



TENDER NOTICE

CEYLON PETROLEUM CORPORATION (CEYPETCO)

BID FOR THE SUPPLY OF

A CARGO OF 700,000 BBLs +/- 5%
OF MURBAN CRUDE OIL

REF: CR/15/2017

FOR DELIVERY AT SPBM1 COLOMBO, SRI LANKA

CHAIRMAN
SPECIAL STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SSCAPC)
C/O. COMMERCIAL MANAGER
07TH FLOOR
CEYLON PETROLEUM CORPORATION
No. 609, DR. DANISTER DE SILVA MAWATHA
COLOMBO 09
SRI LANKA.

12/09/2017

INVITATION FOR BIDS

CEYLON PETROLEUM CORPORATION (CEYPETCO)

BID FOR THE SUPPLY OF A CARGO OF 700,000 BBLs +/-5% OF MURBAN CRUDE OIL FOR DELIVERY AT SPBM 1 COLOMBO ON DELIVERED AT PLACE (DAP) (INCOTERMS 2010) CR/15/2017

SECTION 1- INSTRUCTIONS TO BIDDERS (ITB)

INTRODUCTION

THE CHAIRMAN, SPECIAL STANDING CABINET APPOINTED PROCUREMENT COMMITTEE (SSCAPC), ON BEHALF OF CEYLON PETROLEUM CORPORATION (HEREIN AFTER REFERRED TO AS 'CEYPETCO') INVITES FIRM OFFERS FROM THE SUPPLIERS REGISTERED WITH CEYPETCO UNDER THE CATEGORY OF "CRUDE OIL" FOR THE SUPPLY OF **A CARGO OF 700,000 BBLs +/- 5% OF MURBAN CRUDE OIL ON DAP COLOMBO BASIS (INCOTERMS 2010)** FOR DISCHARGE OF FULL CARGO QUANTITY AT SINGLE POINT BUOY MOORING 1 (SPBM 1) COLOMBO, SRI LANKA DURING LAYCAN **12TH NOVEMBER 2017 – 16TH NOVEMBER 2017.**

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

INTERESTED SUPPLIERS MAY REQUEST FURTHER INFORMATION/CLARIFICATIONS FROM THE COMMERCIAL MANAGER OF CEYLON PETROLEUM CORPORATION [TEL: 0094-115664649; FAX: 0094-115455406; E-MAIL: cm@ceypetco.gov.lk, commercial.crude@ceypetco.gov.lk].

1.1 ISSUE OF BIDDING DOCUMENT

- LOCAL AGENTS OF THE REGISTERED SUPPLIERS COULD OBTAIN THE BIDDING DOCUMENT FROM THE COMMERCIAL MANAGER OF CEYLON PETROLEUM CORPORATION BETWEEN 0900 HRS. AND 1500 HRS. (SRI LANKA TIME) ON ANY WORKING DAY COMMENCING **13TH SEPTEMBER 2017 UP TO 26TH SEPTEMBER 2017.**

OR

- REGISTERED SUPPLIERS COULD DOWNLOAD THE RELEVANT BID DOCUMENT FROM THE CEYPETCO WEBSITE www.ceypetco.gov.lk

1.2 ELIGIBILITY FOR BIDDING

ONLY THE SUPPLIERS WHO HAVE CURRENTLY BEEN REGISTERED WITH CEYPETCO UNDER THE CATEGORY OF "CRUDE OIL" ARE ELIGIBLE TO SUBMIT BIDS. **THOSE SUPPLIERS WITH WHOM CEYPETCO IS HAVING UNRESOLVED DISPUTES/TEMPORARY SUSPENSIONS ARE NOT ELIGIBLE FOR BIDDING.**

1.3 SUBMISSION OF BIDS

PLEASE REFER CLAUSE 2.23

1.4 LOCAL AGENT AND LOCAL AGENCY COMMISSION

PLEASE REFER CLAUSE 2.10.

1.5 AWARD OF THE TENDER

PLEASE REFER CLAUSE 2.14.

1.6 PRICING METHODOLOGY / CURRENCY

ALL VALUES SHALL BE QUOTED 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 THREE HUNDRED THOUSAND (USD 300,000/=)** 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 ENTER INTO THE CONTRACT, WITHIN A PERIOD OF SEVEN (7) WORKING DAYS SUBSEQUENT TO WRITTEN INSTRUCTIONS 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 ENCASH ON 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 AFTER THE AWARD IS MADE TO THE SUCCESSFUL BIDDER.

SECTION 2 - TERMS & CONDITIONS OF THE BID

2.1 BUYUER

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

2.2 CONTRACTUAL CARGO QUANTITIES

2.2.1 THE TOTAL QUANTITY OF MURBAN CRUDE OIL REQUIRED UNDER THIS CONTRACT IS AS FOLLOWS.

| PRODUCT | TOTAL CONTRACTUAL QUANTITY |
|------------------|---|
| MURBAN CRUDE OIL | 700,000 BBLS PLUS/MINUS 5 PERCENT (+/- 5%). |

2.2.2 THE TOTAL QUANTITY OF THIS DELIVERY OF MURBAN CRUDE OIL SHALL BE AS PER THE **ANNEX-“B”** WHERE CARGO SIZE IS 700,000 BBLS LOADED WITHIN THE PLUS/MINUS 5 PER CENT (+/- 5%) TOLERANCE.

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

2.3 DELIVERY OF MURBAN CRUDE OIL AT SPBM 1, COLOMBO

2.3.1. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL DELIVER THE FULL CARGO OF MURBAN CRUDE OIL AS GIVEN IN **ANNEX - ‘B’** SHOULD BE MADE ON **DAP COLOMBO BASIS (INCOTERMS 2010)** AT SPBM 1 COLOMBO, SRI LANKA DURING THE TWO DAY NARROWED DOWN DELIVERY LAYCAN OF FIVE DAY DELIVERY LAYCAN OF **12TH NOVEMBER 2017 – 16TH NOVEMBER 2017**.

2.3.2. THE SUCCESSFUL SUPPLIER/BIDDER SHALL BE INFORMED THE TWO DAY NARROWED DOWN DELIVERY LAYCAN BY CEYPETCO **THIRTY (30) DAYS** PRIOR TO THE FIRST DAY OF THE SAID DELIVERY LAYCAN. IT IS IMPERATIVE THAT THE SHIPMENT IS DELIVERED IN COLOMBO DURING THE TWO DAY DELIVERY LAYCAN NOTIFIED BY CEYPETCO IN ONE TANKER IN ONE LOT.

