



2014 edition, version 2

general terms & conditions for sales and purchases of crude oil

human energy®

chevron products company,
a division of chevron U.S.A. inc.

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PART ONE
In Respect of FOB Deliveries

Section 1. -- Delivery

- 1.1 The crude oil shall be delivered by the Seller to the Buyer in bulk FOB at the Loading Terminal on to Vessel(s) provided or procured by the Buyer.

Section 2. -- Measurement and Sampling, Independent Inspection and Certification

2.1 Measurement and Sampling

- 2.1.1 The quantity of the crude oil delivered under the Agreement shall be determined using proven dynamic meters at the Loading Terminal. In the absence of such proven dynamic meters, quantity shall be determined using manual shore tank gauges. If the nominated shore tank is active during loading or the shore tank measurements are determined to be inaccurate, or if the floating roof of the shore tank is not floating at least six (6) inches above the critical zone, the Vessel's figures with a valid Load Vessel Experience Factor ("VEFL") shall be used to determine the quantity of the crude oil delivered. All measurements of quantity shall be determined in accordance with the most current industry standards at the time of shipment, such as API, ASTM, EI, GOST or other internationally recognized testing standards.
- 2.1.2 The quality of the crude oil delivered under the Agreement shall be determined by the testing of a sample obtained using a proven inline sampler at the Loading Terminal. In the absence of a proven inline sampler, quality shall be determined by the testing of a volumetrically prepared composite sample taken from the nominated shore tanks. If one (1) or more of the nominated shore tank(s) is active during loading, quality shall be determined by the testing of a volumetrically prepared composite sample drawn from the Vessel after the completion of loading. Testing of the sample shall be performed in accordance with the test method(s) referred to in the specification of the crude oil set out in the Special Provisions. If no test method is set out in the Special Provisions, testing shall be performed in accordance with the most current industry standards at the time of shipment, such as API, ASTM, EI, GOST or other internationally recognized testing standards.
- 2.1.3 Should it not be possible for the quantity and quality of the crude oil delivered under the Agreement to be determined in accordance with Sections 2.1.1 or 2.1.2, quality and quantity, as applicable, shall be determined by measurement, sampling and testing in accordance with good standard practice at the Loading Terminal at the time of shipment.
- 2.1.4 Despite anything to the contrary in the provisions of Section 2.2, the certificates of quantity and quality (or such other equivalent documents as may be issued at the Loading Terminal) for the crude oil comprising the shipment issued in accordance with Sections 2.1.1, 2.1.2, or 2.1.3, as applicable, shall, except in cases of manifest error or fraud, be conclusive and binding on both parties for invoicing purposes but without prejudice to the rights of either party to make any claim pursuant to Section 23.
- 2.1.5 No claim shall be admitted in respect of any deficiency of quantity where the difference between the quantity loaded as ascertained in accordance with the Special Provisions, Sections 2.1.1 or 2.1.3, as applicable, ("Shore Loaded Quantity") and the quantity loaded as ascertained on board the Vessel with the valid VEFL, if any, applied, ("Vessel Loaded Quantity") is: 0.5% or less of the Shore Loaded Quantity if the Shore Loaded Quantity is 200,000 barrels or less; 0.3% or less of the Shore Loaded Quantity if the Shore Loaded Quantity is more than 200,000 barrels

2.2 Independent Inspection

- 2.2.1 Either party may appoint a mutually acceptable independent inspector at the Loading Terminal, subject to any necessary prior agreement of the Loading Terminal operator having been obtained. Such appointment shall be notified in writing to the other party. Unless otherwise provided for in the Special Provisions, all charges in respect thereof shall be shared equally between the parties and the inspector's report shall be made available to both parties.
- 2.2.2 In addition to the independent inspector appointed pursuant to Section 2.2.1 or should the parties fail to mutually agree upon an independent inspector, either party may, at its own expense, appoint a representative at the Loading Terminal, subject to any necessary prior agreement of the Loading Terminal operator.

2.3 **Place of Certification**

- 2.3.1 In the event that the measurement and sampling of the crude oil pursuant to Sections 2.1.1 and 2.1.2 takes place at the nominated shore tank(s) or should it not be customary practice at the Loading Terminal at the time of shipment for measurement and sampling pursuant to Section 2.1.3 to take place at the Vessel's manifold immediately prior to loading, or should the parties agree otherwise, then it is a condition of the Agreement that the Seller shall be obliged to provide the same quantity and quality of the crude oil at the Vessel's permanent hose connection as set out in the certificates of quantity and quality so issued.

Section 3. -- Risk and Title

- 3.1 Despite any right of the Seller to retain the documents referred to in Section 27.2 until payment, the risk and title in the crude oil delivered under the Agreement shall pass to the Buyer as the crude oil passes the Vessel's permanent hose connection at the Loading Terminal.
- 3.2 Any loss of or damage to the crude oil during loading or any pollution of or harm to the Environment, if caused by the Vessel or its officers or crew, shall be the responsibility of and for the account of the Buyer. Any claim made against the Seller in respect of damage to any facilities at the Loading Terminal (or in the event the facilities are operated by the Seller any claim by the Seller or by an Affiliate of the Seller) or arising out of any pollution of or harm to the Environment caused by the Vessel or its officers or crew shall be borne by the Buyer.

Section 4. -- Laydays

- 4.1 The Laydays shall be a day or range of days (issued in accordance with standard practice at the Loading Terminal) in which:
 - 4.1.1 the Buyer's nominated Vessel must tender a valid NOR at the Loading Terminal pursuant to Section 6.1; and
 - 4.1.2 the Seller shall have a sufficient quantity of the crude oil deliverable under the Agreement available at the Loading Terminal so as to enable loading to commence and continue on an uninterrupted basis pursuant to Section 6.2.
- 4.2 The Laydays shall be either:
 - 4.2.1 as specified in the Special Provisions; or
 - 4.2.2 established in accordance with the procedure(s) specified in the Special Provisions; or
 - 4.2.3 where such Laydays cannot be ascertained by reference to Sections 4.2.1 or 4.2.2,

the Seller shall notify the Buyer of the Laydays and such notification must not be made after the later of:

- (a) the date that is twelve (12) days prior to the first day of the Laydays so notified; or
- (b) the twentieth (20th) day of the month preceding the first month in which the Laydays fall.

4.3 The Laydays established in accordance with Sections 4.2.2 or 4.2.3 shall, unless otherwise specifically agreed between the parties, fall entirely within any delivery period specified in the Special Provisions.

Section 5. -- Nomination of Vessels

5.1 Full and Part Cargo Lots

5.1.1 Unless otherwise provided in the Special Provisions, delivery hereunder shall be given and taken in one full cargo lot or a part cargo lot at the Buyer's option but subject always to the prior agreement of the Loading Terminal operator.

5.2 Nomination of Vessel

5.2.1 Each Vessel shall be nominated in writing by the Buyer to the Seller. Such nomination shall specify:

- (a) the name of the Vessel, date built, summer deadweight, length and flag;
- (b) the grade and approximate quantity to be loaded;
- (c) the ETA of the Vessel at the Loading Terminal;
- (d) the destination(s) of the Vessel;
- (e) such other information as may be required by the Loading Terminal operator from time to time;
- (f) full written instructions regarding the particulars and destination of the bills of lading and such other customary Loading Terminal documentation which may be required by the Buyer;
- (g) details of any cargo on board or to be laden on board if loading a part cargo; and
- (h) confirmation that the Vessel complies with the requirements of Schedule B. hereto.

5.2.2 The nomination shall not be effective unless it is received by the Seller not later than eight (8) days prior to the first (1st) day of the Laydays. Despite the foregoing, if the nomination is received by the Seller after such eighth (8th) day and is accepted by the Seller, it shall be effective but the Buyer shall be liable for all costs resulting from any delays in loading the crude oil under the Agreement that are due directly to the failure by the Buyer to nominate in a timely manner and any such delays shall not count as time allowed to the Seller for loading or if the Vessel is on demurrage, as demurrage. In the event that the Agreement is entered into eight (8) days or less prior to the first (1st) day of the Laydays then the nomination must be received, by the Seller, no less than two (2) days prior to the first day of the Laydays.

