

**PURCHASE - SALE OF CARGOES OF
MURBAN CRUDE OIL**

REF: CR/TERM/CRUDE OIL/MURBAN/2022(R)

TERM CONTRACT

FROM:..... TO:.....

BETWEEN

CEYLON PETROLEUM CORPORATION

AND

.....

TERM CONTRACT BETWEEN
CEYLON PETROLEUM CORPORATION AND

.....
FOR THE PURCHASE OF MURBAN CRUDE OIL
REF: CR/TERM/CRUDE OIL/MURBAN/2022(R)

This AGREEMENT is entered into between the CEYLON PETROLEUM CORPORATION a Corporation duly established by an Act of Parliament Act No: 28 of 1961 whose Head Office is at No. 609, Dr. Danister De Silva Mawatha, Colombo – 09 Sri Lanka (hereinafter referred to as the “Buyer”) of the One Part and (hereinafter referred to as the “Seller”) of the Other Part.

WHEREBY it is agreed between the parties hereto as follows:

1. PERIOD OF CONTRACT :

This Agreement shall commence on and subject to the provisions hereof shall remain in force for a period of seven (07) months ending 30/11/2022.

2. BUYER : Ceylon Petroleum Corporation (CEYPETCO),
No. 609, Dr. Danister De Silva Mawatha,
Colombo – 09,
Sri Lanka.

3. SELLER :
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4. SCOPE :

During the period of the Agreement, the Seller shall sell and deliver and the Buyer shall purchase and pay for and take or cause to be taken Murban Crude Oil for delivery at Single Point Buoy Mooring 1 (SPBM 1), Colombo, Sri Lanka for a period of **seven (07) months commencing from 01st May 2022 to 30th November 2022** where not in conflict with the terms contained herein, Incoterms 2010 to apply.

5. QUANTITY :

| PRODUCT | QUANTITY TO BE DELIVERED / PURCHASED | | NO. OF SHIPMENTS |
|------------------|--------------------------------------|-----------------------|------------------|
| | TOTAL CONTRACTUAL QUANTITY | PER SHIPMENT QUANTITY | |
| MURBAN CRUDE OIL | BBLS +/- 5% | BBLS +/- 5% | |

6. QUALITY :

Quality is made available at ADNOC/ADCO terminal at the time of loading. Seller to provide copy of Certificate of Quantity and Quality issued by ADNOC/ADCO and copy of Certificate of Origin issued by ADNOC/ADCO confirming that the Crude Oil shipped on vessel is derived from the current production of the Murban Crude Oil field.

7. INSPECTION AT LOAD PORT

7.1. The Buyer shall nominate an independent inspector (GEO-CHEM/ITS CALEB BRETT/SBC ASIA – SAYBOLT/SGS/BUREAU VERITAS/CCIC/AMSPEC) acceptable to the Seller 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 carry out the inspection and to prepare the quality (submit on line sampling test report indicating the four parameters namely “Total Sulphur, Density, RVP and BS&W” also the bidder to submit the Assay of Murban Crude Oil) and quantity certificates and any other documents specified.

7.2. The Buyer 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**.

7.3. It is the responsibility of the Seller to ensure the presence of the independent inspector at the time of loading of the cargo at the load port. The Seller shall cooperate and liaise with the independent inspector to ensure that the inspection is carried out to the satisfaction of the Buyer. 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 7.1.** and the second inspector if nominated by the Buyer as per **Sub Clause 7.2.**

7.4. The Buyer will furnish full particulars of the respective cargo to be purchased to the independent inspector under advice to the Seller. 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 sheet.

Shore tank quality certificate issued by the Seller’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.

7.5. The Seller shall ensure that vessel loads with only Murban Crude Oil. The independent inspector nominated by the Buyer and accepted by the Seller shall also ensure that the vessel loads only with Murban Crude Oil.

7.6. The Seller shall load the cargo complying with CEYPETCO tender specification at their own risk.

7.7. The Buyer shall provide at least three (03) e-mail addresses for such correspondence to the Seller and the Seller shall send the quality certificates to all three e-mail addresses provided by the Buyer for the said purpose.

