONFIRMING THAT THE SHIP'S TANKS ARE CLEAN AND DRY PRIOR TO LOADING.
 - 2.12.9.7 CERTIFICATE OF QUALITY AT DISCHARGE PORT, COLOMBO ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR BASED ON THE REPORT OF TESTS CEYLON PETROLEUM STORAGE TERMINALS LIMITED (CPSTL) LABORATORY, CONFIRMING THAT THE PRODUCT SHIPPED CONFORM TO THE CONTRACTUAL SPECIFICATIONS.
 - 2.12.9.8 CERTIFICATE OF SHIP ARRIVAL QUANTITY AND OUT-TURN QUANTITY AT DISCHARGE PORT, COLOMBO ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.
 - 2.12.9.9 THE NEGOTIATION OF LETTER OF CREDIT (L/C) UPON PRESENTATION OF LETTER OF INDEMNITY (LOI) IN LIEU OF ABOVE ORIGINAL SHIPPING DOCUMENTS IS PERMITTED FOR THE SUCCESSFUL SUPPLIER/BIDDER SUBJECT TO;
 - 2.12.9.9.1 PRESENTATION OF BENEFICIARY'S MANUALLY SIGNED ORIGINAL COMMERCIAL INVOICE.
 - 2.12.9.9.2 PRESENTATION OF SHIP ARRIVAL QUANTITY REPORT ISSUED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, COLOMBO.
 - 2.12.9.9.3 PRESENTATION OF TANK CLEANLINESS & DRY CERTIFICATE ISSUED BY THE INDEPENDENT INSPECTOR, CONFIRMING THAT THE SHIP'S TANKS ARE CLEAN & DRY PRIOR TO LOADING

2.12.9.9.4 PRESENTATION OF QUALITY CERTIFICATE ISSUED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, COLOMBO.

2.12.9.9.5 PRESENTATION OF OUT-TURN QUANTITY REPORT ISSUED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, COLOMBO.

2.12.9.9.6 OBTAINING PRIOR APPROVAL OF CEYPETCO FOR SUCH LOI FORMAT.

2.13. LOCAL AGENT & LOCAL AGENCY COMMISSION

OFFER SHOULD INDICATE THE LOCAL AGENT'S NAME AND ADDRESS AND THE QUANTUM OF COMMISSION PAYABLE TO LOCAL AGENT, WHICH SHOULD BE INCLUDED IN THE PRICE QUOTED. THE LOCAL AGENT'S COMMISSION WILL BE DEDUCTED FROM THE TOTAL DAP COLOMBO VALUE AND PAID IN SRI LANKA RUPEES.

2.14. TITLE AND RISK

TITLE AND RISK / PROPERTY OF THE PRODUCT SUPPLIED, UNDER THE TERMS OF THIS TENDER, SHALL PASS ON TO CEYPETCO AT THE DISCHARGE PORT WHEN PRODUCT PASSES THE SUCCESSFUL SUPPLIER'S / BIDDER'S VESSEL'S PERMANENT HOSE/DISCHARGING ARM CONNECTION.

2.15. PERFORMANCE SECURITY GUARANTEE

2.15.1 THE SUCCESSFUL SUPPLIER / BIDDER **INCLUDING RECOGNIZED GOVERNMENT OWNED INSTITUTIONS / SUBSIDIARIES AND OIL MAJORS**, ON BEING NOTIFIED BY THE CEYPETCO OF THE ACCEPTANCE OF HIS OFFER, SHALL FURNISH AT HIS OWN EXPENSE A PERFORMANCE SECURITY GUARANTEE AFTER THE DATE OF AWARD OF THE BID TO THE SUCCESSFUL TENDERER, WITHIN SEVEN (7) WORKING DAYS BY A LICENCED COMMERCIAL BANK IN SRI LANKA IN FAVOR OF CEYPETCO AND PAYABLE TO THE CEYPETCO ON DEMAND TO THE VALUE OF **UNITED STATES DOLLARS ONE MILLION (USD 1,000,000/=)**.

2.15.2 THE PERFORMANCE SECURITY GUARANTEE SHOULD BE VALID FOR 30 DAYS BEYOND THE SCHEDULED CONTRACT COMPLETION DATE.

2.15.3 THE SUCCESSFUL SUPPLIER / BIDDER SHOULD STRICTLY ADHERE TO **THE FORMAT OF PERFORMANCE SECURITY GUARANTEE WHICH IS ANNEXED HERETO AS ANNEX - "D"**.

2.15.4 **THE SUCCESSFUL SUPPLIER / BIDDER SHOULD ENSURE AND CLEARLY INDICATE IN ITS OFFER THAT WILL BE PROVIDED A PERFORMANCE SECURITY GUARANTEE UPON THE AWARD. FAILURE TO COMPLY WITH THIS REQUIREMENT SHALL BE CONSIDERED AS A MAJOR DEVIATION RESULTING TO AWARD BEING CANCELLED, WHILE THE BID SECURITY GUARANTEE BEING FORFEITED.**

2.15.5 IF THE SUCCESSFUL SUPPLIER/ BIDDER FAILS TO FURNISH THE PERFORMANCE SECURITY GUARANTEE AS AFORESAID, THE SUCCESSFUL SUPPLIER'S NAME TO BE PLACED IN THE LIST OF DEFAULTING SUPPLIERS. CEYPETCO SHALL THEREFORE, RESERVE THE RIGHT, IN ITS ABSOLUTE DISCRETION TO MAKE SUITABLE ARRANGEMENTS REQUIRED TO PERFORM OF SUCH TENDER.

2.15.6 THE SUCCESSFUL SUPPLIER/ BIDDER, IN THE EVENT OF HIS FAILURE TO FURNISH THE PERFORMANCE SECURITY AS REQUIRED UNDER THIS TENDER DOCUMENT, SHALL BE LIABLE

FOR ANY LOSSES, COSTS, EXPENSES AND DAMAGES, WHICH CEYPETCO MAY SUSTAIN IN CONSEQUENCE OF SUCH FAILURE AND THE BID SECURITY GUARANTEE, SHALL BE FORFEITED.

2.15.7 THE LETTER OF CREDIT (L/C) FOR THE SHIPMENT WILL BE OPENED ONLY AFTER THE RECEIPT OF PERFORMANCE SECURITY GUARANTEE. THE PERFORMANCE SECURITY GUARANTEE SHALL BE IN FAVOUR OF CEYPETCO.