5.3 Substitution of Vessels

In respect of any nominated Vessel, the Buyer may, or if necessary to perform its obligations under the Agreement must, substitute therefor another Vessel provided always that:

- 5.3.1 the size and all other material attributes of the substitute Vessel and the quantity to be loaded shall not, without the prior written consent of the Seller, differ materially from the size and all other material attributes of the Vessel previously named and the quantity specified in the nomination;
- 5.3.2 the Laydays which would have applied in respect of the Vessel originally nominated shall apply to the substitute Vessel; and
- 5.3.3 the Buyer shall give to the Seller notice in writing of the name and the destination(s) of the substitute Vessel as soon as practicable but in any event not later than the ETA at the Loading Terminal of the substitute Vessel or the ETA of the Vessel originally nominated, whichever is the earlier. Additionally, any substitute Vessel shall be subject to all requirements and approvals (including vetting procedures) consistent with the original nomination and any costs associated with such requirements and approvals shall be for the Buyer's account.

5.4 ETA

- 5.4.1 The Buyer or its representative shall notify the Seller or its representative of any change(s) in the ETA notified pursuant to Sections 5.2 or 5.3, but the Laydays shall be revised only with the Seller's specific written agreement. The giving or withholding of such agreement shall be at the absolute discretion of the Seller.

5.5 Rejection of Nominations and Vessels

- 5.5.1 The Seller shall give notice accepting or rejecting any Vessel nominated by the Buyer within one (1) Business Day of receipt of the Buyer's nomination.
- 5.5.2 Despite anything to the contrary express or implied elsewhere herein, the Seller shall have the right:
 - (a) to reject any nomination made by the Buyer pursuant to Sections 5.2 or 5.3 on any reasonable ground; and/or
 - (b) to refuse, on any reasonable ground, to accept for loading any Vessel named pursuant to Sections 5.2 or 5.3; and/or
 - (c) to reject the Vessel in question, despite any prior acceptance of such Vessel (whether named in the Special Provisions or nominated or substituted pursuant to Sections 5.2 or 5.3), on any reasonable ground if such Vessel is involved in any incident or more recent information regarding such Vessel becomes available to the Seller which indicates that the information relied upon by the Seller in previously accepting the Vessel was materially incorrect or incomplete.

Without derogating from any other reasonable grounds that may be available to the Seller it shall be a reasonable ground for the Seller to reject or refuse a Vessel pursuant to this Section 5.5 if the Vessel, either at the time of nomination or subsequently at any time is not approved, or is determined to be unacceptable, by any vessel vetting system operated by the Seller, Seller's Affiliate or Seller's supplier.

5.6 Regulations at the Loading Terminal

- 5.6.1 All restrictions at the Loading Terminal with respect to maximum draft, length,

deadweight, displacement, age, flag and the like, the procedures relevant to health, safety and Vessel operations and all applicable governmental, local and port authority regulations and any other applicable requirements of whatever nature in force at the Loading Terminal shall apply to the Vessel (including without limitation the requirements set out in Schedule B hereto). Despite anything to the contrary in Section 5.6.2, the Buyer shall be deemed to be fully familiar with such Loading Terminal requirements and shall nominate a Vessel that can comply with such requirements at all times.

5.6.2 The Seller shall provide all information regarding restrictions at the Loading Terminal and such other Loading Terminal requirements that are readily available to it, upon the Buyer's written request.

5.6.3 Despite anything to the contrary express or implied in this Section 5.6.3 or in Section 6 and Section 7, if any Vessel nominated by the Buyer does not comply with any of the provisions in this Section 5, the Seller and/or the Seller's supplier may refuse to berth or load the Vessel in question.

5.7 Changes in Procedures

5.7.1 This Section 5 shall be subject to modification, by written notice from the Seller to the Buyer, to take account of changes in the nomination and/or other procedures applicable from time to time at the Loading Terminal.

5.8 Liability

5.8.1 The Seller shall not be liable for the consequences of rejection or delay (including but not limited to demurrage) of the Vessel or other restriction suffered in respect of the Vessel by virtue of the application of any regulations or other requirements of this Section 5 and/or of Schedule B hereto, and the Buyer shall be liable for any costs or damages incurred by the Seller arising out of any such rejection of, delay to or restriction of the Vessel.

Section 6. -- Arrival of Vessel, Loading, Berth

6.1 Arrival of Vessel

6.1.1 The Buyer shall arrange for its Vessel to report its ETA to the Loading Terminal, with a copy to the Seller, at least seventy-two (72), forty-eight (48) and twenty-four (24) hours prior to its arrival and otherwise in accordance with the standard reporting procedure applicable from time to time at the Loading Terminal in question. If the Vessel fails, for any reason, to give at least twenty-four (24) hours prior notice of arrival at the Loading Terminal, the time allowed to the Seller for loading pursuant to Section 7.1 shall be extended by a period equal to the delay in giving such twenty-four (24) hours' notice, but in any case, not exceeding an additional twenty-four (24) hours.

6.1.2 By no later than 2400 hours (local time) on the last day of the Laydays the Vessel must have:

- (a) arrived at the Loading Terminal in question (or the usual waiting place), and be in all respects ready to commence loading the crude oil deliverable hereunder; and
- (b) tendered a valid NOR.

6.2 Loading

- 6.2.1 Unless otherwise agreed in writing by the Seller, if the Vessel tenders a valid NOR prior to the first (1st) day of the Laydays, the Seller shall not be under any obligation to commence loading prior to 0600 hours (local time) on the first day of the Laydays.
- 6.2.2 After receipt of the NOR pursuant to Section 6.1.2, the Seller, having regard to the requirements of the Loading Terminal, Loading Terminal procedures and the time when the Vessel has complied with the provisions of Section 6.1, shall commence loading as soon as reasonably practicable, even if this means that loading is effected or completed outside the Laydays or outside any other period specified in the Special Provisions.
- 6.2.3 If the Vessel tenders NOR after 2400 hours (local time) on the last day of the Laydays, the Seller shall have the right to refuse to load the Vessel.

6.3 **Berth**

- 6.3.1 Subject to compliance by the Buyer's nominated Vessel with all other requirements of the Loading Terminal at the time in question, the Seller shall provide or cause to be provided free of charge to the Buyer (subject to the provisions of Section 26) a Berth to be indicated by the Seller or its representative that the Vessel can safely reach and leave and where it can always lie and load always safely afloat.
- 6.3.2 The Seller shall at all material times and at no expense to the Buyer provide and maintain or cause to be provided and maintained, in good working order, all necessary flexible hoses, connections, pipelines, and tankage facilities necessary for the loading of the Vessel.
- 6.3.3 The Seller shall not be deemed to warrant the safety of any channel, fairway or other waterway used in approaching or departing from the Berth designated by the Seller. The Seller shall not be liable for any loss, damage, injury or delay to the Vessel resulting from the use of such waterways; or any damage to the Vessel caused by other users of the waterway.
- 6.3.4 Despite anything to the contrary in Section 6.3.1 above, if the Berth in question requires the Vessel to be loaded from a floating storage facility, lighter or other vessel by means of ship-to-ship transfer, such Berth shall be subject to the Buyer's ship or Loading Terminal vetting procedures and the Buyer may, on any reasonable ground and without liability, refuse the use of such facility for the purpose of loading its nominated Vessel. Any ship-to-ship or lightering operations shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship Transfer Guides.

6.4 **Vacation of Berth**

- 6.4.1 The Vessel shall vacate the Berth as soon as loading hoses have been disconnected, provided that such Vessel's departure is not delayed awaiting production of Loading Terminal documents unless such documents can be delivered to the Vessel at a suitable anchorage or where early departure procedure is applied. If the Vessel fails to vacate the Berth due to a cause within the control of the Vessel and/or the Buyer, any loss or damage suffered by the Seller or Seller's supplier resulting from such failure shall be paid by the Buyer to the Seller. For the avoidance of doubt, it is agreed that for the purposes of this Section 6.4 any technical failure or breakdown on the part of the Vessel shall be a cause within the control of the Vessel and the Buyer.