- 7.8. In the event product is loaded from different shore tanks, the independent inspector nominated by the Buyer and accepted by the Seller shall ensure that the vessel loads only with Murban Crude Oil.
- 7.9. The cost of inspection at load port shall be shared equally between The Buyer and the Seller.
- 7.10. 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.
- 7.11. In the event that the Seller does not agree to the nominated independent inspector by the Buyer as per the **clause 7.1.** above, the Seller is permitted to nominate an alternative independent inspector and get the acceptance of the Buyer, liable in the said clause under no circumstances the Seller shall be permitted to change such alternative nomination thereafter.

8. INSPECTION AT DISCHARGE PORT

- 8.1. Discharge port independent inspector shall be different to that of the load port.
- 8.2. 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/MAS MARINE/STAR MARINE) at Colombo. Such determinations shall be reported on the certificate of quality finally issued by CEYPETCO Refinery laboratory.
- 8.3. Two sets of ship tank samples with adequate quantities for **Murban Crude Oil** shall be separately drawn from the ship's each tank according to ASTM standard method of sampling by a mutually agreed independent inspector at discharge port witnessed by the Buyer/CPSTL representatives and a representative if nominated by the Seller. Both samples shall be properly sealed and authenticated by the independent inspector, vessel's master or representative of the master and the Buyer/CPSTL representatives and representative if nominated by the Seller.

First composite sample to be prepared at CEYPETCO Refinery Laboratory for **Murban Crude Oil** shall be analysed at the Refinery laboratory **to check and ensure key properties i.e. Density, Sulphur, RVP and BS & W** as specified under **sub clause 8.2.** while the second set of composite sample for **Murban Crude Oil** shall be retained under the custody of the independent inspector.

- 8.4. Under no circumstances a representative of the seller from an inspection company and an employee of the inspection company as mentioned under sub clause 8.2. will be allowed
- 8.5. Under no circumstances a protective inspector will be allowed to the seller other than the mutually agreed independent inspector.
- 8.6. The seller 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.

- 8.7. In the event the first composite sample does not meet the **key properties i.e. Density, Sulphur, RVP and BS & W**, the second composite sample retained with the independent inspector, shall be tested at the Refinery laboratory as specified in **sub clause 8.2.** in the presence of the mutually agreed independent inspector, representatives from the Buyer, a representative from Seller's Cargo Insurer, two representatives from the Seller 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.
- 8.8. If the specification of the product deviated from the CEYPETCO standard specifications, the Buyer reserves the right to reject the total cargo.
- 8.9. Under no circumstance further samples shall be drawn from ship's tanks other than the samples proposed under **sub clause 8.3.** to determine the quality of cargo at discharge port.
- 8.10. The quality certificate at discharge port, Colombo shall be issued by the independent inspector based on the test report of Refinery laboratory.
- 8.11. Discharge of the vessel shall commence only after the certificate is issued by the independent inspector and accepted by the Buyer.
- 8.12. 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 Seller shall deduct the excess loss and/or free flowing product left on board from the Bill of Lading quantity for invoice purposes.

- 8.13. In the event the out-turn loss is proved to be due to the Buyer'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.
- 8.14. The cost of inspection, including cost for testing of second composite sample payable to independent inspector at discharge port, shall be shared equally between the Buyer and the Seller.

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

- 9.1. If the quality of the product at the discharge port does not meet/comply with the **key properties i.e. Density, Sulphur, RVP and BS & W** with respect to any of the parameters indicated therein, subject to **Clause 8.** the Buyer reserves the right to reject the full consignment on board the vessel.

The Seller shall provide the Buyer with copy of following documents after shipment to evidence cargo loaded is Murban Crude Oil.

9.1.1. Certificate of Quality issued by ADNOC/ADCO.

9.1.2. Certificate of Origin issued by ADNOC/ADCO confirming that the Crude Oil shipped on vessel is derived from the current production of the Murban Crude Oil field.

9.2. In such a case the Seller is obliged to provide a replacement cargo at the request of the Buyer without any additional cost to the Buyer within the time specified by the Buyer 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 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 delivery month of the rejected cargo and as per the **Clause 11. 'Price / Interest / Payment'** of this agreement. Determination of the new laycan will be at the discretion of the Buyer. However, the Buyer 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 Seller to the Buyer within **forty eight (48) hours** of such request by the Buyer.