2.16. CLAIMS, DISPUTES AND RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO BY LATE DELIVERY AND DELIVERY OF LESSER QUANTITY THAN AGREED

2.16.1 ANY CLAIM WHATSOEVER ARISING BETWEEN THE SUCCESSFUL SUPPLIER/ BIDDER AND CEYPETCO TO THIS CONTRACT, UNDER THE TERMS OF THIS CONTRACT SHALL BE LODGED IN WRITING **WITHIN SIXTY (60) DAYS** OF RECEIPT OF PRODUCT BY CEYPETCO OR IN THE CASE THE CARGO IS NOT DELIVERED TO CEYPETCO **WITHIN SIXTY (60) DAYS** OF THE LAST DATE OF DELIVERY LAYCAN AS NOTIFIED BY CEYPETCO. OTHERWISE ANY SUCH CLAIM SHALL BE DEEMED TO HAVE BEEN WAIVED.

2.16.2 EVERY ENDEAVOUR SHALL BE MADE TO SETTLE ANY DIFFERENCE OR DISPUTE BETWEEN CEYPETCO AND THE SUCCESSFUL SUPPLIER/ BIDDER ARISING FROM ANY TRANSACTION BY MUTUAL NEGOTIATIONS, FAILING WHICH SUCH DIFFERENCES OR DISPUTES SHALL BE SETTLED BY ARBITRATION.

2.16.3 THE VENUE OF ARBITRATION SHALL BE **COLOMBO, SRI LANKA**.

2.16.4 THE ARBITRATION SHALL FOLLOW UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW (**UNCITRAL**) PROCEDURES.

2.16.5 THE LANGUAGE OF ARBITRATION SHALL BE ENGLISH. THE ARBITRATION TRIBUNAL SHALL CONSIST OF THREE ARBITRATORS, ONE TO BE APPOINTED BY THE SUCCESSFUL SUPPLIER/ BIDDER, ONE BY CEYPETCO AND THE TWO ARBITRATORS THUS APPOINTED SHALL CHOOSE THE THIRD ARBITRATOR.

2.16.6 THIS TENDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE **LAWS OF SRI LANKA EXCLUDING ANY CONFLICT OF LAWS AND RULES**.

2.16.7 ARBITRATION SHALL BE A CONDITION PRECEDENT TO THE INSTITUTION OF ANY LEGAL ACTION BY EITHER PARTY AGAINST THE OTHER.

2.16.8 THE SUCCESSFUL SUPPLIER/ BIDDER IS FULLY RESPONSIBLE TO DELIVER THE CARGO WITHIN THE AGREED UPON DELIVERY DATE /LAYCAN. FAILURE TO COMPLY WITH THE AGREED UPON DELIVERY DATE /LAYCAN WILL MAKE THE SUCCESSFUL SUPPLIER/ BIDDER LIABLE FOR LIQUIDATED DAMAGES OF **ZERO POINT TWO FIVE PERCENT (0.25%)** OF THE DAP VALUE PER DAY FOR EACH DAY OF DELAY COUNTS PRO-RATA BASIS FROM 00:01 HRS. OF THE FIRST DAY, AFTER LAST DAY OF AGREED DELIVERY DATE/LAYCAN TILL VESSEL TENDER NOR AT DISCHARGE PORT AT COLOMBO. IF THE DELAY EXCEEDS SEVEN DAYS AFTER THE LAST DATE OF THE AGREED DELIVERY LAYCAN WITHOUT OBTAINING PRIOR APPROVAL, CEYPETCO WILL RESERVE RIGHT TO TERMINATE THE CONTRACT.

2.16.9 THE SUCCESSFUL SUPPLIER/ BIDDER IS FULLY RESPONSIBLE TO DELIVER THE AGREED QUANTITY OF CARGO UNDER THE SHIPMENT. IN THE EVENT OF FAILURE TO DELIVER THE AGREED QUANTITY BELOW MINUS FIVE PERCENT (-5%) (CONTRACTUAL QUANTITY VS. B/L QUANTITY), THE SUCCESSFUL SUPPLIER/ BIDDER WILL BE HELD LIABLE FOR THE PAYMENT OF

DAMAGES OR LOSSES TO CEYPETCO AT THE RATE OF USD 10,000 PER EACH 1,000 MT OF SHORT LOADED QUANTITY OR PART THEREOF ON PRO-RATA BASIS.

2.16.10 IF THE BIDDER FAILS TO DELIVER ANY FULL SHIPMENT UNLESS AGREED FOR AN ALTERNATIVE, CEYPETCO WILL RESERVE THE RIGHT TO FORFEIT THE PERFORMANCE SECURITY GUARANTEE.

2.17. AWARD OF THE TENDER

2.17.1 CEYPETCO RESERVES TO ITSELF THE RIGHT TO CANCEL THE TENDER OR TO REJECT ANY PART OF THE TENDER OR REJECT THE TENDER WITHOUT ASSIGNING ANY REASON WHATSOEVER. IN SUCH AN EVENT CEYPETCO SHALL NOT BE LIABLE TO ANY COMPENSATION OR DAMAGES ARISING THEREFROM.

2.17.2 SELECTION OF EITHER OPTION – 1 [PAYMENT IN THIRTY (30) DAYS] OR OPTION – 2 [PAYMENT IN HUNDRED AND EIGHTY (180) DAYS] OF THE TENDER AT ITS SOLE DISCRETION OF THE SSCAPC

2.17.3 WHERE THE TENDER IS AWARDED SUCH AWARD SHALL BE IN ACCORDANCE WITH THESE TERMS AND CONDITIONS NOTWITHSTANDING ANY VARIATION IN THE OFFER THEREFROM UNLESS EXPRESSLY AND SPECIFICALLY PROVIDED FOR OTHERWISE IN THE COMMUNICATION OF THE AWARD.

2.17.4 THE SUCCESSFUL SUPPLIER / BIDDER, ON THE RECEIPT OF THE AWARD, SHALL FORTHWITH ACKNOWLEDGE AND CONFIRM ACCEPTANCE OF SAME BY FAX/E-MAIL AND PROCEED TO TAKE ALL STEPS THAT ARE NECESSARY TO ENSURE PERFORMANCE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE TENDER.

2.18. LAYTIME FOR DISCHARGE AT COLOMBO

2.18.1 LAYTIME FOR DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO

LAYTIME FOR THE DISCHARGE OF TOTAL CARGO OF 20,000 MT PLUS/MINUS 5 PCT HIGH SULPHUR FUEL OIL 180 CST AT DOLPHIN TANKER BERTH, COLOMBO SHALL BE **120 HRS**. AND THE COMMENCEMENT OF LAYTIME SHALL BE DETERMINED IN THE FOLLOWING MANNER.