The Buyer's liability in such event shall be limited to no more than the excess Berth utilisation charge actually incurred by the Seller pursuant to Section 6.5 and/or any demurrage suffered by the next Vessel scheduled to load that had been delayed as a direct result of such failure and such demurrage having actually been incurred by the Seller. The Buyer's liability for such demurrage shall be limited to no more than the

excess time taken by the Vessel to vacate the Berth.

6.5 Berth Utilisation

6.5.1 Despite anything to the contrary in the provisions of Section 7, if at the Loading Terminal the Seller's supplier or any other agency (whether or not an Affiliate of the Seller) imposes on the Seller, in respect of the Vessel, an excess Berth utilisation charge in accordance with the Loading Terminal regulations or a contractually agreed or otherwise established scale for any hours of Berth utilisation in excess of a specified period of hours (as such scale may be advised by the Seller to the Buyer from time to time), but does not impose such charge directly on the Vessel itself, such charge shall be for the Buyer's account, except where such excess Berth utilisation is caused by the Loading Terminal, the Seller or the Seller's supplier.

6.6 Shifting and Lightering

6.6.1 The Seller shall have the right to shift the Vessel from one Berth to another. All costs, including but not limited to damages for delay, shall be for the Seller's account if such shifting is for the Seller's purposes and otherwise shall be for the Buyer's account.

6.6.2 The Seller shall have the option to load the Vessel from lighters subject always to the Buyer's rights under Section 6.3.4, when the cost of such lightering (together with any additional expense reasonably incurred by the Vessel in respect thereof) shall be for the Seller's account. The Seller shall be obliged to notify the place of lightering to the Vessel when NOR is tendered. The place of lightering so notified shall be deemed the Berth for the purposes of Section 6 and Section 7 and all references therein to the Berth shall be construed accordingly.

Section 7. -- Laytime, Delays and Demurrage

7.1 Laytime

7.1.1 The time allowed to the Seller for the loading of the quantity of crude oil deliverable hereunder to each Vessel shall be thirty-six (36) running hours, all days and holidays included unless loading on the day or holiday in question is prohibited by law or regulation at the Loading Terminal.

7.2 Running Hours

7.2.1 Except as otherwise provided in the Special Provisions or in this Section 7.2, provided always that the Buyer has complied with Section 6.1, running hours shall commence Berth or no Berth either:

- (a) six (6) hours after a valid NOR is tendered to the Seller or its representative by the master of the Vessel (or the master's representative) after its arrival at the Loading Terminal, or
- (b) if the Vessel moves directly to the Berth, when the Vessel is securely moored at the Berth, whichever is the earlier.

7.2.2 If NOR is given for the Vessel before the first day of the Laydays, running hours shall commence at 0600 hours (local time) on the first day of the Laydays or on commencement of loading, whichever is the earlier. If NOR is given for the Vessel after the last day of the Laydays and is accepted for loading by the Seller, then, without prejudice to any of the Seller's other rights, running hours shall commence only on commencement of loading.

7.2.3 Time shall cease to run upon final disconnection of loading hoses after completion of loading of the cargo. However, time shall recommence three (3) hours after

disconnection of hoses if the Vessel is delayed in its departure due to the Seller's or the Seller's supplier's purposes and shall continue until the termination of such delay.

7.2.4 Any delay arising out of or in connection with any of the following situations shall not be counted or included in calculating the time taken by the Seller to load the shipment or the time in respect of which the Seller is liable for demurrage (whether or not the Vessel is already on demurrage):

- (a) awaiting tide, tugs, pilot, daylight, ice, subsidence of adverse weather or sea state, prior to or during berthing;
- (b) awaiting immigration, customs or pratique;
- (c) on an inward passage until the Vessel is securely moored at the Berth;
- (d) preparing for and handling or shifting of ballast, bilges, slops or other substances or bunkering unless concurrent with cargo operations;
- (e) restrictions imposed by the owner, Charterer or master of the Vessel;
- (f) any breakdown of the Vessel's equipment or failure to comply with the requirements of the Loading Terminal with respect to equipment aboard;
- (g) cleaning and inspection of the Vessel's cargo tanks;
- (h) time spent complying with any of the regulations and other requirements referred to in Section 5;
- (i) any other delay attributable to the Vessel, the Buyer or agents of the Buyer; or
- (j) any onboard strike, lockout, stoppage or restraint of labour by members of the crew.

7.2.5 Any delay arising out of or in connection with any of the following situations which are not an impediment in respect of which a notice has been given pursuant to Section 29.3 shall be counted as one-half of the time used, whether or not the Vessel is already on demurrage:

- (a) fire, explosion, storm, or by strike, lock-out, stoppage or restraint of shore labour at the Loading Terminal, or by breakdown of machinery in or about the Seller's or the Seller's supplier's plant or the Loading Terminal of the Charterer or shipper of the cargo, act of war, civil commotion, or arrest or restraint of princes, rulers or peoples.

7.3 Delays

7.3.1 In the event of any delay of any kind or from any cause whatsoever whether in connection with the scheduling of the Vessel's turn to load (including any change in such scheduling), provision of a Berth for the Vessel, berthing or loading of the Vessel or otherwise howsoever without limitation, and provided always that the Vessel is eventually loaded pursuant to Section 6.2.2, any rights of the Buyer against the Seller, however the same may arise and whether or not arising under the Agreement, shall be limited in all circumstances whatsoever to a claim for the payment of demurrage, and the Buyer shall not be entitled to complain directly or indirectly of any delay except for the purpose of founding a claim to such demurrage.

7.4 Demurrage

- 7.4.1 If the shipment is not loaded within the time allowed in accordance with Sections 7.1 and 7.2, the time so allowed shall be extended by the excess time but (subject always to Sections 5.2.2 and 6.1.1) the Seller shall pay to the Buyer demurrage, in the same currency as is prescribed for payment for the crude oil delivered under the Agreement, in respect of the excess time at the appropriate rate per day (or pro rata for part of a day) as hereinafter specified. The Seller's liability for demurrage shall be subject to the provisions of Section 29.
- 7.4.2 The appropriate rate of demurrage shall be either:
- (a) the rate, if any, specified in the Special Provisions; or
 - (b) the applicable single voyage / Contract of Affreightment charterparty rate; or
 - (c) for owned or time chartered Vessels, or where no single voyage / Contract of Affreightment charterparty rate is available, the Worldscale demurrage rate per day corrected by the London Tanker Broker's Panel ("LTBP") Average Freight Rate Assessment (AFRA) applicable for the performing Vessel during the month in which the NOR is tendered, irrespective of the performance period mentioned in the relevant publications.
- 7.4.3 Any demurrage claim must be notified to the Seller in writing within forty-five (45) days of the date of disconnection of loading hoses, with full supporting documentation, together with any other documentation that the Seller may reasonably require. Any such documentation not then available shall be provided to the Seller within ninety (90) days of the disconnection of loading hoses. If the Buyer fails to give such notice or to 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 for demurrage shall be extinguished.
- 7.4.4 Despite anything to the contrary in the provisions of this Section 7 or the charterparty (where the Special Provisions specify that Laytime and demurrage shall be determined in accordance with the charterparty terms and conditions), the Buyer shall only be entitled to recover demurrage from the Seller to the extent that the Seller is able to recover such demurrage from the Seller's supplier and/or the Loading Terminal operator. The Seller shall not be obligated to pay to the Buyer any amounts in excess of the amount that it so recovers and in no event shall the Seller be liable for payment of demurrage hereunder in excess of the amount that is actually paid by the Buyer to the Vessel owner or disponent owner by the Buyer for net demurrage related to the cargo delivered by the Seller. The Seller shall, however, endeavour in good faith to recover from the Seller's supplier or the Loading Terminal operator (as applicable) any demurrage for which the Buyer has presented a demurrage claim to the Seller in accordance with this Section 7.