9.3. 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 the buyer as required.

9.4. The pricing of the replacement cargo shall be determined as per the price of the delivery month of the replacement cargo plus premium/discount. The calculation of the value of the replacement cargo shall be as per the **Clause 11. 'Price / Interest / Payment'**.

9.5. In the event, failure by the Seller to provide a replacement cargo, the Buyer reserves the right to terminate the contract and to forfeit the Performance Security Guarantee.

9.6. 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 the Buyer.

9.7. In the event the Buyer deciding, at its sole discretion, not to request a replacement cargo for Murban Crude Oil, a recovery of damages or losses for the Buyer which amounts to **one point five percent (1.5%)** of DAP Colombo value of such rejected cargo shall be claimed and the Seller may settle such amounts directly to the Buyer.

In the event, the Seller does not agree to settle a recovery of damages or losses directly to the Buyer as claimed by the Buyer, it shall be considered as the non-performance of the contract. Moreover, the Buyer shall reserve the right to recover such damages or losses for the buyer so accumulated from the Performance Security Guarantee at the end of the contract.

10. OUT-TURN LOSS

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.

11. PRICE / INTEREST / PAYMENT

11.1. Payment in thirty (30) days - option-1

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 delivery month of the cargo at Colombo, plus a fixed premium/discount for the first 30 days interest free credit period.

11.2. Payment in ninety (90) days - option-2

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 month belongs to the first day of the two day delivery laycan of the cargo at Colombo, 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 first day of the delivery laycan. If the first day of the delivery laycan is a non-banking day in London, then three (03) months LIBOR (U.S. Dollar) 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.

11.3. Payment in hundred and eighty (180) days - option-3

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 month belongs to the first day of the two day delivery laycan of the cargo at Colombo, 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 180 days 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 six (06) months LIBOR (U.S. Dollar) 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.

11.4. Payment will be made thirty (30) days (Option-1) or ninety (90) days (Option-2) or hundred and eighty (180) days (Option-3) 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 seller. Confirmation charges of L/C shall be to the beneficiary's account.

11.5. Premium/Discount for Murban Crude Oil and the interest rate applicable over LIBOR shall be fixed throughout the seven (07) months contract period.

11.6. Letter of Credit (L/C) to be established by the Buyer through its bankers either by Bank of Ceylon or People's Bank base on the terms and conditions acceptable to both Seller and the Buyer, at least twelve (12) calendar days prior to the first day of the two day delivery laycan at Colombo.

The seller shall be responsible to trace and verify the receipt of the L/C through their corresponding bank. The Seller shall be responsible to send all required details including Performa invoice for the establishment of the L/C by the Buyer **within 30 days prior to the first day of the two day delivery laycan.**

11.7. 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 11.2. & 11.3.** above for the purpose of interest calculation shall be adjusted as per payment due date being affected under this condition.

11.8. In the event that the Buyer shall remit any monies due and payable to the Seller's 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 interest of **two percent (2%)** per annum, on all amounts remaining outstanding for the period from the date payment was due to the date of the Seller's receipt of payment.

11.9. Final unit price for the product shall be expressed to **three decimal places** by rounding to the third decimal place.

11.10. The "latest date of shipment" in the L/C shall be determine by the Buyer 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 Seller to the L/C shall be subjected to the Clause 14. 'Claims, disputes and recovery of damages or losses for CEYPETCO by late delivery and delivery of lesser quantity than agreed' of this Agreement.

11.11. L/C established by the Buyer will call for the following original documents.

11.11.1. Manually signed original commercial invoice based on the net B/L quantity in barrel @ 60^{of} (in air).

11.11.2. 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.

11.11.3. 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.

11.11.4. Certificate of quantity at load port issued or endorsed by the independent inspector.

- 11.11.5. 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.
- 11.11.6. Certificate of ship arrival quantity at discharge port, Colombo issued or endorsed by the independent inspector.
- 11.11.7. Certificate of outturn quantity at discharge port, Colombo issued or endorsed by the independent inspector.
- 11.11.8. The negotiation of Letter of Credit upon presentation of Letter of Indemnity (LOI) in lieu of above original shipping documents is permitted for the Seller, subject to;
- 11.11.8.1. Presentation of beneficiary's manually signed original commercial invoice.
- 11.11.8.2. Presentation of ship arrival quantity report issued by the independent inspector at discharge port, Colombo.
- 11.11.8.3. Presentation of outturn quantity report issued by the independent inspector at discharge port, Colombo.
- 11.11.8.4. Obtaining prior approval of the buyer for such LOI format.