2.3.3. PORT OF LOADING FOR EACH CARGO SHALL BE JEBEL DHANNA, U.A.E. OR FUJAIRAH, U.A.E. AND ANY LOADING PORT UNDER UNITED STATE SANCTIONS IS NOT ACCEPTABLE TO CEYPETCO. ANY CRUDE OIL SIMILAR OR IDENTICAL TO IRANIAN CRUDE WILL NOT BE PERMITTED. IN THE EVENT THAT THE CARGO AT THE DISCHARGE PORT IS FOUND TO BE SIMILAR OR IDENTICAL TO IRANIAN LIGHT CRUDE OIL, CPC RESERVES THE RIGHT TO REJECT THE CARGO STRAIGHTAWAY AND CLAIM DAMAGES FROM THE SUPPLIER. TESTS WILL BE CARRIED OUT AT THE LOAD PORT AND ALSO BEFORE DISCHARGING AT THE BUYER’S PORT. THE DECISION TO ACCEPT THE CARGO AFTER TEST RESULTS IS SOLELY AT THE DISCRETION OF CEYPETCO.

- 2.3.4. IN THE EVENT CEYPETCO UNABLE TO RECEIVE THE CARGO DUE TO UNFORESEEN EVENT SUCH AS;
- (A) FAILURE OF THE HOSE SYSTEM OF THE CRUDE OIL SPBM 1
 - (B) FAILURE OF THE CRUDE OIL SPBM 1
 - (C) ANY MAJOR BREAKDOWN IN PIPELINE INCLUDING OFFSHORE

CEYPETCO RESERVES THE RIGHT TO CANCEL THE SAID VOYAGES BEFORE THIRTY (30) DAYS IN ADVANCE. IN SUCH EVENT THE SUCCESSFUL SUPPLIER/BIDDER SHALL ALLOW TO SELL THE CARGO TO THIRD PARTY OR TO MAKE ANY ALTERNATIVE ARRANGEMENTS WITHOUT ANY COST TO CEYPETCO.

EVEN AFTER THIRTY (30) DAYS IF SUCH EVENT HAPPENS, BOTH CEYPETCO AND THE SUCCESSFUL SUPPLIER/BIDDER ON MUTUAL AGREEMENT SHALL TAKE EVERY ENDEAVOR TO MINIMIZE THE DAMAGES AND LOSSES TO BOTH PARTIES BY ALTERNATIVE ARRANGEMENTS.

2.4 IMPORTANT

IT IS IMPERATIVE THAT THE CARGO IS DELIVERED AT SPBM 1, COLOMBO IN ONE LOT DURING THE CONTRACTUAL TWO DAY NARROWED DOWN DELIVERY LAYCAN AND UNDER NO CIRCUMSTANCES THE CARGO WILL BE ACCEPTED IN TWO SEPARATE TANKERS. SHOULD THE SUCCESSFUL SUPPLIER/BIDDER FAIL TO DELIVER THE CARGO DISCHARGE AT SPBM 1, COLOMBO IN ONE LOT DURING THE CONTRACTUAL TWO DAY NARROWED DOWN DELIVERY LAYCAN AGREED UPON, 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

THE SUCCESSFUL SUPPLIER/BIDDER SHALL ENSURE THAT THE MURBAN CRUDE OIL OFFERED IS IN CONFORMITY WITH THE RELEVANT SPECIFICATIONS GIVEN IN **ANNEX - 'C'**. TENDERERS SHOULD FURNISH THE FULL ASSAY OF MURBAN CRUDE OIL FOR THE EVALUATION OF BIDS. **THE BIDS FROM SUPPLIER/BIDDER WHO DO NOT FURNISH THE FULL ASSAY OF MURBAN CRUDE OIL WILL NOT BE CONSIDERED FOR EVALUATION.**

2.7 SOURCE OF SUPPLY

TENDERERS SHOULD CONFIRM THE FOLLOWING.

- 2.7.1. MURBAN CRUDE OIL SUPPLIER IS ADNOC/ADCO, U.A.E.
- 2.7.2. COUNTRY OF ORIGIN IS U.A.E.
- 2.7.3. PORT OF LOADING IS JEBEL DHANNA, U.A.E. OR FUJAIRAH, U.A.E.
- 2.7.4. TENDERER SHALL PRODUCE ALL DETAILS OF HIS SUPPLIER OF MURBAN CRUDE OIL. IF THE SUPPLIER IS AN EQUITY HOLDER OF ADNOC, TENDERER MUST PRODUCE A LETTER FROM HIS SUPPLIER (EQUITY HOLDER OF ADNOC) THAT THE SUPPLIER IS SELLING A

CARGO OF MURBAN CRUDE OIL TO TENDERER WHICH IS TO BE LOADED AT JEBEL DHANNA AND/OR FUJAIRAH, U.A.E.

2.7.5. ON BOARD BLENDING IS STRICTLY PROHIBITED.

2.7.6. THE BIDS SUBMITTED WITHOUT THE ABOVE INFORMATION WOULD BE SUBJECTED FOR REJECTION.

2.8 MODE OF LOADING

UNDER THIS SHIPMENT, MURBAN CRUDE OIL SHALL BE LOADED ON TO THE NOMINATED VESSEL **ONLY FROM SHORE TANKS AND ANY SHIP TO SHIP TRANSFER OF CRUDE OIL IS STRICTLY PROHIBITED.**

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 MURBAN CRUDE OIL AS PER THE TENDER SPECIFICATIONS AND THE QUANTITY AS PER THE TENDER CONDITIONS. THEY SHOULD BE 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 PRODUCT 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 LOADING OF THE CARGO AT THE LOAD PORT. THE SUCCESSFUL SUPPLIER/BIDDER SHALL COOPERATE AND LIAISE WITH THE INDEPENDENT INSPECTOR TO ENSURE THAT THE INSPECTION IS CARRIED OUT TO THE SATISFACTION OF CEYPETCO. UNDER NO CIRCUMSTANCES THE CARGO SHALL BE 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 THE EMAIL, BEFORE COMMENCEMENT OF LOADING.