7.5 **Part Cargo Lots**

If the delivery hereunder is co-loaded with the crude oil being delivered to the Buyer by another supplier at the same Berth, the Seller shall only be liable for that proportion of the demurrage equal to the ratio of the volume delivered by the Seller to the total volume loaded onto the Vessel at that Berth.

PART TWO
In Respect of CFR, CIF and DAP Deliveries

Section 8. – Delivery

8.1 For CFR and CIF Deliveries

8.1.1 The crude oil shall be delivered by the Seller to the Buyer in bulk at the Loading Terminal and shipped by the Seller CFR or CIF (as applicable) to the agreed Discharge Port(s).

8.2 For DAP Deliveries

8.2.1 The crude oil shall be delivered by the Seller to the Buyer in bulk DAP at the Discharge Port(s).

Section 9. -- Measurement and Sampling. Independent Inspection and Certification

9.1 For CFR and CIF Deliveries

9.1.1 Measurement and Sampling

- (a) The quantity of the crude oil delivered under the Agreement shall be determined using proven dynamic meters at the Loading Terminal. In the absence of such proven dynamic meters, quantity shall be determined using manual shore tank gauges. If the nominated shore tank is active during loading or the shore tank measurements are determined to be inaccurate, or if the floating roof of the shore tank is not floating at least six (6) inches above the critical zone, the Vessel's figures with a valid VEFL shall be used to determine the quantity of the crude oil delivered. All measurements of quantity shall be determined in accordance with the most current industry standards at the time of shipment, such as API, ASTM, EI, GOST or other internationally recognized testing standards.
- (b) The quality of the crude oil delivered under the Agreement shall be determined by the testing of a sample obtained using a proven inline sampler at the Loading Terminal. In the absence of a proven inline sampler, quality shall be determined by the testing of a volumetrically prepared composite sample taken from the nominated shore tank(s). If one (1) or more of the nominated shore tanks are active during loading, quality shall be determined by the testing of a volumetrically prepared composite sample drawn from the Vessel after the completion of loading. Testing of the sample shall be performed in accordance with the test method(s) referred to in the specification of the crude oil set out in the Special Provisions. If no test method is set out in the Special Provisions, testing shall be performed in accordance with the most current industry standards at the time of shipment, such as API, ASTM, EI, GOST or other internationally recognized testing standards.
- (c) Should it not be possible for the quantity and quality of the crude oil delivered under the Agreement to be determined in accordance with Sections 9.1.1(a) or 9.1.1(b), quantity and quality shall be determined by measurement, sampling and testing in accordance with good standard practice at the Loading Terminal at the time of shipment.
- (d) Despite anything to the contrary in the provisions of Section 9.1.2, the certificates of quantity and quality (or such other equivalent documents as may be issued at the Loading Terminal) for the crude oil comprising the shipment issued in accordance with Sections 9.1.1(a), 9.1.1(b), or 9.1.1(c), as applicable, such standard practice shall, except in cases of manifest error

or fraud, be conclusive and binding on both parties for invoicing purposes but without prejudice to the rights of either party to make any claim pursuant to Section 23.

- (e) No claim shall be admitted in respect of any deficiency of quantity where the difference between the quantity loaded as ascertained in accordance with the Special Provisions, Sections 9.1.1(a) or 9.1.1(c), as applicable, ("Shore Loaded Quantity") and the quantity loaded as ascertained on board the Vessel with the valid VEFL, if any, applied, ("Vessel Loaded Quantity") is: 0.5% or less of the Shore Loaded Quantity if the Shore Loaded Quantity is 200,000 barrels or less; 0.3% or less of the Shore Loaded Quantity if the Shore Loaded Quantity is more than 200,000 barrels.

9.1.2 Independent Inspection

- (a) Either party may appoint a mutually acceptable independent inspector at the Loading Terminal, subject to any necessary prior agreement of the Loading Terminal operator having been obtained. Such appointment shall be notified in writing to the other party. Unless otherwise provided for in the Special Provisions, all charges in respect thereof shall be shared equally between the parties and the inspector's report shall be made available to both parties.
- (b) In addition to the independent inspector appointed pursuant to Section 9.1.2(a) or should the parties fail to mutually agree upon an independent inspector, either party may, at its own expense, appoint a representative at the Loading Terminal, subject to any necessary prior agreement of the Loading Terminal operator.
- (c) Despite anything to the contrary in the provisions of Sections 9.1.2(a) and 9.1.2(b), if an independent inspector has already been appointed by the Seller or any third party in respect of the shipment prior to the nomination of such shipment by the Seller to the Buyer pursuant to Section 14 or if such inspection has already been carried out, then both parties shall be bound by the results of such measurement of quantity, sampling and analysis thereof as carried out by such independent inspector, provided always the certificates of quantity and quality (or such other equivalent documents as may be issued at the Loading Terminal) of the crude oil comprising the shipment are issued in accordance with Section 9.1.1 above.

9.1.3 Place of Certification

- (a) In the event that the measurement and sampling of the crude oil pursuant to Sections 9.1.1(a) or 9.1.1(b) takes place at the nominated shore tank(s) or should it not be customary practice at the Loading Terminal at the time of shipment for measurement and sampling pursuant to Section 9.1.1(c) to take place at the Vessel's manifold immediately prior to loading, or should the parties agree otherwise, then it is a condition of the Agreement that the Seller shall be obliged to provide the same quantity and quality (as applicable) of the crude oil at the Vessel's permanent hose connection as set out in the certificates of quantity and quality so issued.

9.2 For DAP Deliveries

- 9.2.1 The quantity and quality of the crude oil delivered under the Agreement shall be determined by measurement, sampling and testing carried out at the Discharge Port at the time of discharge by an independent inspector jointly agreed upon by the Buyer and Seller. All charges of the independent inspector shall be shared equally between the parties and the inspector's certificates of quality and quantity shall be made available to both parties. The Buyer shall ensure that the independent inspector shall

have full access to the facilities at the Discharge Port necessary to enable the inspector to perform his duties.

- 9.2.2 The quality of the crude oil delivered under the Agreement shall be determined by the testing of a sample obtained using a proven inline sampler at the Discharge Port. In the absence of a proven inline sampler, quality shall be determined by the testing of a volumetrically prepared composite sample of the crude oil taken by the inspector or in his presence from the Vessel's tanks at the Discharge Port immediately prior to commencement of discharge and in accordance with the test method(s) referred to in the specification of the crude oil set out in the Special Provisions, or, where no test method is set out, in accordance with the most current API, ASTM, EI, GOST, or other internationally recognized measurement standards at the time of delivery.
- 9.2.3 The independent inspector shall for the purpose of determining the quantity of the crude oil proceed as follows:
- (a) The net quantity of the crude oil shall be determined by reference to Discharge Port meter measurements taken or witnessed by the independent inspector. Meters shall be proven during discharge by or in the presence of the independent inspector.
 - (b) In the absence of metering facilities, or where in the opinion of the independent inspector the meters did not pass a performance test or where the meters were not proved during discharge, the net quantity of the crude oil shall be determined by reference to shore tank measurements taken or witnessed by the independent inspector after completion of discharge.
 - (i) where the crude oil is delivered from the Vessel directly into static shore tanks (that is shore tanks to or from which no crude oil is being pumped other than the crude oil being delivered hereunder) the quantity of the crude oil so delivered shall be determined by the independent inspector by reference to static shore tank measurements taken or witnessed by the independent inspector with the roof floating and at least six (6) inches above the critical zone. A line displacement shall be performed prior to the commencement of bulk discharge. The allowable tolerance for the difference between the shore tank and the Vessel measurements shall be the "Precision of Measurement" as defined by API. If the shore tank measurements are less than the Vessel measurements by more than the allowable tolerance, the entire difference shall be incorporated into the outturn figures; or
 - (ii) where the crude oil is delivered from the Vessel directly into active shore tanks (that is shore tanks where crude oil is being pumped out of the tank during the discharge of the crude oil hereunder), shore tanks in or below the critical zone and/or no line displacement check is carried out or the difference between the shore Total Calculated Volume ("TCV") received quantities and the Vessel TCV delivered quantities with valid discharge Vessel experience factor ("VEFD") applied is greater than zero point three (0.3) percent, the net quantity of the crude oil delivered hereunder shall be determined by the independent inspector by reference to the Vessel's discharged figures as adjusted by its VEFD. If a validated VEFD is not available at the time of discharge, then a Vessel Experience Factor ("VEF") of one (1) shall be used.
 - (c) All measurements of quantity shall be determined in accordance with the most current industry standards at the time of delivery, such as API, ASTM, EI, GOST or other internationally recognized measurement standards.

