

1. INSPECTION

1.1. INSPECTION AT LOAD PORT

- 1.1.1. CEYPETCO SHALL NOMINATE AN INDEPENDENT INSPECTOR (GEO-CHEM / ITS CALEB BRETT / SBC ASIA – SAYBOLT / SGS / BUREAU VERITAS / CCIC/ AMSPEC) 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 THE INSPECTION AND TO PREPARE THE QUALITY AND QUANTITY CERTIFICATES AND ANY OTHER DOCUMENTS SPECIFIED.
- 1.1.2. 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**.
- 1.1.3. 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. AND THE SECOND INSPECTOR IF NOMINATED BY CEYPETCO AS PER SUB CLAUSE 2.9.1.2.

IN CASE CEYPETCO REQUESTS, THE INDEPENDENT INSPECTOR AT LOAD PORT IS ALSO RESPONSIBLE TO SEND A SHIP'S COMPOSITE SAMPLE WITH SUFFICIENT QUANTITY AT THE EARLIEST POSSIBLE TIME AFTER LOADING THE VESSEL TO REACH CEYLON PETROLEUM STORAGE TERMINALS LIMITED (CPSTL) LABORATORY AT COLOMBO VIA AIR FREIGHT. IN THIS CASE, ALL RELATED COST SHALL BE UNDER CEYPETCO ACCOUNT.
- 1.1.4. 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.
- 1.1.5. 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.

- 1.1.6. 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 ARE ON SPECIFICATIONS.

IF THE LOAD PORT QUALITY CERTIFICATES 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 THE PRODUCT IS ON SPECIFICATIONS.

- 1.1.7. CEYPETCO SHALL PROVIDE AT LEAST THREE (03) E-MAIL ADDRESSES FOR SUCH CORRESPONDENCE TO THE SUCCESSFUL SUPPLIER/ BIDDER AND THE SUCCESSFUL SUPPLIER/ BIDDER SHALL SEND THE QUALITY CERTIFICATES TO ALL THREE E-MAIL ADDRESSES PROVIDED BY THE BUYER FOR THE SAID PURPOSE.
- 1.1.8. THE SUCCESSFUL SUPPLIER/BIDDER SHALL LOAD THE CARGO COMPLYING WITH CEYPETCO TENDER SPECIFICATION AT THEIR OWN RISK.
- 1.1.9. THE SUCCESSFUL SUPPLIER/ BIDDER SHALL BE BOUND TO PROVIDE A TANK CLEANLINESS & DRY CERTIFICATE SIGNED BY THE INDEPENDENT INSPECTOR CERTIFYING THE INSPECTION AND WITNESSING, ENSURING DRY AND CLEANLINESS OF THE VESSEL'S TANKS & LINES BEFORE LOADING AND VESSEL'S TANKS FACILITIES SUCH AS PIPELINES, PUMPS AND STRAINERS TO BE CLEANED, DRY AND SUITABLE FOR GAS OIL (0.05% MAX SULPHUR) THROUGH THE INDEPENDENT INSPECTOR.
- 1.1.10. IT IS EXTREMELY IMPORTANT TO SUBMIT THE ABOVE CERTIFICATE TO CEYPETCO BY THE SUCCESSFUL SUPPLIER/BIDDER THROUGH 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.
- 1.1.11. IN THE EVENT PRODUCT IS LOADED FROM DIFFERENT SHORE TANKS, INDEPENDENT INSPECTOR SHALL PROVIDE QUALITY CERTIFICATES IN RESPECT OF EACH AND EVERY SHORE TANK.
- 1.1.12. THE COST OF INSPECTION AT LOAD PORT SHALL BE SHARED EQUALLY BETWEEN CEYPETCO AND THE SUCCESSFUL SUPPLIER/BIDDER.
- 1.1.13. QUANTITIES MENTIONED IN THE BILLS OF LADING (B/Ls) AT RESPECTIVE LOAD PORTS SHALL BE BINDING ON BOTH PARTIES.