2.18.1.1 NOR SHOULD BE TENDERED BETWEEN 0700 AND 1700 HRS OF THE DELIVERY LAYCAN **05-06/01/2020**. IF NOR IS TENDERED AFTER 1700 HRS, FOR ALL PURPOSES IT WILL BE CONSIDERED THAT NOR HAS BEEN TENDERED AT 0700 HRS ON THE FOLLOWING DAY AND LAYTIME SHALL COMMENCE 06 HRS THEREAFTER OR AT THE TIME OF BERTHING, WHICHEVER IS EARLIER.

2.18.1.2 IF NOR IS TENDERED BEFORE THE COMMENCEMENT OF THE DELIVERY LAYCAN **05-06/01/2020**, IT WILL BE CONSIDERED THAT NOR HAS BEEN TENDERED AT 0700 HRS ON THE FIRST DAY OF THE DELIVERY LAYCAN. LAYTIME SHALL IN SUCH CASE COMMENCE 06 HRS THEREAFTER OR AT THE TIME OF BERTHING, WHICHEVER IS EARLIER.

2.18.1.3 IF THE VESSEL IS BERTHED PRIOR TO THE DELIVERY LAYCAN **05-06/01/2020**, AT THE REQUEST OF THE SELLER LAYTIME SHALL COMMENCE AT 0700 HRS ON THE FIRST DAY OF THE DELIVERY LAYCAN.

2.18.1.4 IF NOR IS TENDERED AFTER 1700 HRS OF THE SECOND DAY OF THE DELIVERY LAYCAN AGREED UPON, FOR ALL PURPOSES IT WILL BE CONSIDERED THAT NOR HAS BEEN

TENDERED AT 0700 HRS ON THE FOLLOWING DAY AND LAYTIME SHALL COMMENCE SIX (6) HRS THEREAFTER OR AT THE TIME OF MOORING, WHICHEVER IS EARLIER.

- 2.18.1.5 IF NOR IS TENDERED AFTER THE SECOND DAY OF THE DELIVERY LAYCAN AGREED UPON, LAYTIME SHALL COMMENCE AT THE TIME OF BERTHING SUBJECT TO THE CONDITION THAT THE LAYTIME SHALL CEASE TO COUNT IF THE VESSEL SHALL BE UN-BERTHED TO ALLOW BERTHING OF OTHER VESSELS ARRIVING ON AGREED DELIVERY LAYCAN OR BERTHING OF OTHER VESSELS ON PRODUCT AVAILABILITY BASIS OF THE COUNTRY. UNDER THESE CIRCUMSTANCES, THE ACTUAL TIME UTILIZED BY THE VESSEL AT THE BERTH SHALL ONLY BE CONSIDERED AS USED LAYTIME.

2.19. NOTICE OF ARRIVAL AT COLOMBO

MASTER OF VESSEL SHOULD ADVISE ESTIMATED TIME OF ARRIVAL (ETA) AT COLOMBO 3/2/1 DAYS IN ADVANCE TO THE COMMERCIAL MANAGER, CEYLON PETROLEUM CORPORATION TEL NOS. +94-11-5664649 FAX NO.94-11-5455406/5455400 E-MAIL: cm@ceypetco.gov.lk, commercial@ceypetco.gov.lk, THE MANAGER (SHIPPING) CEYLON PETROLEUM CORPORATION TEL NO. +94-11-5455300 FAX NOS. +94-11-5455407 E-MAIL: shipping@ceypetco.gov.lk, THE DEPUTY MANAGER (OPERATIONS), CEYLON PETROLEUM CORPORATION FAX NO. +94-11-5455432 E-MAIL: menakaj@ceypetco.gov.lk, THE MANAGER (OPERATIONS) AT OIL FACILITIES OFFICE, CPSTL, COLOMBO TEL NO. 94-11-2422388/FAX 94-11-2434273, THE OPERATIONS MANAGER (BULK MOVEMENTS AND BULK PRODUCTS), CPSTL, COLOMBO TELE/FAX NO. +94-11-2572324 AND THE MANAGER (OPERATIONS), MUTHURAJAWELA TELE NO. +94-11-5769519 FAX NO. +94-11-5353352 VIA VESSEL AGENT AT COLOMBO.

2.20. VESSEL REQUIREMENTS

2.20.1 REQUIREMENTS OF TANKERS FOR DISCHARGING OF PRODUCT VIA DOLPHIN TANKER BERTH, COLOMBO

TANKER NOMINATED

- 2.20.1.1 SHOULD MEET FOLLOWING RESTRICTIONS AT DOLPHIN PIER, COLOMBO:

TYPE OF HULL	-	DOUBLE HULL
SDWT	-	60,000 MT MAX
LOA	-	210 METERS MAX.
BEAM	-	32.2 METERS MAX.
DRAFT	-	11.8 METERS MAX.
DISTANCE FROM SEA LEVEL TO CENTRE MANIFOLD	-	14 METERS MAX.
MANIFOLD SIZE	-	6" DIAMETER
MANIFOLD TYPE	-	ANSI 150 CLASS
ARRIVAL MANIFOLD HEIGHT FROM SEA LEVEL	-	11.5 METERS MAX.

- 2.20.1.2 SHALL NOT EXCEED 20 YEARS OF AGE. HOWEVER CEYPETCO MAY AT ITS' SOLE DISCRETION ACCEPT VESSELS UP TO MAX AGE OF 25 YEARS ON CONDITION THAT THE ADDITIONAL INSURANCE PREMIUM ON CARGO DUE TO OVERAGE OF VESSEL SHALL BE TO THE SELLER'S ACCOUNT. UNDER NO CIRCUMSTANCES VESSELS OVER 25 YEARS OF AGE WILL BE ACCEPTED. ACCEPTABLE CAP RATING OF THE VESSEL IS 0 OR 1 FOR HULL AND MACHINERY.

- 2.20.1.3 SHOULD BE A TANKER, WHICH HAS CARRIED FUEL OIL ON THE LAST THREE VOYAGES (OBO CARRIERS ARE NOT ACCEPTABLE).