9.2.4 The certificates of quantity and quality (or such other equivalent documents as may be issued at the Discharge Port) for the crude oil comprising the cargo issued in accordance with Sections 9.2.2, 9.2.3(a), 9.2.3(b)(i) or 9.2.3(b)(ii), as applicable, and 9.2.3(c) shall, except in cases of manifest error or fraud, be conclusive and binding on both parties for invoicing purposes but without prejudice to the rights of either party to make any claim pursuant to Section 23.

9.3 For CFR Outturn and CIF Outturn Deliveries

9.3.1 For the purpose of determining the compliance of the crude oil with the quantity and quality provisions of the Special Provisions, quality shall be determined at the

Loading Terminal pursuant to Section 9.1, and quantity measurement shall be carried out at the Discharge Port pursuant to Section 9.2.

9.4 For Part Cargo Lots Delivered CFR or CIF

9.4.1 Where delivery is made as an unsegregated part cargo lot to the Buyer and a third party, the quantity determined in accordance with the foregoing shall be adjusted so that, following completion of discharge of the relevant part cargo lots, the Buyer and such third party shall each be allocated a percentage of the total loaded quantity equal to that percentage of the total outturn quantity (determined at each Discharge Port in accordance with the provisions of Section 9.2.3 above) which was discharged at its Discharge Port. The costs of such independent inspection shall be shared equally between the parties for their respective Discharge Ports and the inspector's report shall be made available to all parties.

9.5 For CFR Outturn, CIF Outturn and DAP Deliveries

9.5.1 No claim shall be admitted in respect of any deficiency of quantity where the difference between the quantity discharged as ascertained in accordance with the Special Provisions, Section 9.2 or 9.3, as applicable, ("Outturn Quantity") and the quantity discharged as ascertained on board the Vessel with the valid VEFD, if any, applied, ("Vessel Discharged Quantity") is: 0.5% or less of the Outturn Quantity if the Outturn Quantity is 200,000 barrels or less; 0.3% or less of the Outturn Quantity if the Outturn Quantity is more than 200,000 barrels.

Section 10. -- Risk and Title

10.1 For CFR and CIF Deliveries

10.1.1 Despite any right of the Seller to retain the documents referred to in Section 27.2 until payment, the risk and title in the crude oil delivered under the Agreement shall pass to the Buyer as the crude oil passes the Vessel's permanent hose connection at the Loading Terminal.

10.1.2 In the case of delivery as a part cargo lot where the crude oil deliverable hereunder is not identifiable or ascertainable on board the Vessel separately from crude oil destined for receivers other than the Buyer, risk and title in the crude oil shall pass in accordance with Section 10.1.1 and the Buyer shall be an owner in common of the bulk with the other receivers, each owning a proportion of the bulk represented by their respective bills of lading to the total quantity recorded on all the bills of lading issued in respect of the bulk.

10.1.3 If the Vessel has commenced or completed loading prior to being nominated to the Buyer pursuant to Section 14, then despite any right of the Seller to retain the documents referred to in Section 27 until payment, the risk in the crude oil delivered

under the Agreement shall be deemed to have passed to the Buyer as the crude oil passed the Vessel's permanent hose connection at the Loading Terminal and title in the crude oil shall pass immediately upon receipt by the Seller of the Buyer's acceptance of such nomination.

10.2 For DAP Deliveries

10.2.1 The risk and title in the crude oil delivered under the Agreement shall pass to the Buyer as the crude oil passes the Vessel's permanent hose connection at the Discharge Port.

Section 11. – Laydays, Indicative Arrival Date Range and Arrival Date Range

11.1 For CFR and CIF Deliveries

11.1.1 Where, in respect of CFR and CIF deliveries only, Laydays are specified in the Special Provisions, it shall be the day or range of days in which the Seller's nominated Vessel must tender a valid NOR at the Loading Terminal and loading shall commence as soon as reasonably practicable, even if this means loading is effected or completed outside such Laydays or outside any other period specified in the Special Provisions.

11.1.2 Where Laydays are specified in the Special Provisions pursuant to this Section 11, if the Seller also expressly or implicitly provides the Buyer with a date or range of dates within which a nominated Vessel shall arrive at the Discharge Port, these shall be indicative only and made by the Seller as an honest assessment without guarantee (such date, the "Indicative Arrival Date Range"). The Seller shall not assume any responsibility for the delivery of the crude oil at the Discharge Port within such arrival date range. The commencement of Laytime shall be as set out in Section 16.2 below, except where it is specified in the Special Provisions that the Indicative Arrival Date Range is to be used for demurrage purposes in which case Section 16.5 shall apply.

11.1.3 Where there are no Laydays specified in the Special Provisions and the Seller expressly or implicitly provides the Buyer with a date or range of dates within which a nominated Vessel shall arrive at the Discharge Port, then such date or range of dates shall be deemed to be an Indicative Arrival Date Range and the Seller shall not be in breach of and shall be deemed to have fulfilled its obligation(s) with regard to any delivery provided however that the loading and carriage of the relevant cargo is on terms (including, with regard to the place of loading, the time of loading, and the expected/customary voyage time) consistent with the arrival at the Discharge Port on or within the Indicative Arrival Date Range, safe navigation and weather permitting. The commencement of Laytime shall be as set out in Section 16.5 below.

11.2 For DAP Deliveries

11.2.1 Where, in respect of DAP deliveries only, an "Arrival Date Range" is specified in the Special Provisions, it shall be the day or range of days in which the Seller's nominated Vessel must tender a valid NOR at the Discharge Port and discharging shall commence as soon as reasonably practicable, even if this means discharging is effected or completed outside such Arrival Date Range or outside any other period specified in the Special Provisions.

Section 12. -- Insurance

12.1 For CFR Deliveries

12.1.1 The responsibility for securing insurance, whether against marine or other risks, shall rest wholly with the Buyer.

12.2 For CIF Deliveries

- 12.2.1 The Seller undertakes to procure and pay for insurance against marine risks to the full value of the shipment hereunder plus ten percent (10%). Such insurance, which shall operate from the time risk passes pursuant to Section 10.1.1 at the Loading Terminal until the crude oil passes the Vessel's permanent hose connection at the Discharge Port, shall be in accordance with the provisions of a marine cargo insurance policy subject to Institute Cargo Clauses (A), and the benefit thereof shall accrue to the Buyer upon the passing of risk in the shipment as provided for in the Agreement.
- 12.2.2 The Seller undertakes to procure insurance against war, strikes, riots and civil commotions risks in respect of the delivery of the crude oil hereunder. Such insurance shall be subject to Institute War Clauses (Cargo) and Institute Strikes Clauses (Cargo) current on the date of sailing of the Vessel and the actual premium payable at the current London market rate for the voyage to be performed shall be charged to and be recoverable from the Buyer by the Seller as an addition to the purchase price and such addition shall then form part of such purchase price.
- 12.2.3 If requested by the Buyer, the Seller shall provide the Buyer with the original certificate of insurance.

12.3 For DAP Deliveries

- 12.3.1 The responsibility for securing insurance, whether against marine or other risks, shall rest wholly with the Seller.