- 2.9.1.6. THE SUCCESSFUL SUPPLIER/BIDDER SHALL ENSURE THAT VESSEL LOADS ONLY MURBAN CRUDE OIL THAT MEET 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 MURBAN CRUDE OIL THAT COMPLIES WITH CEYPETCO SPECIFICATIONS.
- 2.9.1.7. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL LOAD THE CARGO COMPLYING WITH CEYPETCO TENDER SPECIFICATION AT THEIR OWN RISK.
- 2.9.1.8. 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.
- 2.9.1.9. 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 LADING (B/Ls) AT JEBEL DHANNA, U.A.E. OR FUJAIRAH, U.A.E. 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 **CLAUSE 2.9.1.1.** ABOVE, THE SUCCESSFUL SUPPLIER/BIDDER IS PERMITTED TO NOMINATE AN ALTERNATIVE INDEPENDENT INSPECTOR, LIABLE IN THE SAID CLAUSE UNDER NO CIRCUMSTANCES THE SUCCESSFUL SUPPLIER/BIDDER SHALL BE PERMITTED TO CHANGE SUCH ALTERNATIVE NOMINATION THEREAFTER.

2.9.2. INSPECTION AT THE DISCHARGE PORT

- 2.9.2.1. DISCHARGE PORT INDEPENDENT INSPECTOR SHALL BE DIFFERENT TO THAT OF THE LOAD PORT.
- 2.9.2.2. **THE QUALITY AT DISCHARGE PORT COLOMBO** SHALL BE DETERMINED BY CEYPETCO REFINERY LABORATORY AND WITNESSED BY THE INDEPENDENT INSPECTOR (ITS CALEB BRETT/GEO-CHEM/SBC ASIA – SAYBOLT/ SGS/BUREAU VERITAS) AT COLOMBO. SUCH DETERMINATIONS SHALL BE REPORTED ON THE CERTIFICATE OF QUALITY FINALLY ISSUED BY CEYPETCO REFINERY LABORATORY.
- 2.9.2.3. TWO SETS OF SHIP TANK COMPOSITE SAMPLES WITH ADEQUATE QUANTITIES **FOR MURBAN CRUDE OIL** SHALL BE SEPARATELY 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 A REPRESENTATIVE IF NOMINATED BY THE SUCCESSFUL SUPPLIER/BIDDER. BOTH SAMPLES SHALL BE PROPERLY SEALED AND AUTHENTICATED BY THE INDEPENDENT INSPECTOR, VESSEL'S MASTER OR REPRESENTATIVE OF THE MASTER AND CEYPETCO/CPSTL REPRESENTATIVES AND REPRESENTATIVE IF NOMINATED BY THE SUCCESSFUL SUPPLIER/BIDDER.

FIRST COMPOSITE SAMPLE **FOR MURBAN CRUDE OIL** SHALL BE ANALYSED ACCORDING TO CONTRACTUAL SPECIFICATIONS AT THE REFINERY LABORATORY AS SPECIFIED UNDER **SUB CLAUSE 2.9.2.2** WHILE THE SECOND SET OF COMPOSITE SAMPLE **FOR MURBAN CRUDE OIL SHALL BE** RETAINED UNDER THE CUSTODY OF THE INDEPENDENT INSPECTOR.

- 2.9.2.4. THE SUCCESSFUL SUPPLIER/BIDDER SHALL DECLARE IN THE BID THAT CERTIFICATE OF QUALITY AT DISCHARGE PORT **FOR MURBAN CRUDE OIL** SHALL BE ON THE BASIS OF SHIP TANK COMPOSITE SAMPLE TAKEN ON ARRIVAL OF THE VESSEL AT DISCHARGE PORT.
- 2.9.2.5. HOWEVER, IN THE EVENT THE FIRST COMPOSITE SAMPLE DOES NOT MEET THE CONTRACTUAL SPECIFICATIONS, THE SECOND COMPOSITE SAMPLE RETAINED WITH THE INDEPENDENT INSPECTOR, SHALL BE TESTED AT THE REFINERY LABORATORY AS SPECIFIED IN **SUB CLAUSE 2.9.2.2** IN THE PRESENCE OF THE MUTUALLY AGREED INDEPENDENT INSPECTOR, REPRESENTATIVES FROM CEYPETCO, TWO REPRESENTATIVES FROM THE SUCCESSFUL SUPPLIER/BIDDER AND ONE REPRESENTATIVE FROM THE PROTECTION AND INDEMNITY INSURANCE (P&I CLUB). ALL REPRESENTATIVES WITNESS THIS TEST REQUIRED TO BE SIGNED EACH OF THE FULL TEST CERTIFICATES ISSUED BY REFINERY 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 CIRCUMSTANCE FURTHER SAMPLES SHALL BE DRAWN FROM SHIP'S TANKS OTHER THAN THE SAMPLES PROPOSED UNDER **SUB CLAUSE 2.9.2.3** TO DETERMINE THE QUALITY OF CARGO AT DISCHARGE PORT.
- 2.9.2.8. THE QUALITY CERTIFICATE AT DISCHARGE PORT, COLOMBO SHALL BE ISSUED BY THE INDEPENDENT INSPECTOR BASED ON THE TEST REPORT OF REFINERY LABORATORY.
- 2.9.2.9. 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 REFINERY LABORATORY AND COUNTERSIGNED BY CEYPETCO'S REPRESENTATIVE IS IN THE POSSESSION OF THE SUCCESSFUL SUPPLIER/ BIDDER.
- 2.9.2.10. **THE QUANTITY** OF PRODUCT 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 0.3%** 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.

- 2.9.2.11. 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 0.3%**, SUCH EXCESS LOSS SHALL NOT BE DEDUCTED FROM THE B/L QUANTITY FOR INVOICE PURPOSES.

2.9.2.12. 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 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 TIME OF BERTHING) 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 / INTEREST / PAYMENT"** 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. HOWEVER, THE **DAP COLOMBO BASIS (INCOTERMS 2010)** PRICE MENTIONED IN THE SAID CLAUSE FOR THE REPLACEMENT CARGO SHOULD BE THE LOWEST PRICE CALCULATED UNDER i. AND ii. BELOW;

i. PRICE OFFERED FOR MURBAN CRUDE OIL IN U.S. DOLLARS PER BARREL SHALL BE "MURBAN ADNOC" FOB PRICE PER NET US BARREL CHARGED BY ABU DHABI NATIONAL OIL COMPANY ("ADNOC") TO TERM CUSTOMERS (I.E. GOVERNMENT SELLING PRICE) FOR LIFTINGS OF MURBAN CRUDE OIL LIFTED BY THEM FOR THE B/L MONTH OF THE REPLACEMENT CARGO, PLUS A FIXED PREMIUM/DISCOUNT FOR THE FIRST 30 DAYS INTEREST FREE CREDIT PERIOD.