- 2.20.1.4 SHOULD BE EQUIPPED WITH HEATING COILS WHICH ARE OPERATIONAL WHILST DISCHARGING FOR MAINTAINING THE CARGO TEMPERATURE AT 45 ° C – 50 ° C.
- 2.20.1.5 SHOULD BE CAPABLE OF DISCHARGING HIGH SULPHUR FUEL OIL 180 CST AT A MINIMUM DISCHARGING RATE OF 350 MT PER HOUR. WHILE MAINTAINING PRESSURE AT VESSEL'S MANIFOLDS FROM 7.5 TO 15.0 KG/SQCM. ONE NO. MANIFOLD CONNECTION WILL BE PROVIDED FOR THE DISCHARGE OF PRODUCT THROUGH SIX INCH DISCHARGING ARM. CEYPETCO SHORE TANKS ARE LOCATED ABOUT 5 MILES AWAY FROM THE PORT.
- 2.20.1.6 THE VESSEL SHOULD HAVE ALL VALID CERTIFICATES REQUIRED UNDER THE INTERNATIONAL AND NATIONAL RULES AND REGULATIONS APPLICABLE AND SHOULD BE ISM CODE CERTIFIED OR WHOSE OWNERS OR OPERATORS SHOULD HOLD AN ISM CODE DOCUMENT OF COMPLIANCE.
- 2.20.1.7 AVAILABILITY OF CONTINUOUS PRESSURE MONITORING AND RECORDING / REPORTING FACILITIES SHALL BE PREFERRED.
- 2.20.1.8 SHOULD HAVE CARGO TANKS/ PIPE LINES/ PUMPS/ STRAINERS CLEAN AND DRY PRIOR TO COMMENCEMENT OF LOADING.
- 2.20.1.9 THE CRANE ON BOARD THE VESSEL SHOULD COMPLY THE FOLLOWING REQUIREMENTS;
 - 2.20.1.9.1 MINIMUM OUTREACH OF CRANE SHOULD BE SIX METERS (06 M)
 - 2.20.1.9.2 MINIMUM SWL OF CRANE SHOULD BE TEN METRIC TONS (10 MT)
- 2.20.1.10 ACCOMMODATION/MEALS
 - 2.20.1.10.1 FOLLOWING PERSONNEL WOULD STAY ON BOARD THROUGHOUT THE PERIOD OF TANKER MADE FAST AT DOLPHIN TANKER BERTH.
 - 2.20.1.10.1.1 TWO LOADING MASTERS
 - 2.20.1.10.1.2 ONE SAMPLE COLLECTOR (CREW)
 - 2.20.1.10.1.3 ONE INDEPENDENT INSPECTOR (JUNIOR OFFICER)
 - 2.20.1.10.1.4 ONE INTERNAL AUDITOR FROM CPSTL
 - 2.20.1.10.2 PROPER ACCOMMODATION ON OFFICERS' DECK SHOULD BE ARRANGED FOR LOADING MASTERS, INDEPENDENT INSPECTOR AND INTERNAL AUDITOR FROM CPSTL.
 - 2.20.1.10.3 MEALS FOR LOADING MASTERS, INDEPENDENT INSPECTOR AND INTERNAL AUDITOR FROM CPSTL SHOULD BE SERVED IN OFFICERS' DINING SALOON.
- 2.20.1.11 THERE SHALL BE NO INSPECTION / SURVEY ON BOARD WHILE DISCHARGING.
- 2.20.1.12 AFTER ACCEPTANCE OF THE NOMINATED VESSEL BY CEYPETCO, A CERTIFIED COPY OF THE APPLICABLE CHARTER PARTY OR OR CERTIFIED COPY OF THE SIGNED FIXTURE NOTE/FIXTURE RECAP INCLUDING THE RATE OF DEMURRAGE SHALL BE SUBMITTED BY THE SUCCESSFUL SUPPLIER/ BIDDER.
- 2.20.1.13 A DOCUMENT FROM VESSEL OWNERS CONFIRMING THAT THE VESSEL COMPLIES WITH ALL THE ABOVE REQUIREMENTS AND THE LATEST UPDATED QUESTIONNAIRE 88 SHOULD BE FURNISHED AT THE TIME OF VESSEL NOMINATION.

2.20.1.14 IN THE EVENT OF A DELAY IN DISCHARGING THE CARGO AT COLOMBO DUE TO VESSEL'S NON-COMPLIANCE WITH THE ABOVE REQUIREMENTS, THE SUCCESSFUL SUPPLIER / BIDDER WILL BE HELD LIABLE FOR ALL CONSEQUENTIAL LOSSES.

2.21. DEMURRAGE

2.21.1 ALL CLAIMS FOR DEMURRAGE SHALL BE ACCOMPANIED BY THE RESPECTIVE CHARTER PARTY OR A CERTIFIED COPY OF THE SIGNED FIXTURE NOTE/FIXTURE RECAP. CEYPETCO SHALL NOT BE BOUND BY THE TERMS AND CONDITIONS OF THE CHARTER PARTY OR A CERTIFIED COPY OF THE SIGNED FIXTURE NOTE/FIXTURE RECAP EXCEPT TO THE EXTENT SUCH TERMS AND CONDITIONS HAVE BEEN COMMUNICATED TO CEYPETCO AND EXPRESSLY AGREED TO BY CEYPETCO IN WRITING.

2.21.2 IN CASE OF VESSEL ARRIVING OUTSIDE LAYCAN AGREED UPON, LAYTIME TO START COUNTING FROM THE TIME OF BERTHING AS PER **CLAUSE 2.18.1.5**.

2.21.3 IF THE TOTAL LAYTIME TO COMPLETE THE ENTIRE CARGO DISCHARGE EXCEEDS THE LAYTIME ALLOWED AS PER **CLAUSE 2.18**, CEYPETCO WILL BE LIABLE TO PAY THE DEMURRAGE TO THE SUCCESSFUL SUPPLIER / BIDDER.

2.21.4 HOWEVER IN THE EVENT THE SUCCESSFUL SUPPLIER'S / BIDDER'S VESSEL ARRIVES LATE AND IS BERTHED ON ARRIVAL WHICH AFFECTS BERTHING OF VESSEL OR VESSELS WHICH ARE ARRIVING ON SCHEDULE, THEN THE SUCCESSFUL SUPPLIER'S / BIDDER'S VESSEL WILL BE UNBERTHED (WAITING TIME SHALL NOT BE COUNTED AS USED LAYTIME) TO ACCOMMODATE THE VESSEL OR VESSELS ARRIVING ON SCHEDULE OR CONTINUE TO DISCHARGE THE CARGO OF SUCCESSFUL SUPPLIER'S / BIDDER'S VESSEL PROVIDED THAT THE SUCCESSFUL SUPPLIER / BIDDER SHALL AGREE TO BEAR THE DEMURRAGE ON THE SUBSEQUENT THREE VESSELS THAT ARRIVE ON SCHEDULE AND GETS DELAYED DUE TO PRESENCE OF SUCCESSFUL SUPPLIER'S / BIDDER'S VESSEL ON BERTH. LIABILITY FOR DEMURRAGES ON SUBSEQUENT VESSELS MENTIONED HERE IN ARE IN ADDITION TO THE RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO CHARGED UNDER **CLAUSE 2.16. (CLAIMS, DISPUTES AND RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO BY LATE DELIVERY AND DELIVERY OF LESSER QUANTITY THAN AGREED)**.