12.4 Additional Vessel Insurance

- 12.4.1 In all cases, if and for so long as the voyage to the Discharge Port, or any seas through which the Vessel has to travel in performance of the Agreement incurs, for the Seller pursuant to the terms of the relevant charterparty, any additional costs or charges including but not limited to insurance or war risk insurance premia for the Vessel's hull and machinery, protection and indemnity or cargo insurances, then any and all costs of such additional insurance and/or additional premia and/or other expenses shall be paid by the Buyer to the Seller in addition to the price payable pursuant to the Agreement.
- 12.4.2 The Seller shall be entitled at any time (including after the shipment of the cargo):
- (a) to direct any Vessel not to undertake or not to complete the voyage to the Discharge Port if such Vessel is required in the performance of the Agreement:
 - (i) to transit or to proceed to or to remain in waters or ports or berths so that the Vessel concerned would be involved in a breach of any applicable institute warranties or, in the Seller's reasonably held opinion, to risk its safety or to risk ice damage; or
 - (ii) to transit or to proceed to or to remain in waters or ports or berths where there is war (de facto or de jure) or threat thereof;
 - (b) to direct any Vessel not to undertake the voyage to the intended Discharge Port if such Vessel is required in the performance of the terms of the Agreement to transit waters which, in the Seller's reasonably held opinion, would involve abnormal delay; or
 - (c) to direct any Vessel not to undertake any activity in furtherance of the voyage which in the opinion of the Vessel's master could place the Vessel, its cargo or crew at risk.

- 12.4.3 If the Seller agrees to direct a Vessel to undertake or to complete the voyage as referred to in Section 12.4.2, the Buyer undertakes to reimburse the Seller, in addition to the price payable under the Agreement, for costs incurred by the Seller in respect of any additional insurance premia (including those referred to in Section 12.2) and any other sums that the Seller may be required to pay to the Vessel owner or underwriters including but not limited to any sums in respect of any amounts deductible under such owners' insurance and any other costs and/or expenses incurred by the Seller.

Section 13. -- Charterparty Conditions

- 13.1 This Section 13 shall only apply in the case of delivery CFR or CIF.
- 13.2 Subject always to any provisions for payment and documents pursuant to Section 27, the Seller may arrange shipment under bills of lading, which incorporate charterparty conditions normally in use for Vessels. Without prejudice to the generality of the foregoing, such conditions shall be deemed to include:
- 13.2.1 the provision that the shipment shall be pumped out of the Vessel at the Vessel's expense;
- 13.2.2 the provision that if, at any time after loading but before commencement of discharge:
- (a) importation of the crude oil comprising the shipment at the port at which discharge was to have taken place is prohibited under the laws of the country in which such crude oil was produced, or by regulations, rules, directives or guidelines applied by the government of that country or any relevant agency thereof; and/or
 - (b) the country, state, territory or region at which discharge was to have taken place becomes a Restricted Jurisdiction (as defined in Section 25.2);
- the shipment shall be discharged at an alternative safe port nominated by the Buyer which is not subject to any such prohibition and which is acceptable to the Seller (which acceptance shall not be unreasonably withheld).
- 13.3 If any prohibition referred to in Section 13.2.2 becomes applicable, such alternative port shall be deemed to be the Discharge Port stipulated under the Agreement for the shipment in question and all extra expenses (if any) involved in the Vessels reaching such alternative Discharge Port and/or in the discharge of the shipment thereat shall be for the Buyer's account.
- 13.4 Where the Buyer, by written instruction, specifically requests that the Seller discharge a quantity of crude oil either:
- (a) without bills of lading being available for presentation to the Vessel's master at the Discharge Port and/or
 - (b) at a Discharge Port other than that named in the bill of lading and/or
 - (c) that is different from the bill of lading quantity

and the Seller discharges the crude oil in accordance with such Buyer's written instructions, then the Buyer shall indemnify and hold the Seller harmless against any liability, loss or damage (including legal costs as between attorney or solicitor and client as associated expenses) which the Seller may sustain by reason of delivering the crude oil in accordance with the Buyer's instructions. This Section 13.4 shall not be included in the scope of Section 30.1.

13.5 Where the Buyer, by written instruction to the Seller, requests that the Vessel:

- (a) co-mingle different grades of cargo belonging to the Buyer;
- (b) otherwise breach the Vessel's natural segregation;
- (c) dope the cargo by introducing additives after loading;
- (d) add dye to the cargo after loading;
- (e) perform on board blending of the cargo;
- (f) carry additives/dye in drums on deck;
- (g) carry out such other cargo operation as the Buyer may reasonably require;

and always providing the Vessel is capable of performing such operations and that such operations are within the scope of the charterparty conditions, then the Buyer shall issue a letter of indemnity in a form acceptable to the Seller indemnifying and holding the Seller harmless against any liability, loss, or damage, delay and/or expense which the Seller may sustain by reason of complying with the Buyer's request. The indemnity given by the Buyer to the Seller shall be no less in scope than the indemnity required by the Vessel owner to comply with the Buyer's request. This Section 13.5 shall not be included in the scope of Section 30.1.

13.6 Without prejudice to the Buyer's obligations under Section 16, the Seller undertakes in all cases to settle freight and demurrage due to the Vessel owner.

Section 14. -- Nomination of Vessels, etc.

14.1 Full and Part Cargo Lots

14.1.1 Unless otherwise provided in the Special Provisions, delivery hereunder shall be given and taken in one (1) full cargo lot or a part cargo lot at the Seller's option.

14.2 Nomination of Vessels

14.2.1 The Vessel shall be nominated in writing by the Seller to the Buyer by:

- (a) where delivery is CIF or CFR, at least eight (8) days prior to the first day of the Laydays or, if no Laydays are specified in the Special Provisions, the Vessel's ETA at the Loading Terminal; or
- (b) where delivery is DAP, at least eight (8) days prior to the first day of the Arrival Date Range as specified in the Special Provisions; or
- (c) if the relevant time in Section 14.2.1(a) or 14.2.1(b) has passed at the time when the Agreement is entered into, on or about the time the Agreement is entered into.

14.2.2 The Seller's nomination shall specify:

- (a) the name of the Vessel, date built, summer deadweight, length and flag;
- (b) the grade and approximate quantity to be loaded (or the bill of lading quantity, if known);

- (c) in the case of CIF and CFR delivery, the Laydays (or the bill of lading date, if known) and the ETA at the Discharge Port;
- (d) in the case of DAP delivery, the Arrival Date Range and the ETA at the Discharge Port;
- (e) such other information as may be required by the Discharge Port operator from time to time;
- (f) details of any other cargo on board or to be laden on board if delivery is of a part cargo;
- (g) in the case of any sales afloat, DAP or any variation thereof whereby the crude oil has been or will be laden on board (which shall include storage, and any intervening transshipment as well as by way of carriage) more than one (1) Vessel, the Seller shall provide the name of each such Vessel, date built and flag; and
- (h) confirmation that the Vessel complies with the requirements of Schedule B hereto.

The Seller undertakes to inform the Buyer of any changes to the ETA advised pursuant to Section 14.2.1(c) as soon as practicable after receipt thereof from Seller's supplier or the Vessel owner or agent and, where applicable, such information as shall be necessary so as to establish the time and place of the passing of title pursuant to Section 10.1.

14.3 **Buyer's Nomination**

14.3.1 The Buyer shall, within one (1) Business Day or such other period as may be specified in the Special Provisions after receipt of the Seller's nomination made pursuant to Section 14.2, notify the Seller of:

- (a) the final Discharge Port, if not already specified in the Special Provisions, when the Seller's approval thereto shall be required in writing within one (1) Business Day thereafter, such approval not to be unreasonably withheld. No change to the final Discharge Port so nominated or specified shall be made without the Seller's prior written acceptance which shall not be unreasonably withheld and subject always to the provisions of Section 14.8;
- (b) if the Special Provisions provide a range within which a Discharge Port or ports may be nominated, the Seller's approval to each port shall be required in writing within one (1) Business Day after any valid nomination, such approval not to be unreasonably withheld; and
- (c) in the case of CFR or CIF delivery, full written instructions regarding the particulars and destination of the bills of lading and such other customary Loading Terminal documentation which may be required by the Buyer (and, for the avoidance of doubt, the Buyer shall be liable for all costs resulting from any delays in loading the crude oil hereunder due to failure by the Buyer to supply such information in a timely manner). The Seller shall have the right to issue its own instructions if such instructions are not so provided by the Buyer.