12. LOCAL AGENT & LOCAL AGENCY COMMISSION

The local agent's commission of USD Per Bbl or MT or lump sum will be deducted from the total DAP Colombo value and paid in Sri Lanka Rupees / No local agency commission is payable.

13. TITLE AND RISK

Title and risk/property of the product supplied under the terms of this contract shall pass on to the Buyer at the discharge port when product passes the Seller's vessel's permanent hose/discharging arm connection.

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

- 14.1. Any claim whatsoever arising between the parties to this agreement, under the terms of this agreement shall be lodged in writing within sixty (60) days of receipt of product by the Buyer or in the case of the cargo is not delivered to the Buyer within sixty (60) days of the last date of delivery laycan as notified by the Buyer. Otherwise any such claim shall be deemed to have been waived.
- 14.2. Every endeavour shall be made to settle any difference or dispute arising from any transaction between the Buyer and the Seller by mutual negotiations, failing which such differences or disputes shall be settled by arbitration.

- 14.3. The place of arbitration shall be Colombo, Sri Lanka.
- 14.4. The Buyer and the Seller agree that any dispute arising out of or in connection with this contract including any question regarding its existence, validity or termination shall be finally settled under the rules of arbitration of the United Nations Commission on International Trade Law (UNCITRAL) procedures.
- 14.5. The language of arbitration shall be English. The arbitration tribunal shall consist of three arbitrators, one to be appointed by the Seller, one by the Buyer and the two arbitrators thus appointed shall choose the third arbitrator.
- 14.6. Arbitration shall be a condition precedent to the institution of any legal action by either party against the other.
- 14.7. This tender shall be governed by and construed in accordance with the Laws of Sri Lanka excluding any conflict of laws and rules.

15. DELIVERY OF MURBAN CRUDE OIL AT SPBM 1, COLOMBO

- 15.1. For each shipment, a five day delivery laycan at SPBM 1, Colombo will be notified by the Buyer to the Seller, ninety (90) days before the first day of the delivery laycan. It is imperative that each shipment is delivered in Colombo during the five day delivery laycan which will be further narrowed down to two days, prior to thirty (30) days which will be notified by the Buyer in one tanker in one lot.

The five day delivery laycan shall fall within the same month.

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.

- 15.2. Delivery of product should be made on DAP Colombo basis (incoterms 2010) in total average cargo size of 700,000 Bbls +/- 5% at the two day delivery laycan indicated by the Buyer to the Seller, thirty (30) days before the first day of the said delivery laycan.
- 15.3. Port of loading for each cargo shall be Jebel Dhanna, U.A.E. or Fujairah, U.A.E. and any loading port under United States sanctions is not acceptable to the Buyer. 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, the Buyer reserves the right to reject the cargo straightaway and claim damages from the Seller. Tests will be carried out at the load port as per the Clause 7. And also before discharging at the Buyer's port as per the Clause 8. The decision to accept the cargo after test results (at maximum waiting time of ten (10) hours at disport for results) is solely at the discretion of the Buyer.
- 15.4. In the event Buyer 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

The Buyer shall request and Seller should agree to defer the cargo delivery period to a revised date range agreed with the Seller while keeping the price of "Murban ADNOC" FOB price per net US barrel charged by Abu Dhabi National Oil Company ("ADNOC") to term customers lifted by them over the month belongs to the first day of the original two-day delivery laycan already agreed as per the tender document.

16. LAYTIME FOR DISCHARGE AT SPBM 1 COLOMBO

Laytime for discharge at SPBM 1 Colombo shall be **72 hrs** and the commencement of laytime shall be determined in the following manner.