MOREOVER THE CEYPETCO RESERVES THE RIGHT TO BERTH THE VESSEL ONLY ON PIER AVAILABILITY BASIS AND BASED ON THE REQUIREMENT FOR THE PRODUCTS IN THE COUNTRY. FURTHERMORE **CEYPETCO SHALL NOT BE RESPONSIBLE FOR ANY DEMURRAGES INCURRED BY THE SUPPLIER'S VESSEL ARRIVING OUTSIDE THE CONTRACTUAL LAYCAN**. CEYPETCO SHALL TAKE EVERY ENDEAVOUR TO MINIMIZE THE OVERALL COMMERCIAL LOSS TO ALL PARTIES.

IN THE EVENT THE SUCCESSFUL BIDDER DOES NOT AGREE TO BEAR THE SUBSEQUENT DEMURRAGES (IF INCURRED) AND IN THE EVENT IF THE SUBJECT VESSEL COULD NOT COMPLETE THE DISCHARGING BEFORE THE ARRIVAL OF SUBSEQUENT VESSEL/S, CEYPETCO RESERVES THE RIGHT TO REMOVE THE SUBJECT VESSEL FROM THE BERTH IN ORDER TO ACCOMMODATE THE SUBSEQUENT VESSEL/S OF OTHER SUPPLIERS. IN SUCH A CASE, THE SUBJECT VESSEL WILL BE REBERTHED ONLY AFTER THE COMPLETION OF THE DISCHARGING OF THE SUBSEQUENT VESSEL/S AND/OR ON THE PIER AVAILABILITY BASIS.

IN ANY CIRCUMSTANCES, CEYPETCO REQUIRES TO UNLOAD THE PRODUCT ONBOARD THE VESSEL AS PER THE PRODUCT REQUIREMENT TO ENSURE THE ENERGY SECURITY OF THE COUNTRY, CEYPETCO COMPELS TO DISCHARGE THE MINIMUM REQUIREMENT OF THE CARGO

ONBOARD THE SUBJECT VESSEL AND ALL COST INVOLVEMENTS IN THIS EVENT SUCH AS DEMURRAGES OF THE SUBSEQUENT THREE VESSELS, COMMERCIAL LOSSES (IF ANY) SHALL BE BORNE BY THE SUCCESSFUL SUPPLIER.

2.21.5 DEMURRAGE RATE OF THE NOMINATED VESSEL SHALL BE DECLARED BY THE SUCCESSFUL SUPPLIER / BIDDER AT THE TIME OF VESSEL NOMINATION FOR THE CARGO.

(A) AFTER ACCEPTANCE OF THE NOMINATED VESSEL BY CEYPETCO, A CERTIFIED COPY OF THE APPLICABLE CHARTER PARTY OR A CERTIFIED COPY OF THE SIGNED FIXTURE NOTE/FIXTURE RECAP INCLUDING THE RATE OF DEMURRAGE SHALL BE SUBMITTED BY THE SUCCESSFUL SUPPLIER/ BIDDER TO THE CEYPETCO. THE SUCCESSFUL SUPPLIER/BIDDER REFERS A CERTIFIED COPY OF THE SIGNED CHARTER PARTY.

2.22. FORCE MAJEURE

THE SUCCESSFUL SUPPLIER/ BIDDER OR THE CEYPETCO SHALL NOT BE LIABLE FOR ANY LOSS, CLAIM OR DEMANDS OF ANY NATURE WHATSOEVER, OR BE DEEMED TO BE IN A BREACH OF THIS AGREEMENT BECAUSE OF ANY DELAYS OR FAILURE IN OBSERVING OR PERFORMING ANY OF THE CONDITIONS OR PROVISIONS HEREOF IF SUCH DELAY OR FAILURE WAS CAUSED BY OR AROSE OUT OF ANY CIRCUMSTANCES WHATSOEVER BEYOND THE SUCCESSFUL SUPPLIER'S/ BIDDER'S OR CEYPETCO'S CONTROL INCLUDING (BUT WITHOUT LIMITING THE GENERALITY OF THE FOREGOING) DECLARED OR UNDECLARED WAR, SABOTAGE, BLOCKADE, PIRACY OR PIRATICAL SEIZURE OF VESSEL, REVOLUTION, POLICE ACTION, RIOT OR DISORDER, EMBARGO OR TRADE RESTRICTION OF ANY SORT GOVERNMENT OR QUASI GOVERNMENT ACTION, ACT OF GOD, FIRE, FLOOD, EARTHQUAKE, STORM, TIDE OR TIDAL WAVE, EXPLOSION, ACCIDENT, RADIATION, STRIKE, LOCKOUT OR OTHER LABOUR DISPUTE.

2.23. OTHER REQUIREMENTS

THIS BID SHALL BE GOVERNED BY THE TERMS & CONDITIONS OF TRADE FOR TENDERERS REGISTERED WITH THE COMMERCIAL FUNCTION OF CEYPETCO.

2.24. SUBMISSION OF BIDS

2.24.1 **BIDDERS ARE REQUESTED TO SUBMIT BIDS AS PER THE "FORM OF BID" GIVEN IN ANNEX - 'E' AND SHALL STATE THE COMPLIANCE TO THE TENDER TERMS & CONDITIONS LISTED THEREIN. FURTHERMORE, BIDDER SHALL STATE THE COMPLIANCE TO THE SPECIFICATIONS IN ANNEX - 'C-1' FOR HIGH SULPHUR FUEL OIL 180 CST.**

2.24.2 **IT IS MANDATORY TO SUBMIT DULY FILLED ANNEX - 'E' AND ANNEX - 'C-1' ALONG WITH THE BID.**

2.24.3 ANY FORM OF ALTERNATIVE BIDS ALONG WITH THE ORIGINAL BID SHALL NOT BE PERMITTED. IN THE EVENT IF ALTERNATIVE BIDS HAVE BEEN SUBMITTED BY THE BIDDER, THE SECOND AND SUBSEQUENT ALTERNATIVE BIDS SHALL BE REJECTED. IF THE BIDDER HAS SUBMITTED ORIGINAL BID AND ALTERNATIVE BIDS USING THE SAME BID SECURITY GUARANTEE AND FORM OF BID, SSCAPC RESERVES THE RIGHT TO REJECT ALL BIDS SUBMITTED BY THE BIDDER.

2.24.4 BIDDER SHALL SUBMIT A DETAILED BID, COVERING AND CONFIRMING THAT BIDDER WILL AGREE TO AND ABIDE BY THE ABOVE REQUIREMENTS/TERMS AND CONDITIONS OF TENDER.