- ii. PRICE OFFERED FOR MURBAN CRUDE OIL IN U.S. DOLLARS PER BARREL SHALL BE “MURBAN ADNOC” FOB PRICE PER NET US BARREL CHARGED BY ABU DHABI NATIONAL OIL COMPANY (“ADNOC”) TO TERM CUSTOMERS (I.E. GOVERNMENT SELLING PRICE) FOR LIFTINGS OF MURBAN CRUDE OIL LIFTED BY THEM FOR THE B/L MONTH OF THE REJECTED/ORIGINAL CARGO, PLUS A FIXED PREMIUM/DISCOUNT FOR THE FIRST 30 DAYS INTEREST FREE CREDIT PERIOD.

(I.E. LOWEST PRICE FROM i OR ii ABOVE SHALL BE TAKEN TO DETERMINED THE FINAL PRICE OF THE REPLACEMENT CARGO).

- 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 FOR MURBAN CRUDE OIL, A RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO WHICH AMOUNTS TO **ONE POINT FIVE PERCENT (1.5%)** OF DAP COLOMBO VALUE OF SUCH REJECTED CARGO SHALL BE CLAIMED AND THE SUCCESSFUL BIDDER/SUPPLIER MAY SETTLE SUCH AMOUNTS DIRECTLY TO CEYPETCO.

IN THE EVENT, THE SUPPLIER DOES NOT AGREE TO SETTLE A RECOVERY OF DAMAGES OR LOSSES 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 0.3%** 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 VERITAS) AT DISCHARGE PORT, COLOMBO THE SUCCESSFUL SUPPLIER/BIDDER SHALL DEDUCT THE EXCESS LOSS AND/OR FREE FLOWING PRODUCT LEFT ON BOARD FROM THE B/L QUANTITY FOR INVOICE PURPOSES.

THE DETERMINATION OF OUT-TURN QUANTITY SHALL BE BASED ON THE OUT-TURN QUANTITY STIPULATED IN THE CERTIFICATE OF OUTTURN QUANTITY AT DISCHARGE PORT, COLOMBO ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.

2.12 PRICE / PAYMENT / INTEREST

2.12.1. PAYMENT IN THIRTY (30) DAYS - OPTION -1

DAP COLOMBO PRICE FOR MURBAN CRUDE OIL SHALL BE CALCULATED AS FOLLOWS;

PRICE OFFERED FOR MURBAN CRUDE OIL IN U.S. DOLLARS PER BARREL ON **DAP COLOMBO BASIS (INCOTERMS 2010)** SHALL BE “MURBAN ADNOC” FOB PRICE PER NET US BARREL CHARGED BY ABU DHABI NATIONAL OIL COMPANY (“ADNOC”) TO TERM

CUSTOMERS (I.E. GOVERNMENT SELLING PRICE) FOR LIFTINGS OF MURBAN CRUDE OIL LIFTED BY THEM FOR THE B/L MONTH, PLUS A FIXED PREMIUM/DISCOUNT FOR THE FIRST 30 DAYS INTEREST FREE CREDIT PERIOD.

BIDDERS ARE REQUESTED TO QUOTE THE PREMIUM/DISCOUNT FOR FOB JEBEL DHANNA/ FUJAIRAH, U.A.E. BASIS AS WELL

2.12.2. **PAYMENT IN NINETY (90) DAYS - OPTION -2**

DAP COLOMBO PRICE FOR MURBAN CRUDE OIL SHALL BE CALCULATED AS FOLLOWS;

PRICE OFFERED FOR MURBAN CRUDE OIL IN U.S. DOLLARS PER BARREL ON **DAP COLOMBO BASIS (INCOTERMS 2010)** SHALL BE "MURBAN ADNOC" FOB PRICE PER NET US BARREL CHARGED BY ABU DHABI NATIONAL OIL COMPANY ("ADNOC") TO TERM CUSTOMERS (I.E. GOVERNMENT SELLING PRICE) FOR LIFTINGS OF MURBAN CRUDE OIL LIFTED BY THEM FOR THE B/L MONTH, PLUS A FIXED PREMIUM/DISCOUNT FOR THE FIRST 30 DAYS INTEREST FREE CREDIT PERIOD PLUS INTEREST RATE FOR THE EXTENDED CREDIT PERIOD AFTER 30 DAYS TO 90 DAYS BASED ON A MARGIN OVER THREE (03) MONTHS LIBOR (U.S. DOLLARS) AS PUBLISHED BY THE FINANCIAL TIMES OR REUTERS. LIBOR WILL BE THAT EXISTING ON THE B/L DATE. L/C AMOUNT SHALL COVER THE CARGO VALUE AND THE INTEREST AMOUNT FOR THE EXTENDED PAYMENT PERIOD.

BIDDERS ARE REQUESTED TO QUOTE THE PREMIUM/DISCOUNT FOR FOB JEBEL DHANNA/ FUJAIRAH, U.A.E. BASIS AS WELL.

2.12.3. PAYMENT WILL BE MADE THIRTY (30) DAYS (OPTION-1) OR NINETY (90) 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. L/C TO BE ESTABLISHED BY THE CEYPETCO THROUGH ITS BANKERS EITHER BY BANK OF CEYLON OR PEOPLE'S BANK BASE ON THE TERMS AND CONDITIONS ACCEPTABLE TO BOTH SUCCESSFUL SUPPLIER/ BIDDER AND CEYPETCO, AT LEAST FIVE CALENDAR DAYS PRIOR TO THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN AT COLOMBO.

SUPPLIER SHALL BE RESPONSIBLE TO TRACE AND VERIFY THE RECEIPT OF THE L/C THROUGH THEIR CORRESPONDING BANK. THE SUPPLIER SHALL BE RESPONSIBLE TO SEND ALL REQUIRED DETAILS INCLUDING PERFORMA INVOICE FOR THE ESTABLISHMENT OF THE L/C BY CEYPETCO WITHIN THREE WORKING DAYS AFTER RECEIPT OF THE NOMINATION OF THE CARGO UNDER THIS CONTRACT.

2.12.5. IN THE EVENT THAT THERE ARE DIFFERENT B/L DATES FOR LOADING THE CARGO, PAYMENT WILL BE MADE THIRTY (30) DAYS (OPTION-1) OR NINETY (90) 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.