- 1.1.14. IN THE EVENT THAT THE SUCCESSFUL SUPPLIER/BIDDER DOES NOT AGREE TO THE NOMINATED INDEPENDENT INSPECTOR BY CEYPETCO AS PER THE CLAUSE 2.7.1.1., 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.

1.2. INSPECTION AT DISCHARGE PORT

- 1.2.1. DISCHARGE PORT INDEPENDENT INSPECTOR SHALL BE DIFFERENT TO THAT OF THE LOAD PORT.
- 1.2.2. THE QUALITY AT DISCHARGE PORT COLOMBO SHALL BE DETERMINED BY CEYLON PETROLEUM STORAGE TERMINALS LIMITED (CPSTL) 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.

- 1.2.3. A SHIP TANK COMPOSITE SAMPLE WITH ADEQUATE QUANTITY 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. SAMPLES SHALL BE PROPERLY SEALED AND AUTHENTICATED BY THE INDEPENDENT INSPECTOR, VESSEL'S MASTER OR REPRESENTATIVE OF THE MASTER AND REPRESENTATIVES OF THE CEYPETCO / CPSTL AND REPRESENTATIVE IF NOMINATED BY THE SUCCESSFUL SUPPLIER/BIDDER.

SUCH SAMPLE WILL BE ANALYZED AT THE 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.

- 1.2.4. UNDER NO CIRCUMSTANCES A REPRESENTATIVE OF THE SUCCESSFUL SUPPLIER/BIDDER FROM AN INSPECTION COMPANY AND AN EMPLOYEE OF THE INSPECTION COMPANY AS MENTIONED UNDER SUB CLAUSE 2.9.2.2. WILL BE ALLOWED.
- 1.2.5. UNDER NO CIRCUMSTANCES A PROTECTIVE INSPECTOR WILL BE ALLOWED TO THE SUCCESSFUL SUPPLIER/BIDDER OTHER THAN THE MUTUALLY AGREED INDEPENDENT INSPECTOR.

1.2.6. THE SUCCESSFUL SUPPLIER/BIDDER SHALL DECLARE IN THE BID THAT THE CERTIFICATE OF 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.

1.2.7. 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/CPSTL, A REPRESENTATIVE FROM THE SUCCESSFUL SUPPLIER/ BIDDER'S CARGO INSURER, 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.

1.2.8. IF THE SPECIFICATION OF THE PRODUCT DEVIATED FROM THE CEYPETCO STANDARD SPECIFICATIONS, CEYPETCO RESERVES THE RIGHT TO REJECT THE PRODUCT.

1.2.9. UNDER NO CIRCUMSTANCES ANY TESTING RESULTS FROM ANY OTHER LABORATORIES OTHER THAN THE CPSTL LABORATORY SHALL BE ENTERTAINED FOR FINAL DETERMINATION OF THE QUALITY OF THE SUBJECT CARGO.

1.2.10. 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.

1.2.11. THE QUALITY CERTIFICATE AT DISCHARGE PORT, COLOMBO SHALL BE ISSUED BY THE INDEPENDENT INSPECTOR BASED ON THE TEST REPORT OF CPSTL LABORATORY.

1.2.12. DISCHARGE OF VESSEL SHALL COMMENCE ONLY AFTER THE CERTIFICATE OF QUALITY AT DISCHARGE PORT, AS ISSUED BY INDEPENDENT INSPECTOR BASED ON THE TESTS REPORTS OF CPSTL LABORATORY COUNTERSIGNED BY CEYPETCO'S REPRESENTATIVE IS IN POSSESSION OF THE SUCCESSFUL SUPPLIER'S/ BIDDER.

1.2.13. THE QUANTITY OF THE PRODUCT AT THE DISCHARGE PORT COLOMBO SHALL 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/ BIDDER SHALL DEDUCT THE EXCESS LOSS AND/OR FREE FLOWING PRODUCT LEFT ON BOARD FROM THE BILL OF LADING QUANTITY FOR INVOICE PURPOSES.

- 1.2.14. 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.
- 1.2.15. 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/BIDDER.