- 16.1. Notice of Readiness (NOR) should be tendered between 0600 hrs. and 1500 hrs. during two day delivery laycan agreed upon.
- 16.2. 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 six (6) hrs. thereafter or at the time of completion of mooring, whichever is earlier under normal weather/sea conditions.
- 16.3. 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 six (6) hrs. thereafter or at the time of mooring, whichever is earlier.
- 16.4. 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.
- 16.5. If NOR is tendered after 1500 hrs of the second day of the delivery laycan agreed upon, for all purposes it will be considered that nor has been tendered at 0600 hrs on the following day and laytime shall commence six (06) hrs thereafter or at the time of mooring, whichever is earlier.
- 16.6. 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 ceased 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 utilised by the vessel at the berth shall only be considered as used laytime.
- 16.7. 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.
- 16.8. Any delays in berthing due to weather and/or sea conditions to be counted as half laytime (CONOCO weather clause).

17. NOTICE OF ARRIVAL AT COLOMBO

Master of vessel should advise estimated time of arrival (ETA) at Colombo 3/2/1 days and 12 hrs. in advance to the Commercial Manager, CEYPETCO tel no. +94-11-5664649 fax nos. +94-11-5455406/5455400 e-mail: cm@ceypetco.gov.lk, The Manager (Shipping), CEYPETCO tel no. +94-11-5455300 fax no. +94-11-5455407 e-mail: shipping@ceypetco.gov.lk, The Deputy Manager (Operations), CEYPETCO fax no. +94-11-5455432 e-mail: menakaj@ceypetco.gov.lk, The Manager (Refinery Operations), CEYPETCO tel nos. +94-11-2400666/5668490 e-mail: kgh_kodagoda@ceypetco.gov.lk, The Manager (Economics and Scheduling), CEYPETCO tel no. +94-11-2400432 e-mail ref_tech_econ@sltnet.lk, The Manager (Operations) at Oil Facilities Office, CPSTL, Colombo tel no. +94-11-2422388 / fax +94-11-2434273, The 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.

18. VESSEL REQUIREMENTS

18.1. REQUIREMENTS OF TANKERS FOR DISCHARGING OF PRODUCT VIA SPBM 1 COLOMBO

Vessel nominated

18.1.1. Should meet following Colombo port restrictions:

- | | | |
|-----------------------|---|---------------------------|
| (A) Length | - | 298.70 m max. |
| (B) Beam | - | 44.5 m max. |
| (C) Moulded depth | - | 22.56 m max. |
| (D) Draft | - | 18.90 m max. |
| (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.

18.1.2. 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.

18.1.3. **Manifold**

- | | | |
|------------------------|---|--|
| A) Manifold location | - | midship (port side) |
| B) Manifold connection | - | one 12 inch studed Camlock Flange ANSI class 150 |

18.1.4. **Details of derrick at manifold location**

Derrick should have minimum safe working load of 10 MT and should be in good operational condition.

18.1.5. **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 |

- 18.1.6. Tanker should be fitted with a central bow fair lead (bull ring) measuring at least 600mm x 450mm.
- 18.1.7. 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.
- 18.1.8. Pedestal fairlead should be fitted for lead to winch/windlass.
- 18.1.9. 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.
- 18.1.10. Tanker should have a “panama” lead right aft on its centre line.
- 18.1.11. 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.
- 18.1.12. Mooring masters should have free access to navigational charts and equipments required for mooring operation.
- 18.1.13. Wheel house to be kept open throughout the period the tanker made fast to the buoy.
- 18.1.14. A fore-castle watchman to be made available by the tanker throughout the period the tanker made fast to the buoy.
- 18.1.15. All tools required for connection/disconnection of cargo hose to be supplied by the tanker.
- 18.1.16. Connection/disconnection of hose is the responsibility of ship’s staff under the supervision of a ship’s officer on the instructions of the buyer officials on board the tanker.
- 18.1.17. Tanker’s main engine should be kept ready throughout the period of stay at the buoy for manoeuvring promptly on notice.
- 18.1.18. **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.
- 18.1.19. **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.

18.1.20. **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)

18.1.21. Proper accommodation on officers deck should be arranged for the mooring masters, loading masters and independent inspectors.

18.1.22. Meals for mooring masters, loading masters and independent inspectors should be served in officers' dining saloon at the owners expense.