2.12.6. 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 (US 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. THE "LATEST DATE OF SHIPMENT" IN THE L/C SHALL BE DETERMINE BY CEYPETCO BASED ON THE ESTIMATED AVERAGE SAILING TIME FROM THE LOAD PORT UP TO THE PORT OF COLOMBO DURING THE AGREED DELIVERY LAYCAN. ANY SUBSEQUENT CHANGES PROPOSED FOR THE "LATEST DATE OF SHIPMENT" BY THE SUPPLIER TO THE L/C SHALL BE SUBJECTED TO "**CLAIMS, DISPUTES AND RECOVERY OF DAMAGES OR LOSSES FOR CEYPETCO BY LATE DELIVERY AND DELIVERY OF LESSER QUANTITY THAN AGREED**" AS PER THE **CLAUSE 2.16** OF THIS TENDER DOCUMENT.
- 2.12.10. L/C ESTABLISHED BY CEYPETCO WILL CALL FOR THE FOLLOWING ORIGINAL DOCUMENTS.
- 2.12.10.1. MANUALLY SIGNED ORIGINAL COMMERCIAL INVOICE BASED ON THE NET B/L QUANTITY IN U.S. BARREL @ 60 °F (IN AIR).
- 2.12.10.2. 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 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.
- 2.12.10.3. CERTIFICATE OF QUANTITY AND QUALITY AT LOAD PORT ISSUED BY THE ABU DHABI NATIONAL OIL COMPANY (ADNOC) / ABU DHABI COMPANY FOR ONSHORE PETROLEUM OPERATIONS LTD. (ADCO), U.A.E.
- 2.12.10.4. CERTIFICATE OF QUANTITY AT LOAD PORT ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.
- 2.12.10.5. CERTIFICATE OF U.A.E. ORIGIN ISSUED BY THE ABU DHABI NATIONAL OIL COMPANY (ADNOC) / ABU DHABI COMPANY FOR ONSHORE PETROLEUM OPERATIONS LTD. (ADCO), U.A.E.
- 2.12.10.6. CERTIFICATE OF SHIP ARRIVAL QUANTITY AT DISCHARGE PORT, COLOMBO ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.

2.12.10.7. CERTIFICATE OF OUTTURN QUANTITY AT DISCHARGE PORT, COLOMBO ISSUED OR ENDORSED BY THE INDEPENDENT INSPECTOR.

2.12.10.8. THE NEGOTIATION OF LETTER OF CREDIT UPON PRESENTATION OF LETTER OF INDEMNITY (LOI) IN LIEU OF ABOVE ORIGINAL SHIPPING DOCUMENTS IS PERMITTED FOR THE SUCCESSFUL SUPPLIER/BIDDER, SUBJECT TO;

2.12.10.8.1. PRESENTATION OF BENEFICIARY'S MANUALLY SIGNED ORIGINAL COMMERCIAL INVOICE.

2.9.10.8.1.1. PRESENTATION OF SHIP ARRIVAL QUANTITY REPORT ISSUED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, COLOMBO.

2.9.10.8.1.2. PRESENTATION OF OUTTURN QUANTITY REPORT ISSUED BY THE INDEPENDENT INSPECTOR AT DISCHARGE PORT, COLOMBO.

2.9.10.8.1.3. OBTAINING PRIOR APPROVAL OF CEYPETCO FOR SUCH LOI FORMAT.

2.13 LOCAL AGENT AND LOCAL AGENCY COMMISSION

OFFER SHOULD INDICATE THE LOCAL AGENT'S NAME, ADDRESS AND 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 INVOICE VALUE AND PAID IN SRI LANKA RUPEES.

2.14 TITLE AND RISK

TITLE AND RISK/PROPERTY OF THE PRODUCTS 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 (07) 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 IN **UNITED STATES DOLLARS ONE MILLION (USD 1,000,000/=)**.

2.15.2. THE PERFORMANCE SECURITY GUARANTEE SHOULD BE VALID UPTO THIRTY (30) DAYS FROM THE LAST DATE OF THE STIPULATED FIVE DAY DELIVERY LAYCAN.

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 THEIR OFFER THAT A PERFORMANCE SECURITY GUARANTEE WILL BE PROVIDED UPON THE AWARD. FAILURE TO COMPLY 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 COMPELLED 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 THE SUCCESSFUL SUPPLIER'S/ BIDDER'S FAILURE TO FURNISH THE PERFORMANCE SECURITY GUARANTEE 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 (60) SIXTY DAYS OF RECEIPT OF PRODUCT BY THE 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 THE 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 THIS TENDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE **ENGLISH LAW EXCLUDING ANY CONFLICT OF LAWS AND RULES.**
- 2.16.6 ARBITRATION SHALL BE A CONDITION PRECEDENT TO THE INSTITUTION OF ANY LEGAL ACTION BY EITHER PARTY AGAINST THE OTHER.
- 2.16.7 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.

- 2.16.8 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%) (OUTTURN 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.
- 2.16.9 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 30 DAYS) OR OPTION - 2 (PAYMENT IN 90 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 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 SPBM 1 COLOMBO

LAYTIME FOR DISCHARGE AT SPBM COLOMBO SHALL BE **72 HRS** AND THE COMMENCEMENT OF LAYTIME SHALL BE DETERMINED IN THE FOLLOWING MANNER.

- 2.18.1. NOTICE OF READINESS (**NOR**) SHOULD BE TENDERED BETWEEN **0600 HRS AND 1500 HRS** DURING TWO DAY DELIVERY LAYCAN AGREED UPON.
- 2.18.2. IF NOR IS TENDERED **AFTER 1500 HRS** FOR ALL PURPOSES IT WILL BE CONSIDERED THAT NOR HAS BEEN TENDERED AT 0600 HRS ON THE FOLLOWING DAY AND LAYTIME SHALL COMMENCE 06 HRS THEREAFTER OR AT THE TIME OF COMPLETION OF MOORING, WHICHEVER IS EARLIER UNDER NORMAL WEATHER/SEA CONDITIONS.

- 2.18.3. IF NOR IS TENDERED **BEFORE THE COMMENCEMENT OF THE DELIVERY LAYCAN** AGREED UPON, FOR ALL PURPOSES IT WILL BE CONSIDERED THAT NOR HAS BEEN TENDERED AT 0600 HRS ON THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN. LAYTIME SHALL IN SUCH CASE COMMENCE 06 HRS THEREAFTER OR AT THE TIME OF MOORING, WHICHEVER IS EARLIER.
- 2.18.4. IF THE VESSEL IS **MOORED PRIOR TO THE DELIVERY LAYCAN** AGREED UPON, AT THE REQUEST OF THE SELLER, LAYTIME SHALL COMMENCE AT 0600 HRS ON THE FIRST DAY OF THE TWO DAY DELIVERY LAYCAN.
- 2.18.5. IF NOR IS TENDERED **AFTER 1500 HRS** ON THE LAST DAY OF THE DELIVERY LAYCAN AGREED UPON, LAYTIME SHALL COMMENCE AT THE TIME OF COMPLETION OF MOORING, AND ALL DEMURRAGE COSTS AT THE SPBM TO BE FOR THE ACCOUNT OF SELLER.
- 2.18.6. BERTHING AND MOORING OF TANKERS AT SPBM COLOMBO IS GOVERNED BY THE BUILDERS' (IMODCO, USA) RECOMMENDATIONS SPECIALLY WITH REGARD TO THE SAFETY LIMITS OF WEATHER/SEA CONDITIONS. THE BUYER UNDERTAKES TO CLEAR WITH IMODCO OTHER VESSELS THAT MEET THE REVISED SPBM RESTRICTIONS AND SHARE THESE FINDINGS WITH THE SELLER.
- 2.18.7. ANY DELAYS IN BERTHING DUE TO WEATHER AND/OR SEA CONDITIONS TO BE COUNTED AS HALF LAYTIME (CONOCO WEATHER CLAUSE).