2.24.5 EACH PAGE OF THE COMPLETED BID, PROPERLY SEALED/STAMPED AND SIGNED BY AN AUTHORIZED OFFICER, SHOULD BE ENCLOSED IN AN ENVELOPE WHICH IS TO BE SEALED AFTER ENCLOSING THE BID.

2.24.6 THE ENVELOPE SEALED AS ABOVE AND ADDRESSED TO THE CHAIRMAN, SPECIAL STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SSCAPC), 3RD FLOOR, CEYLON PETROLEUM CORPORATION, NO. 609, DR. DANISTER DE SILVA MAWATHA, COLOMBO 09, SRI LANKA SHOULD BE DEPOSITED IN THE TENDER BOX KEPT AT THE AFORESAID ADDRESS **BEFORE 1200 HRS ON 10TH DECEMBER 2019.**

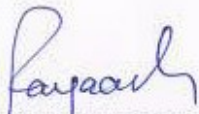
2.24.7 IN THE EVENT THE BIDS ARE SUBMITTED THROUGH THE LOCAL AGENTS, THE SUCCESSFUL SUPPLIER SHALL PROVIDE ALONG WITH THE BID A LETTER OF AUTHORIZATION ENABLING THE LOCAL AGENT TO SUBMIT THE BID ON OR BEFORE CLOSING OF THE TENDER.

2.25. VALIDITY OF THE OFFER

OFFERS CLOSE AT **1200 HRS, SRI LANKA TIME ON 10TH DECEMBER 2019** AND SHOULD BE HELD VALID FOR **SEVENTY TWO (72) HRS THEREFROM.**

NOTE

1. **BIDDERS ARE REQUESTED TO INDICATE AUTHORISED SIGNATURE ON EACH PAGE OF OFFERS.**
2. **WHEN OFFERS ARE SUBMITTED THROUGH THE BIDDER'S LOCAL REPRESENTATIVES, BIDDERS ARE REQUESTED TO SUBMIT A LETTER FROM THE PRINCIPALS THAT THEIR LOCAL AGENT/REPRESENTATIVE IS AUTHORISED TO SUBMIT THE OFFER ON BEHALF OF THEM.**
3. **PLEASE ALSO NOTE THAT ONLY THOSE WHO HAVE SUBMITTED OFFERS (OR THEIR LOCAL AGENTS) COULD BE PRESENT AT THE TIME OF OPENING OF TENDERS. NO LOCAL AGENT IS PERMITTED TO BRING MOBILE PHONES.**



ACTG. COMMERCIAL MANAGER/CEYPETCO/CE/0131
28TH NOVEMBER 2019 2029 hrs.

FORMAT FOR BID SECURITY GUARANTEE

[This Bank Guarantee form shall be filled in accordance with the instructions indicated in brackets]
..... [insert issuing agency's name and address of issuing branch or office].....

Beneficiary : CEYLON PETROLEUM CORPORATION
Date : [insert (by issuing agency) date]
BID GUARANTEE NO : [insert (by issuing agency) number]

We have been informed that [insert (by issuing agency) name of the Bidder; if a joint venture, list complete legal names of partners] (hereinafter called "the Bidder") has submitted to you its bid dated [insert (by issuing agency) date] (hereinafter called "the Bid") for execution / supply [select appropriately] of [insert name of contract] under Invitation for Bids No. [insert IFB number] ("the IFB")

Furthermore, we understand that, according to your conditions, Bids must be supported by a Bid Guarantee.

At the request of the Bidder, we [insert name of issuing agency] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [insert amount in figures] [insert amount in words] upon receipt by us of your first demand in writing accompanied by a written statement stating that the Bidder is in breach of its obligation(s) under the bid conditions, because the Bidder

- (a) has withdrawn its Bid during the period of bid validity specified; or
- (b) does not accept the correction of errors in accordance with the Instructions to Bidders (hereinafter "the ITB") of the IFB; or
- (c) having been notified of the acceptance of its Bid by the Ceylon Petroleum Corporation during the period of bid validity, (i) fails or refuses to execute the Contract Form, if required, or (ii) fails or refuses to furnish the Performance Security, in accordance with the ITB.

This Guarantee shall expire: (a) if the Bidder is the successful bidder, upon our receipt of copies of the Contract signed by the Bidder and of the Performance Security issued to you by the Bidder; or (b) if the Bidder is not the successful bidder, upon the earlier of (i) our receipt of a copy of your notification to the Bidder that the Bidder was unsuccessful, otherwise it will remain in force up to [insert date]

Consequently, any demand for payment under this Guarantee must be received by us at the office on or before that date

[signature(s) of authorized representative(s)]

SHIPMENT QUANTITY

PRODUCT	TOTAL CONTRACTUAL QUANTITY
HIGH SULPHUR FUEL OIL 180 CST	20,000 MT PLUS/MINUS 5 PCT

NOTE:

1. BIDDERS ARE REQUESTED TO OFFER FOR THE TOTAL QUANTITIES AS GIVEN IN THE TENDER.
2. ANY BIDDER WHO FAILS TO OFFER FOR THE TOTAL QUANTITIES AS GIVEN IN THE TENDER WILL BE REJECTED.
3. OFFERS SUBMITTED WITH REDUCED QUANTITIES WILL NOT BE EVALUATED.

SPECIFICATIONS FOR HIGH SULPHUR FUEL OIL 180 CST

SPECIFICATIONS / DATA SHEET OF HIGH SULPHUR FUEL OIL 180 CST			
PROPERTY / TEST	TEST METHOD IP	ASTM D	CPC SPECS
DENSITY @ 15 DEG C kg/m ³	160	1298	MAX 970
FLASH POINT PM CC, DEG C	34	93	MIN 60
POUR POINT DEG C	15	97	MAX 21.1
TOTAL SULPHUR CONTENT % (w/w)	61	4294/ 2622	MAX 3.5
VISCOSITY KINEMATIC @ 50 DEG C, cSt	71	445	165 - 175
WATER CONTENT % (v/v)	74	95	MAX 1.0
ASH % (w/w)	4	482	MAX 0.1
CONDRADSON CARBON % (w/w)	398	189/ 4530	MAX 12
SEDIMENT BY EXTRACTION % wt	53	473	MAX 0.25
ASPHALTENES m/m % MIN-MAX	143	6560	3.0-5.0
CALORIFIC VALUE GROSS, Kcal/kg	12	240	MIN 10,200
STRONG ACID KOH mg/g	1	974	NIL
METAL CONTAMINANTS			
V	288/501	3605	MAX 150ppm
Pb		3605	MAX 15 ppm
Al + Si	501/377		MAX 30 ppm
Na + K	501	3605	MAX 30 ppm
Zn	501/470	-	MAX 15 ppm
Ca	501/470	-	MAX 30 ppm
PHOSPHORUS	501/500	-	MAX 15 ppm
Fe	501	3605	MAX 30 ppm