18.1.23. **Rate of discharge**

Tanker should be equipped with cargo discharge pumps capable of discharging through the manifold as mentioned in clause 2.20 above while maintaining a pressure of 8.5 kg/cm² /9.5 kg/cm². Minimum at the manifold or as advised by the mooring masters. Availability of continuous pressure monitoring and recording/reporting facilities shall be preferred

Note : when pumping to Refinery (22 Km distance) average rate 1,350 MT/hr. at 7.5 Kg/cm²
When pumping to tank farm (12 Km distance) average rate 2,500 MT/hr. at 7.5 Kg/cm²

18.1.24. **Crude Oil Washing**

COW should be carried out only upto MARPOL 25% while discharging crude oil without interruption to discharge operation.

19. LIQUIDATED DAMAGES

19.1. The Seller 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 Seller liable for liquidated damages of **zero point two five percent (0.25%)** of the dap value per day for each day of delay after 2400 hrs. of the last day of the two day delivery laycan until vessel tender NOR at discharge port at Colombo. If the delay exceeds six days after the last date of the agreed delivery laycan without obtaining prior approval, the Buyer will reserve the right to terminate the contract.

19.2. The Seller is fully responsible to deliver the agreed quantity of cargo under each shipment. In the event of failure to deliver the agreed quantity below minus five percent (-5%) (tendered quantity vs. B/L quantity) will make Seller liable for the payment of damages or losses to the Buyer **at the rate of USD 10,000 per each 1,000 MT of short loaded quantity or part thereof on pro-rata basis.**

19.3. Such claim in respect of the liquidated damages must be notified to the Seller in writing within sixty (60) days of the date of disconnection of hoses of Seller's nominated vessel at discharge port, Colombo with full supporting documentation that the Seller may reasonably require. Any such documentation not then available shall be provided to the Seller within seventy five (75)

days of the disconnection of hoses of Seller's nominated vessel at discharge port, Colombo. If the Buyer fails to give such notice or provide such documentation within the above respective time limits, then the Buyer's claim shall be deemed to have been waived and any liability of the Seller shall be extinguished.

19.4. If the Seller fails to deliver any full shipment unless agreed for an alternative in writing, the Buyer will reserve the right to encash the Performance Security Guarantee.

20. TERMINATION

This agreement may be terminated;

20.1. By mutual consent of both parties.

20.2. In the event of product specifications are not in conformity with the requirements given in **key properties i.e. Density, Sulphur, RVP and BS & W** and the Seller fails to perform as per the remedy under Clause 9. the Buyer reserved the right to terminate the contract at its own discretion.

20.3. If the delay exceeds six (06) days after the last date of the agreed delivery laycan without obtaining prior approval from the Buyer.

20.4. In the event that either the Seller or Buyer is in breach of any of the terms and conditions of the contract.

20.5. In the event the Buyer is unable to purchase agreed quantities as per the tender before the expiry of the contract on **30/11/2022**, extension of the contract to purchase balance quantities is permitted only upon mutual consent, expressed in writing, provided the Buyer has obtaining the approval of the Cabinet of Ministers for such extension. In the event that either party does not agree for extension of the contract, the contract shall be automatically terminated.

21. LINE FLUSHING AT SPBM 1, COLOMBO

21.1. The vessel nominated by the Seller should be capable of flushing the 13Km/22Km 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 sea water, as and when required.

21.2. The Seller shall be bound to give proper instructions to the master of the performing vessel to use Cargo Pumps for line flushing operations while avoiding Stripping Pumps for line flushing. All delays due to low rate of line flushing shall be the responsibility of the Seller.

22. DEMURRAGE

22.1. All claims for demurrage shall be accompanied by the respective charter party. The Buyer 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 the Buyer and expressly agreed to by the Buyer in writing.

- 22.2. In case of vessel arriving outside laycan agreed upon, laytime to start counting from the time of berthing as per Sub Clause 16.
- 22.3. If the total laytime to complete the entire cargo discharge exceeds the laytime allowed as per clause 16. Buyer will be liable to pay the demurrage to the Seller.
- 22.4. In the event the Seller's vessel arrives late and is berthed on arrival which affects berthing of vessel or vessels which are arriving on schedule, then the Seller'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 the Seller's vessel provided that the Seller's shall agree to bear the demurrages on the subsequent three vessels that arrive on schedule and gets delayed due to the presence of the Seller's vessel on berth. Liability for demurrages on subsequent vessels mentioned herein are in addition to the recovery of damages or losses for the Buyer charged under Clause 14. Claims, disputes and recovery of damages or losses for CEYPETCO by late delivery and delivery of lesser quantity than agreed.