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 NOS. +94-11-5455406/5455400 E-MAIL: cm@ceypetco.gov.lk, comercial.crude@ceypetco.gov.lk, THE MANAGER (SHIPPING), CEYLON PETROLEUM CORPORATION TEL NO. +94-11-5455300 FAX NO. +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 TEL/FAX NO. +94-11-2572324 AND THE MANAGER (OPERATIONS), MUTHURAJAWELA TEL 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 SPBM 1 COLOMBO

VESSEL NOMINATED

2.20.1.1. SHOULD MEET FOLLOWING COLOMBO PORT RESTRICTIONS:

- | | | |
|-------------------|---|---------------------------|
| (A) LENGTH | - | UPTO ABOUT 298.70 M |
| (B) BEAM | - | UPTO ABOUT 43.89 M |
| (C) MOULDED DEPTH | - | UPTO ABOUT 22.56 M |
| (D) DRAFT | - | 18.90 M |
| (E) FORWARD DRAFT | - | 3.28 M MIN. WHILST AT SPM |

- (F) SUMMER DEADWEIGHT - 180,000 DWT MAX.
- (G) TYPE OF HULL - DOUBLE HULL

NOTE:

IN ORDER TO ESTABLISH A BETTER CONTROL OF TANKER MOVEMENT AROUND SPM, MINIMUM 2/3 PROPORTION OF CARGO QUANTITY VS. DEADWEIGHT WOULD BE PREFERRED BY CHARTERER.

2.20.1.2. SHALL NOT EXCEED 20 YEARS OF AGE. UNDER NO CIRCUMSTANCES VESSELS OVER 20 YEARS OF AGE WILL BE ACCEPTED. ACCEPTABLE CAP RATING OF THE VESSEL IS 0 OR 1 FOR HULL AND MACHINERY.

2.20.1.3. **MANIFOLD**

- A) MANIFOLD LOCATION - MIDSHIP (PORT SIDE)
- B) MANIFOLD CONNECTION - ONE 12 INCH STUDDED CAMLOCK FLANGE ANSI CLASS 150

2.20.1.4. **DETAILS OF DERRICK AT MANIFOLD LOCATION**

DERRICK SHOULD HAVE MINIMUM SAFE WORKING LOAD OF 10 MT AND SHOULD BE IN GOOD OPERATIONAL CONDITION.

2.20.1.5. **MOORING EQUIPMENT, MOORING AND TOWING ARRANGEMENT**

TANKER SHOULD BE FITTED WITH A CENTRAL BOW STOPPER (CHAIN STOPPER) OF FOLLOWING CAPACITY FOR OCIMF CHAFE CHAIN "B".

- TANKERS UPTO 100,000 DWT - 100 TONNES SWL
- TANKERS OVER 100,000 DWT - 200 TONNES SWL

2.20.1.6. TANKER SHOULD BE FITTED WITH A CENTRAL BOW FAIR LEAD (BULL RING) MEASURING AT LEAST 600 MM X 450 MM.

2.20.1.7. POSITION OF PEDESTAL ROLLER FAIRLEAD/WINCH DRUM

- (a) SHOULD BE A CONTINUATION OF THE DIRECT LEAD LINE BETWEEN THE BOW FAIRLEAD (BULL RING) AND BOW CHAIN STOPPER.
- (b) SHOULD BE NOT LESS THAN 4.5 METRES DIRECTLY BEHIND THE BOW CHAIN STOPPER.
- (c) SHOULD BE AT SUCH A HEIGHT THAT FAIRLEAD ROLLERS WILL ENABLE AN UNRESTRICTED LINE PULL TO BE ACHIEVED.

2.20.1.8. PEDESTAL FAIRLEAD SHOULD BE FITTED FOR LEAD TO WINCH/WINDLASS.

2.20.1.9. SHOULD HAVE A MESSENGER LINE OF CIRCUMFERENCE 4 INCH/5 INCH X 500 FT. LONG, ONE END CONNECTED TO AN EMPTY MOORING ROPE WINCH DRUM.

- 2.20.1.10. TANKER SHOULD HAVE A "PANAMA" LEAD RIGHT AFT ON ITS CENTRE LINE.
- 2.20.1.11. A GOOD TOW ROPE (POLYPROPYLENE) OF 10" CIRCM OR ABOVE IN SIZE AND LENGTH (APPROX. 650 FT.) TO BE KEPT READY AT THE STERN. IF NECESSARY, TWO ROPE COILS MAY BE JOINED TO OBTAIN LENGTH OF 650 FT.
- 2.20.1.12. MOORING MASTERS SHOULD HAVE FREE ACCESS TO NAVIGATIONAL CHARTS AND EQUIPMENTS REQUIRED FOR MOORING OPERATION.
- 2.20.1.13. WHEEL HOUSE TO BE KEPT OPEN THROUGHOUT THE PERIOD THE TANKER MADE FAST TO THE BUOY.
- 2.20.1.14. A FORE-CASTLE WATCHMAN TO BE MADE AVAILABLE BY THE TANKER THROUGHOUT THE PERIOD THE TANKER MADE FAST TO THE BUOY.
- 2.20.1.15. ALL TOOLS REQUIRED FOR CONNECTION/DISCONNECTION OF CARGO HOSE TO BE SUPPLIED BY THE TANKER.
- 2.20.1.16. CONNECTION/DISCONNECTION OF HOSE IS THE RESPONSIBILITY OF SHIP'S STAFF UNDER THE SUPERVISION OF A SHIP'S OFFICER ON THE INSTRUCTIONS OF CEYPETCO OFFICIALS ON BOARD THE TANKER.
- 2.20.1.17. TANKER'S MAIN ENGINE SHOULD BE KEPT READY THROUGHOUT THE PERIOD OF STAY AT THE BUOY FOR MANOEUVRING PROMPTLY ON NOTICE.
- 2.20.1.18. **INERT GAS SYSTEM**
- TANKER SHOULD HAVE AN OPERATIONAL INERT GAS PLANT CAPABLE OF MAINTAINING TANK ATMOSPHERE OF LESS THAN 8 PCT. OXYGEN CONTENT AND POSITIVE PRESSURE IN CARGO TANKS WITHIN SAFE LIMITS AT ALL STAGES OF DISCHARGE.
- 2.20.1.19. **COMMUNICATION EQUIPMENT**
- TANKER SHOULD HAVE VHF CHANNEL 09,16,68,71 FACILITIES FOR COMMUNICATION WITH SHORE FACILITY. TANKER'S CARGO CONTROL ROOM SHOULD HAVE FACILITY TO MAINTAIN A CONTINUOUS WATCH ON VHF CHANNEL 71 FOR OPERATIONAL REQUIREMENTS.
- 2.20.1.20. **ACCOMMODATION/MEALS**
- FOLLOWING PERSONNEL WOULD STAY ON BOARD THROUGHOUT THE PERIOD OF TANKER MADE FAST TO THE BUOY.
- (a) TWO MOORING MASTERS
 - (b) TWO LOADING MASTERS
 - (c) ONE SAMPLE COLLECTOR (CREW)
 - (d) TWO INDEPENDENT INSPECTORS (JUNIOR OFFICERS)