All costs (including but not limited to demurrage) arising directly out of any failure by the Buyer to comply with the foregoing shall be for the Buyer's account.

14.4 **Substitution of Vessels**

14.4.1 In respect of any nominated Vessel, the Seller may, or if necessary to perform its obligations under the Agreement must, substitute therefor another Vessel provided always that:

- (a) the size and all other material attributes of the substitute Vessel and the quantity to be loaded shall not, without the prior written consent of the Buyer, differ materially from the size and all other material attributes of the Vessel previously named and the quantity specified in the nomination; and
- (b) the Seller shall give to the Buyer notice in writing of the name of the substitute Vessel not less than three (3) clear days before:
 - (i) in the case of CFR or CIF delivery, the last day of the Laydays or, if no Laydays are specified in the Special Provisions, the last day on which the originally nominated Vessel is scheduled to load at the Loading Terminal, provided always that such substitution shall not be allowed after commencement of loading of the Vessel originally nominated unless otherwise specifically agreed between the parties; or
 - (ii) in the case of DAP delivery, the ETA of the substitute Vessel or the ETA of the Vessel originally nominated, whichever is the earlier.

14.5 **Acceptance of Vessels**

14.5.1 The Buyer shall give notice accepting or rejecting any Vessel nominated by the Seller within one (1) Business Day of receipt of the Seller's nomination.

14.5.2 Despite anything to the contrary express or implied elsewhere, the Buyer shall have the right (which right may only be exercised prior to the passing of risk and title hereunder) to refuse, on any reasonable ground, to accept any Vessel named pursuant to Sections 14.2 or 14.4. The Buyer shall not be liable for any loss or damage, direct or indirect, which the Seller may suffer as a result of the Buyer exercising such right.

14.5.3 Despite any prior acceptance of a Vessel (whether named in the Special Provisions or nominated or substituted pursuant to Sections 14.2 or 14.4), the Buyer shall have the right (which right may only be exercised prior to the passing of risk and title hereunder) to reject the Vessel in question on any reasonable ground if such Vessel is involved in any incident or more recent information regarding such Vessel becomes available to the Buyer which indicates that the information relied upon by the Buyer in previously accepting the Vessel was materially incorrect or incomplete.

14.5.4 In the case of CFR or CIF delivery, if the facilities at the Loading Terminal in question require the Vessel to be loaded from a floating storage facility, lighter or other Vessel by means of ship-to-ship transfer, such Berth shall be subject to the Buyer's ship or Loading Terminal vetting procedures and the Buyer may, on any reasonable ground and without liability, refuse the use of such facility for the purpose of loading the nominated Vessel.

14.5.5 Without derogating from any other reasonable grounds that may be available to the Buyer, it shall be a reasonable ground for the Buyer to reject or refuse a Vessel pursuant to this Section 14.5 if the Vessel either at the time of nomination or subsequently at any time up to the time of loading is not approved by any internal ship vetting system operated by the Buyer or alternatively is determined by such internal ship vetting system to be unacceptable under the Buyer's ship vetting policy and/or does not comply with the Buyer's port clearance requirements.

14.6 **Regulations at the Loading Terminal and/or Discharge Port**

- 14.6.1 All restrictions at the Loading Terminal and at the Discharge Port with respect to maximum draft, length, deadweight, displacement, age, flag and the like, the procedures relevant to health, safety and Vessel operations and all applicable governmental, local and port authority regulations, and any other applicable requirements of whatever nature and howsoever communicated in force at the Loading Terminal and at the Discharge Port (including without limitation the requirements set out in Schedule B) shall apply to the Vessel.
- 14.6.2 The Buyer shall provide all information regarding restrictions at the Discharge Port and such other Discharge Port requirements that are readily available to it, upon the Seller's written request.
- 14.6.3 Despite anything to the contrary express or implied in this Section 14 or in Sections 15 and 16.1, if the Vessel nominated by the Seller does not comply with the foregoing provisions or any of them, the Buyer or the Buyer's customer may refuse to berth or discharge the Vessel in question.

14.7 Pumping

- 14.7.1 The Seller warrants that the Vessel will discharge its full cargo within twenty-four (24) hours (or pro-rata in the case of a part cargo) or will maintain 100 PSI at the ship's rail, provided shore facilities permit discharge within such time or at such pressure and provided the Vessel does not leave the Berth for any reason. Time lost as a result of the Vessel being unable to discharge the cargo as stated above shall not count as Laytime or time on demurrage.

14.8 Alternative or Range of Discharge Port(s)

- 14.8.1 Where the Buyer exercises any Discharge Port options in accordance with the Special Provisions or Section 14.3.1(a) and available to the Seller under the terms of the relevant charterparty:
- (a) unless otherwise provided for in the Special Provisions, the price stated in the Special Provisions shall be adjusted by the freight differential calculated in accordance with such charterparty terms as evidenced solely by Vessel owner's confirmation or, if the Vessel has not been voyage chartered or chartered under a Contract of Affreightment, such rate as shall be mutually agreed between the parties in respect of such Discharge Port, provided always that any delays arising out of such failure to agree shall be for the Buyer's account; and
 - (b) the Buyer shall be liable for any additional costs incurred by the Seller, including but not limited to, deviation costs and costs in respect of any additional bunker consumption.

14.9 Loaded Details (CFR and CIF Deliveries)

- 14.9.1 As soon as possible after the loading has been completed, the Seller shall notify the Buyer of the actual quantity(ies) loaded and the latest ETA of the Vessel at the Discharge Port.

Section 15. -- Arrival of Vessel, Berth, Discharge, etc.

15.1 Arrival of Vessel

- 15.1.1 The Seller shall arrange for its Vessel to report its ETA to the Discharge Port, with a copy to the Buyer, at least seventy-two (72), forty-eight (48) and twenty-four (24) hours prior to its arrival and otherwise in accordance with the standard reporting

procedure applicable from time to time at the Discharge Port in question.

15.2 Berth

- 15.2.1 Subject to compliance by the Seller's nominated Vessel with all other requirements of the Discharge Port at the time in question, the Buyer shall provide or cause to be provided free of charge to the Seller (subject to the provisions of Section 26) a Berth to be indicated by the Buyer or its representative at which the Vessel can when fully laden safely reach and leave and where it can lie and discharge always safely afloat.
- 15.2.2 The Buyer shall at all material times and at no expense to the Seller provide and maintain or cause to be provided and maintained, in good working order, all necessary flexible hoses, connections, pipelines, and tankage facilities necessary for the discharging of the Vessel.
- 15.2.3 The Buyer shall not be deemed to warrant the safety of any channel, fairway or other waterway used in approaching or departing from the Berth designated by the Buyer. The Buyer shall not be liable for any loss, damage, injury or delay to Vessel resulting from the use of such waterways; or any damage to the Vessel caused by other users of the waterway as aforesaid.
- 15.2.4 Despite the Buyer's obligations under Section 15.2.1, where the Buyer has purchased the crude oil on board a named Vessel, the Seller represents to the Buyer and warrants that the named Vessel can berth and discharge the contractual quantity of crude oil at the Discharge Port regardless of whether the contractual quantity is a whole or part cargo and irrespective of the port scheduling of the Vessel. Failure to comply with this term shall entitle the Buyer to refuse to berth the named Vessel. Any costs incurred by the Seller in providing a substitute Vessel, or lightering and/or transshipping the crude oil at the Discharge Port including demurrage shall be for the account of the Seller.

15.3 Discharge

- 15.3.1 The Buyer shall arrange for each Vessel to be discharged as expeditiously as possible.