Moreover the Buyer reserves the right to berth the vessel only on SPBM 1 availability basis and based on the requirement for the Murban Crude Oil in the Refinery. Furthermore the Buyer shall not be responsible for any demurrages incurred by the Seller's vessel arriving outside the contractual laycan. The Buyer shall take every endeavour to minimize the overall commercial loss to all parties.

In the event the Seller 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, the Buyer 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 rebirthed only after the completion of the discharging of the subsequent vessel/s and/or on the pier availability basis.

In any circumstances, the Buyer requires to unload the product on board the vessel as per the product requirement to ensure the energy security of the country, the Buyer compels to discharge the minimum requirement of the cargo on board 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 Seller.

- 22.5. Demurrage rate of the nominated vessel shall be declared by the Seller at the time of vessel nomination for each cargo.
- 22.6. After acceptance of the nominated vessel by the Buyer, a certified copy of the applicable charter party or duly authenticated fixture note including the rate of demurrage shall be submitted by the Seller. Buyer prefers to have a certified copy of the signed Charter party.

23. FORCE MAJEURE

The Seller or the Buyer 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 Seller's or Buyer'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. In case of force majeure event, the Buyer shall request and the Seller should agree to defer the cargo delivery period to a revised date range agreed with the Buyer while keeping the price of "Murban ADNOC" FOB price per net US barrel charged by Abu Dhabi National Oil Company ("ADNOC") to term customers lifted by them over the month belongs to the first day of the original two-day delivery laycan already agreed as per the tender document.

24. CONFIDENTIALITY

The information contains in this agreement and all information exchanged relating to it are confidential between the Buyer and the Seller. Neither the Buyer nor the Seller shall, without the other's prior written consent, disclose such information to any person outside its own organization except to the extent that disclosure may be legally compulsory to any Government Authority.

25. ASSIGNMENT

The rights and contractual responsibilities pertaining to this contract are not assignable to any third party.

26. TAXES, DUTIES AND FEES

All taxes, duties and fees related to the importation of the products imposed by the government of Sri Lanka are for Buyer's account.

27. OTHER REQUIREMENTS

All other requirements are as per the tender invitation (Ref: **CR/TERM/CRUDE OIL/MURBAN/2022(R)/DEPUTY COMMERCIAL MANAGER/CEYPETCO/CE/0157 dated 04/11/2021**) and CEYPETCO standard terms and conditions available with the Seller.

28. SELLER'S CONTACTS

Correspondence Address:

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.....,
.....,

Seller -
Contact Person -
Telephone -
Facsimile -
E-mail -

29. BUYER'S CONTACTS

Correspondence Address:

Ceylon Petroleum Corporation (CEYPETCO),
No. 609, Dr. Danister De Silva Mawatha,
Colombo 09,
Sri Lanka.

Buyer - Ceylon Petroleum Corporation
Contact Person - Commercial Manager
Telephone - +94 115 455405 / +94 115 455113
Facsimile - +94 11 5 455406
E-mail - cm@ceypetco.gov.lk

Contact Person - Mahendra Garusinghe – Deputy General Manager (Commercial & Supply Chain)
Telephone - +94 115 455122
Facsimile - +94 11 5 455406
E-mail - mahendrag@ceypetco.gov.lk

In witness whereof the parties hereto have placed their signatures in duplicate on the date herein indicated.

| SELLER | BUYER |
|--|--|
| Signature : Name : Designation : On Behalf Of : | Signature : Name : Designation : On Behalf Of : CEYLON PETROLEUM CORPORATION |
| Signature : Name : Designation : On Behalf of : | Signature : Name : Designation : On Behalf of : CEYLON PETROLEUM CORPORATION |
| Date : | Date : |
| WITNESS | WITNESS |
| 1. (Signature) | 1. (Signature) |
| (Name) | (Name) |
| 2. (Signature) | 2. (Signature) |
| (Name) | (Name) |