2.20.1.21. PROPER ACCOMMODATION ON OFFICERS DECK SHOULD BE ARRANGED FOR THE MOORING MASTERS, LOADING MASTERS AND INDEPENDENT INSPECTORS.

2.20.1.22. MEALS FOR MOORING MASTERS, LOADING MASTERS AND INDEPENDENT INSPECTORS SHOULD BE SERVED IN OFFICERS' DINING SALOON AT THE OWNERS EXPENSE.

2.20.1.23. **RATE OF DISCHARGE**

TANKER SHOULD BE EQUIPPED WITH CARGO DISCHARGE PUMPS CAPABLE OF DISCHARGING THROUGH THE MANIFOLD AS MENTIONED IN CLAUSE 3.2 ABOVE WHILE MAINTAINING A PRESSURE OF 8.5 KG /9.5 KG. MINIMUM AT THE MANIFOLD OR AS ADVISED BY THE MOORING MASTERS.

NOTE : WHEN PUMPING TO REFINERY (22 KM DISTANCE) AVERAGE RATE 1500 MT/HR. AT 9.5 KG.

WHEN PUMPING TO TANK FARM (12 KM DISTANCE) AVERAGE RATE 2500 MT/HR. AT 8.5 KG.

2.20.1.24. **CRUDE OIL WASHING**

COW SHOULD BE CARRIED OUT ONLY UPTO MARPOL 25% WHILE DISCHARGING CRUDE OIL WITHOUT INTERRUPTION TO DISCHARGE OPERATION.

2.21 LINE FLUSHING AT SPM 1, COLOMBO

THE VESSEL NOMINATED BY THE SUCCESSFUL SUPPLIER/BIDDER SHOULD BE CAPABLE OF FLUSHING THE 13 KM LENGTH, DISCHARGE LINE (36 INCH SUBMARINE LINE REDUCED TO 24 INCH) WITH MINIMUM OF 5.0 KG/CM² PRESSURE AT MANIFOLD, WITH APPROX. 8,000 M³ OF SEA WATER, AS AND WHEN REQUIRED.

2.22 DEMURRAGE

2.22.1 ALL CLAIMS FOR DEMURRAGE SHALL BE ACCOMPANIED BY THE RESPECTIVE CHARTER PARTY. CEYPETCO SHALL NOT BE BOUND BY THE TERMS AND CONDITIONS OF THE CHARTER PARTY EXCEPT TO THE EXTENT SUCH TERMS AND CONDITIONS HAVE BEEN COMMUNICATED TO CEYPETCO AND EXPRESSLY AGREED TO BY CEYPETCO.

2.22.2 IN CASE OF VESSEL ARRIVING OUTSIDE LAYCAN AGREED UPON, LAYTIME TO START COUNTING FROM THE TIME OF BERTHING AS PER THE **CLAUSE 2.18**.

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

2.22.4 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 UN-BERTHED (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'S/BIDDER'S 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 MENTION HEREIN 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 MURBAN CRUDE OIL IN THE REFINERY. 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.

- 2.22.5 DEMURRAGE RATE OF THE NOMINATED VESSEL SHALL BE DECLARED BY THE SUCCESSFUL SUPPLIER / BIDDER AT THE TIME OF VESSEL NOMINATION FOR THE CARGO.
- 2.22.6 AFTER ACCEPTANCE OF THE NOMINATED VESSEL BY CEYPETCO, A CERTIFIED COPY OF THE APPLICABLE CHARTER PARTY OR DULY AUTHENTICATED FIXTURE NOTES INCLUDING THE RATE OF DEMURRAGE SHALL BE SUBMITTED BY THE SUCCESSFUL SUPPLIER/ BIDDER TO THE CEYPETCO.

2.23 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.

2.24 OTHER REQUIREMENTS

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

2.25 SUBMISSION OF BIDS

- 2.25.1 **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’ FOR MURBAN CRUDE OIL.**
- 2.25.2 **IT IS MANDATORY TO SUBMIT THE ALL DOCUMENTS SPECIFIED UNDER CLAUSE 2.7- “SOURCE OF SUPPLY” ALONG WITH THE BID**
- 2.25.3 SUBMISSION OF BIDS BY FAX OR EMAIL IS NOT ENTERTAINED.
- 2.25.4 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.
- 2.25.5 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.
- 2.25.6 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 27TH SEPTEMBER 2017.**
- 2.25.7 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.
- 2.25.8 BIDDERS ARE REQUESTED TO INDICATE AUTHORIZED SIGNATURE ON EACH PAGE OF OFFERS. THE OFFICER WHO SIGNS THE BIDS (AUTHORIZED OFFICER) SHOULD HAVE PROPER AUTHORITY FROM THE RESPECTIVE BIDDER OR THE PRINCIPAL FOR SIGNING ALL DOCUMENTS RELATED TO THE BID.

2.26 VALIDITY OF THE BIDS

OFFERS CLOSE AT **1200 HRS**, SRI LANKA TIME ON **WEDNESDAY, 27TH SEPTEMBER 2017** AND SHOULD BE HELD VALID FOR **SEVENTY TWO (72) HRS** THEREFROM.