NOTES :

- (i) THIS FUEL IS USED IN HEAVY DUTY MARINE ENGINES TO GENERATE POWER OF WHICH THE SUPPLY IS DIRECTLY CONNECTED TO THE NATIONAL GRID. AS SUCH THE SELLER MUST TAKE EVERY PRECAUTION TO SUPPLY HIGH SULPHUR FUEL OIL 180 CST. AS PER THE TENDER SPECIFICATIONS. AS SUCH, THE SUPPLIER IS RESPONSIBLE TO SUPPLY MERCHANTABLE GRADE OF PRODUCTS.
- (ii) THIS FUEL SHALL NOT INCLUDE ANY ADDED SUBSTANCES OR CHEMICAL WASTE, WHICH JEOPARDIZES THE SAFETY OF INSTALLATIONS OR ADVERSELY AFFECTS THE PERFORMANCES OF THE MACHINES OR IS HARMFUL TO PERSONNEL OR CONTRIBUTES TO OVERALL AIR POLLUTION.
- (iii) THE PRODUCT SHOULD BE LOADED FROM SHORE TANKS TO MEET THE SAID SPECIFICATIONS, PREFERABLE EX-REFINERY AND SHOULD ALWAYS AVOID SHIP TO SHIP TRANSFERS OR OTHER TYPE OF FUEL OIL BLENDING, TO AVOID BLENDING WITH CONDENSATE.
- (iv) SELLER IS HEREBY MADE RESPONSIBLE FOR THE QUALITY OF HIGH SULPHUR FUEL OIL CARGO PURCHASED FROM OTHER SUPPLIERS AND SUPPLIED TO CPC.
- (v) THE INDEPENDENT INSPECTOR MUTUALLY APPOINTED BY THE SELLER AND THE BUYER SHOULD CERTIFY THAT THE PRODUCT LOADED IS FREE FROM USED LUBRICATING OIL ((ULO) AS DESCRIBED IN ANNEX. H OF THE ISO 8217:2005 (E) STANDARDS FOR PETROLEUM PRODUCTS – FUELS (CLASS F) – SPECIFICATIONS OF MARINE FUELS.
- (vi) THE INDEPENDENT INSPECTOR MUTUALLY APPOINTED BY THE SELLER AND THE BUYER SHALL FORWARD THE ANALYSIS REPORT AND THE TANK INSPECTION CERTIFICATE BEFORE LOADING, TO BOTH PARTIES.
- (vii) UNDER NO CIRCUMSTANCES THE CARGO SHOULD BE LOADED TO THE VESSEL WITHOUT OBTAINING THE PRIOR APPROVAL FROM CPC FOR QUALITY AND SHIP TANK INSPECTION REPORT.
- (viii) VANADIUM & SODIUM RATIO SHOULD BE LESS THAN 2.5:1 (2.5 V : 1 Na) OR GREATER THAN 3.5:1 (3.5 V : 1 Na).

FORMAT FOR PERFORMANCE SECURITY GUARANTEE

..... *[issuing Agency's Name and Address of issuing Branch or Office]*

Beneficiary : **CEYLON PETROLEUM CORPORATION**

Date :

PERFORMANCE SECURITY GUARANTEE NO :

We have been informed that *[name of Contractor/Supplier]* (hereinafter called "the Contractor") has entered into contract No. *[reference number of the contract]* dated with you, for the *[insert "construction" / "Supply"]* of *[name of contract and brief description of works]* (hereinafter called "the Contract")

Furthermore, we understand that, according to the conditions of the Contract, a performance guarantee is required.

At the request of the Contractor, we *[name of agency]* hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of USD..... *[amount in figures]* (United States Dollars.....) *[amount in words]*, such sum being payable in the types and proportions of currencies in which the Contract Price is payable, upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation(s) under the Contract, without your needing to prove or to show grounds for your demand or the sum specified therein.

This guarantee shall expire, no later than the day of, 20.... *[insert date, thirty (30) days beyond the scheduled contract completion date]* and any demand for payment under it must be received by us at this office on or before that date.

.....
[Signature(s)]

FORM OF BID

The Chairman, Special Standing Cabinet Appointed Procurement Committee,
3rd Floor, Ceylon Petroleum Corporation, No. 609,
Dr. Danister De Silva Mawatha,
Colombo 09, Sri Lanka.

Dear Sir,

BIDDING FOR THE SUPPLY OF 20,000 MT +/-5% OF HIGH SULPHUR FUEL OIL 180 CST FOR DISCHARGE AT DOLPHIN TANKER BERTH, COLOMBO DURING LAYCAN 05-06/01/2020 (TENDER REF. BK/02/2020)

I/We the undersigned read and fully acquainted myself / ourselves with the contents of the Conditions of the terms and Contract and all other Conditions pertaining to the above Bid do hereby undertake to supply the Petroleum Products with the specifications and quantities as specified in the tender.

A. PRODUCT / PRICE / INTEREST

Product	Delivery Laycan	Contractual cargo quantities	Compliance	Premium / Discount on (USD per MT)			
				FOB basis	DAP Colombo basis (30 days)	DAP Colombo basis (180 days)	Interest rate (per annum)
HIGH SULPHUR FUEL OIL 180 CST	05-06/01/2020	20,000 MT +/- 5%	Comply/ Not Comply				

B. TERMS & CONDITIONS

BID DOCUMENT CLAUSE REFERENCE	COMPLIANCE
1.7. Bid Security Guarantee (Annex – 'A')	Comply / Not Comply
2.2. Contractual cargo quantities (Annex – 'B')	Comply / Not Comply
2.3. Delivery	Comply / Not Comply
2.4. Important	Comply / Not Comply
2.5. Third party cargo	Comply / Not Comply
2.6. Quality (Compliance to each parameter and notes in Annex – 'C-1' is mandatory)	Comply / Not Comply
2.7. Source of supply	Comply / Not Comply
2.8. Mode of loading/ Port of Loading	Comply / Not Comply
2.9.1. Inspection at Load port	Comply / Not Comply

2.9.2. Inspection at Discharge port	Comply / Not Comply
2.10. Recovery of damages or losses for CEYPETCO due to unacceptable quality	Comply / Not Comply
2.11. Out-turn loss	Comply / Not Comply
2.12. Price / Payment / Interest	Comply / Not Comply
2.13. Local Agent & Local Agency Commission (USD)	Comply / Not Comply
2.14. Title and Risk	Comply / Not Comply
2.15. Performance Security Guarantee (Annex – 'D')	Comply / Not Comply
2.16. Claims, disputes and recovery of damages or losses for CEYPETCO by late delivery and delivery of lesser quantity than agreed	Comply / Not Comply
2.17. Award of the tender	Comply / Not Comply
2.18.1 Laytime for discharge at Dolphin Tanker Berth, Colombo	Comply / Not Comply
2.19. Notice of arrival at Colombo	Comply / Not Comply
2.20.1. Requirements of tankers for discharging of product via Dolphin Tanker Berth, Colombo	Comply / Not Comply
2.21. Demurrage	Comply / Not Comply
2.22. Force Majeure	Comply / Not Comply
2.23. Other requirements	Comply / Not Comply
2.24 Submission of Bids	Comply / Not Comply
2.25. Validity of the offer	Comply / Not Comply
Amendment Notice(s) (if any)	Comply / Not Comply

- I/We confirm that the bid shall remain open for acceptance as mentioned above under validity of bid and that it will not be withdrawn or revoked prior to that date.
- I/We attach hereto the following documents as part of my/our Bid (If any);
.....
.....
- I/We understand that you are not bound to accept the lowest or any other Bid and that you reserve the right to reject any or all Bids or to accept a Bid in full or in part without assigning any reasons therefore.

- I/We undertake to deliver the quantity of Petroleum products referred to above.

Yours Faithfully,

Authorized signature & the official seal of the Bidder :

Name of the Bidder :

Address :

Telephone No. :

Fax No. :

E-mail :

Date :

SPECIFICATIONS FOR HIGH SULPHUR FUEL OIL 180 CST

PROPERTY / TEST	TEST METHOD IP	ASTM D	CPC SPECS	COMPLIANCE
DENSITY @ 15 DEG C kg/m ³	160	1298	MAX 970	Comply / Not Comply
FLASH POINT PMCC, DEG C	34	93	MIN 60	Comply / Not Comply
POUR POINT DEG C	15	97	MAX 21.1	Comply / Not Comply
TOTAL SULPHUR CONTENT % (w/w)	61	4294/ 2622	MAX 3.5	Comply / Not Comply
VISCOSITY KINEMATIC @ 50 DEG C, cSt	71	445	165 - 175	Comply / Not Comply
WATER CONTENT % (v/v)	74	95	MAX 1.0	Comply / Not Comply
ASH % (w/w)	4	482	MAX 0.1	Comply / Not Comply
CONDRAISON CARBON % (w/w)	398	189/ 4530	MAX 12	Comply / Not Comply
SEDIMENT BY EXTRACTION % wt	53	473	MAX 0.25	Comply / Not Comply
ASPHALTENES m/m % MIN-MAX	143	6560	3.0-5.0	Comply / Not Comply
CALORIFIC VALUE GROSS, Kcal/kg	12	240	MIN 10,200	Comply / Not Comply
STRONG ACID KOH mg/g	1	974	NIL	Comply / Not Comply
METAL CONTAMINANTS				Comply / Not Comply
V	288/501	3605	MAX 150ppm	Comply / Not Comply
Pb		3605	MAX 15 ppm	Comply / Not Comply
Al + Si	501/377		MAX 30 ppm	Comply / Not Comply
Na + K	501	3605	MAX 30 ppm	Comply / Not Comply
Zn	501/470	-	MAX 15 ppm	Comply / Not Comply
Ca	501/470	-	MAX 30 ppm	Comply / Not Comply
PHOSPHORUS	501/500	-	MAX 15 ppm	Comply / Not Comply
Fe	501	3605	MAX 30 ppm	Comply / Not Comply

Notes:

		COMPLIANCE
I	THIS FUEL IS USED IN HEAVY DUTY MARINE ENGINES TO GENERATE POWER OF WHICH THE SUPPLY IS DIRECTLY CONNECTED TO THE NATIONAL GRID. AS SUCH THE SELLER MUST TAKE EVERY PRECAUTION TO SUPPLY HIGH SULPHUR FUEL OIL 180 CST. AS PER THE TENDER SPECIFICATIONS. AS SUCH, THE SUPPLIER IS RESPONSIBLE TO SUPPLY MERCHANTABLE GRADE OF PRODUCTS.	Comply / Not Comply
II	THIS FUEL SHALL NOT INCLUDE ANY ADDED SUBSTANCES OR CHEMICAL WASTE, WHICH JEOPARDIZES THE SAFETY OF INSTALLATIONS OR ADVERSELY AFFECTS THE PERFORMANCES OF THE MACHINES OR IS HARMFUL TO PERSONNEL OR CONTRIBUTES TO OVERALL AIR POLLUTION.	Comply / Not Comply

III	THE PRODUCT SHOULD BE LOADED FROM SHORE TANKS TO MEET THE SAID SPECIFICATIONS, PREFERABLE EX-REFINERY AND SHOULD ALWAYS AVOID SHIP TO SHIP TRANSFERS OR OTHER TYPE OF FUEL OIL BLENDING, TO AVOID BLENDING WITH CONDENSATE.	Comply / Not Comply
IV	SELLER IS HEREBY MADE RESPONSIBLE FOR THE QUALITY OF HIGH SULPHUR FUEL OIL CARGO PURCHASED FROM OTHER SUPPLIERS AND SUPPLIED TO CPC.	Comply / Not Comply
V	THE INDEPENDENT INSPECTOR MUTUALLY APPOINTED BY THE SELLER AND THE BUYER SHOULD CERTIFY THAT THE PRODUCT LOADED IS FREE FROM USED LUBRICATING OIL ((ULO) AS DESCRIBED IN ANNEX. H OF THE ISO 8217:2005 (E) STANDARDS FOR PETROLEUM PRODUCTS – FUELS (CLASS F) – SPECIFICATIONS OF MARINE FUELS.	Comply / Not Comply
VI	THE INDEPENDENT INSPECTOR MUTUALLY APPOINTED BY THE SELLER AND THE BUYER SHALL FORWARD THE ANALYSIS REPORT AND THE TANK INSPECTION CERTIFICATE BEFORE LOADING, TO BOTH PARTIES.	Comply / Not Comply
VII	UNDER NO CIRCUMSTANCES THE CARGO SHOULD BE LOADED TO THE VESSEL WITHOUT OBTAINING THE PRIOR APPROVAL FROM CPC FOR QUALITY AND SHIP TANK INSPECTION REPORT.	Comply / Not Comply
VIII	VANADIUM & SODIUM RATIO SHOULD BE LESS THAN 2.5:1 (2.5 V : 1 Na) OR GREATER THAN 3.5:1 (3.5 V : 1 Na).	Comply / Not Comply