COMMERCIAL MANAGER/CEYPETCO/CE/0089

12/09/2017

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 Bank]* hereby unconditionally and 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.

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 |
|------------------|---|
| MURBAN CRUDE OIL | 700,000 BBLS PLUS/MINUS 5 PERCENT (+/- 5%). |

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.

| | | Crude MURBAN | | | TBP | | | | | |
|--------------------------------|-------|---------------------|----------------------|------|--------------|-------|-------|-----|-------|-------|
| | | Country | United Arab Emirates | | DISTILLATION | | | | | |
| | | | | | °C | wt% | vol% | °C | wt% | vol% |
| Density at 15°C, kg/m3 | 822.4 | | | | | | | | | |
| °API | 40.5 | | | | 080 | 8.09 | 10.36 | 460 | 80.91 | 83.54 |
| Bbl/mt | 7.660 | | | | 090 | 9.54 | 12.05 | 480 | 83.49 | 85.87 |
| Acidity, mg KOH/g | 0.05 | | | | 100 | 11.19 | 13.94 | 500 | 85.78 | 87.92 |
| Sulphur, wt% | 0.743 | | | | 120 | 15.06 | 18.27 | 520 | 87.79 | 89.70 |
| Hydrogen Sulphide, mg/kg | 0 | | | | 140 | 19.48 | 23.11 | 540 | 89.53 | 91.24 |
| Mercaptan Sulphur, mg/kg | 56 | | | | 160 | 24.15 | 28.11 | 560 | 91.04 | 92.56 |
| Viscosity, cSt at | 10 °C | | | | 180 | 28.80 | 33.01 | 580 | 92.36 | 93.71 |
| | 50 °C | | | | 200 | 33.37 | 37.77 | | | |
| Pour Point, °C | -9 | | | | 220 | 37.90 | 42.43 | | | |
| Total Nitrogen, wt% | 0.042 | | | | 240 | 42.34 | 46.93 | | | |
| Wax, wt% | - | | wt% | vol% | 260 | 46.50 | 51.09 | | | |
| Wax Appearance Temperature, °C | - | | | | 280 | 50.32 | 54.85 | | | |
| RVP at 37.8 °C, kPa | 39 | Ethane | 0.00 | 0.01 | 300 | 54.08 | 58.49 | | | |
| Water, vol% | - | Propane | 0.17 | 0.28 | 320 | 58.22 | 62.45 | | | |
| NaCl, mg/kg | - | Iso-Butane | 0.19 | 0.28 | 340 | 62.69 | 66.68 | | | |
| Nickel, mg/kg | 1.6 | n-Butane | 0.69 | 0.97 | 360 | 65.76 | 69.57 | | | |
| Vanadium, mg/kg | 2.4 | | | | 380 | 68.46 | 72.10 | | | |
| Iron, mg/kg | - | | | | 400 | 71.62 | 75.04 | | | |
| Mercury, µg/kg | - | | | | 420 | 74.89 | 78.06 | | | |
| | | | | | 440 | 78.03 | 80.93 | | | |

FORMAT FOR PERFORMANCE SECURITY GUARANTEE

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

Beneficiary : **CEYLON PETROLEUM CORPORATION**

Date : [insert (by issuing agency) date]

PERFORMANCE SECURITY GUARANTEE NO :

We have been informed that [name of supplier] (hereinafter called "the Supplier") has entered into contract No. [reference number of the contract] dated with you, for the 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 Supplier, we [name of Bank] hereby unconditionally and 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], upon receipt by us of your first demand in writing accompanied by a written statement stating that the Supplier 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 one month 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 A CARGO OF 700,000 BBLs +/-5% OF MURBAN CRUDE OIL FOR DISCHARGE AT SPBM 1 COLOMBO, SRI LANKA

(TENDER REF. CR/15/2017)

NAME AND ADDRESS OF THE BIDDER :

.....

.....

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 Murban Crude Oil with the specifications and quantity as specified in the tender.

A. PRODUCT / PRICE / INTEREST

| Product | Contractual cargo quantity (BBLs +/- 5%) | Compliance | Delivery laycan at SPBM 1 Colombo, Sri Lanka | Compliance | Contractual cargo quality | Compliance | Premium/ Discount (USD per BBL) | | | Interest Rate (Per Annum) |
|------------------|--|------------|---|------------|---------------------------|------------|---------------------------------|----------------------|----------------------|---------------------------|
| | | | | | | | FOB basis | Option – 1 (30 days) | Option – 2 (90 days) | |
| Murban Crude Oil | 700,000 | | 12 th November 2017 - 16 th November 2017 | | Annex – ‘C’ | | | | | |

B. TERMS & CONDITIONS

| BID DOCUMENT CLAUSE REFERENCE | COMPLIANCE | REMARKS |
|--|------------|---------|
| 1.7. Bid Security Guarantee (Annex – ‘A’) | | |
| 2.2. Contractual cargo quantities | | |
| 2.3. Delivery | | |
| 2.4 Important | | |
| 2.5 Third Party Cargo | | |

| | | |
|--|--|--|
| 2.6. Quality | | |
| 2.7. Source of supply | | |
| 2.8. Mode of Loading | | |
| 2.9.1. Inspection at Load port | | |
| 2.9.2. Inspection at Discharge port | | |
| 2.10.. Recovery of Damages or Losses for CEYPETCO due to unacceptable Quality | | |
| 2.11. Out-turn loss | | |
| 2.12. Price / Payment / interest | | |
| 2.12.1. DAP Colombo price for Murban Crude Oil calculation method under Option -1 | | |
| 2.12.2. DAP Colombo price for Murban Crude Oil calculation method under Option -2 | | |
| 2.13. Local Agent & Local Agency Commission (USD) | | |
| 2.14. Title and Risk | | |
| 2.15. Performance Security Guarantee (Annex – 'D') | | |
| 2.16. Claims, disputes & Recovery of Damages for losses by CEYPETCO and delivery of lesser quantity than agreed | | |
| 2.17. Award of the tender | | |
| 2.18. Laytime for discharge at SPBM 1, Colombo | | |
| 2.19. Notice of arrival at Colombo | | |
| 2.20. Vessel requirements | | |
| 2.21. Line flushing at SPBM 1, Colombo | | |
| 2.22. Demurrage | | |
| 2.23. Force Majeure | | |

| | | |
|-------------------------------|--|--|
| 2.24. Other requirements | | |
| 2.25. Submission of Bids | | |
| 2.26. Validity of the Bids | | |

- 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 Murban Crude Oil 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 :