15.4 Shifting

- 15.4.1 The Buyer shall have the right to shift the Vessel from one Berth to another. All costs, including but not limited to damages for delay, shall be for the Buyer's account if such shifting is for the Buyer's purposes and otherwise shall be for the Seller's account.

15.5 Lightering and Transshipment

- 15.5.1 Vessels shall not be compelled to lighter at the Discharge Port, but if any lightering shall be undertaken at the request of the Buyer the expense thereof shall be for the Buyer's account and all time expended in connection with such lightering shall count as running hours for the purposes of calculating the liability for demurrage under the provisions of Section 16.
- (a) Any lightering operations shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship Transfer Guides. The lightering Vessel shall be subject to the Seller's prior acceptance, which shall not be unreasonably withheld.
- (b) Any ship-to-ship transfer (transshipment) operations shall be carried out in accordance with the procedures set out in the ICS/OCIMF Ship-to-Ship Transfer Guides. The receiving Vessel shall be subject to the Seller's prior acceptance, which shall not be unreasonably withheld.

- (c) Except in relation to any ship-to-ship transfer carried out at the request of and for the purposes of the Seller, any ship-to-ship transfer operation shall only be carried out with the Seller's express consent and shall only be carried out outside port limits and at the Buyer's sole risk and the Buyer shall be liable to the Seller in respect of all time spent in excess of permitted running hours calculated at the relevant demurrage rate despite the Vessel being outside port limits, and for all and any losses, costs, damages and proceedings arising therefrom and the Buyer shall indemnify the Seller in respect thereof. This Section 15.5.1(c) shall not be included in the scope of Section 30.1.

15.5.2 All time used for any lightering operation (excluding any time consumed for the purposes set out in Section 16.2.5) shall be counted or included in calculating the time taken by the Buyer to discharge the Vessel or the time in respect of which the Buyer is liable for demurrage. Any additional steaming and/or waiting time used solely for the purposes of any lightering operation shall count as Laytime or, if the Vessel is on demurrage, as demurrage.

15.5.3 Except in relation to any lightering carried out at the request of and for the purposes of the Seller, any lightering operation carried out shall be at the Buyer's risk and the Buyer shall be liable to the Seller in respect of any losses, costs, damages and proceedings arising therefrom and shall indemnify the Seller in respect thereof. This Section 15.5.3 shall not be included in the scope of Section 30.1.

15.5.4 In relation to any dispute as to quantity when lightering or ship-to-ship transfers have been undertaken the first laden Vessel's figures (not being a lightering Vessel or a receiving Vessel) shall prevail, subject always to the provisions of Section 23.2.

Section 16. -- Laytime, Delays and Demurrage

16.1 Time Allowed

16.1.1 The time allowed to the Buyer for the discharge of the quantity of the crude oil deliverable by each Vessel hereunder shall be:

- (a) in the case of discharge of a full cargo lot, thirty-six (36) running hours; and
- (b) in the case of discharge of a part cargo lot, that proportion of thirty-six (36) running hours which the quantity of crude oil in the shipment bears to the total quantity of crude oil loaded on the Vessel at the Loading Terminal(s);

all days and holidays included unless discharging on the day or holiday in question is prohibited by law or regulation at the Discharge Port.

16.2 Running Hours

16.2.1 Subject to Section 16.2.2, running hours shall commence Berth or no Berth either:

- (a) six (6) hours after a valid NOR is tendered to the Buyer or their representative by the master of the Vessel (or the master's representative) after its arrival at the Discharge Port; or
- (b) if the Vessel moves directly to the Berth, when the Vessel is securely moored at the Berth, whichever is the earlier.

16.2.2 In the case of DAP delivery:

- (a) should the Vessel arrive at the Discharge Port such that running hours

pursuant to Section 16.2.1 above commence at a time within the Arrival Date Range then the time allowed and damages for delay shall be computed in all respects in accordance with this Section 16;

- (b) should the Vessel arrive at the Discharge Port such that running hours pursuant to Section 16.2.1 above would commence at a time prior to the Arrival Date Range, then despite anything to the contrary in Section 16.3, time shall not count against the Buyer whether as time allowed for discharge or as demurrage until 00.01 hours (local time) on the first day of the Arrival Date Range or on commencement of discharge, whichever is earlier; and
- (c) should the Vessel arrive at the Discharge Port after the last day of the Arrival Date Range, and provided that the vessel is accepted for discharging by the Buyer in its sole and absolute discretion and without prejudice to any of the Buyer's other rights, running hours shall commence only on commencement of discharge

and, save as aforesaid, Section 16 shall apply in full.

16.2.3 Time shall cease upon final disconnection of discharging hoses after completion of discharge of the cargo. However, time shall recommence two (2) hours after disconnection of hoses if the Vessel is delayed in its departure due to the Buyer's or the Buyer's receiver's purposes and shall continue until the termination of such delay.

16.2.4 Such valid NOR may be tendered at any time after the Vessel has arrived within the customary anchorage or waiting place of the Discharge Port or, if the Vessel moves directly to the Berth, when the Vessel is securely moored at the Berth.

16.2.5 Any delay arising out of or in connection with any of the following situations shall not be counted or included in calculating the time taken by the Buyer to discharge the cargo or the time in respect of which the Buyer is liable for demurrage (whether or not the Vessel is already on demurrage):

- (a) awaiting tide, tugs, pilot, daylight, or ice;
- (b) awaiting immigration, customs or pratique;
- (c) on an inward passage until the Vessel is securely moored at the Berth;
- (d) preparing for and handling or shifting of ballast, bilges, slops or other substances or bunkering unless concurrent with cargo operations;
- (e) restrictions imposed by the owner, Charterer or master of the Vessel;
- (f) any breakdown of the Vessel's equipment or failure to comply with the requirements of the Discharge Port with respect to equipment aboard;
- (g) time spent complying with any of the regulations and other requirements referred to in Section 14.6;
- (h) any other delay attributable to the Vessel, the Seller or agents of the Seller; or
- (i) any onboard strike, lockout, stoppage or restraint of labour by members of the crew.

16.3 Demurrage

16.3.1 If the crude oil is not discharged within the time allowed in accordance with Section 16.1, the Buyer shall pay to the Seller demurrage, in the same currency as is prescribed for payment of the crude oil delivered under the Agreement, in respect of the excess time at the appropriate rate per day (or pro rata for part of a day) as hereinafter specified, always provided that, if by reason of her own deficiencies the Vessel cannot maintain an average pumping rate as specified in Section 14.7 from the time of commencing pumping, any additional time used solely by reason of such deficiencies shall be deducted in calculating the time (if any) in respect of which the Buyer is liable for demurrage as herein provided. The Buyer's liability for demurrage shall be absolute and not excused by or subject to the provisions of Section 29, but in the event of delay directly attributable to fire or explosion or the breakdown or failure of equipment, plant or machinery at the Discharge Port (not resulting from want of due diligence by the Buyer), act of war, civil commotion, or arrest or restraint of princes, rulers or peoples, the rate of demurrage shall be reduced by one half for the period of such delay.

16.3.2 The appropriate rate of demurrage shall be either:

- (a) the rate, if any, specified in the Special Provisions; or
- (b) the applicable single voyage charterparty rate or applicable Contract of Affreightment rate, as evidenced solely by Vessel owner's confirmation; or
- (c) for owned or time chartered Vessels, or where no single voyage / Contract of Affreightment charterparty rate is available, the Worldscale demurrage rate per day corrected by the LTBP Average Freight Rate Assessment (AFRA) applicable for the performing Vessel during the month in which the NOR is tendered, irrespective of the performance period mentioned in the relevant publications.

16.3.3 Any demurrage claim must be notified to the Buyer in writing within ninety (90) days of the date of disconnection of discharging hoses, with full supporting documentation. If the Seller fails to give such notice or provide such documentation within the above time limit, then the Seller's claim shall be deemed to have been waived and any liability of the Buyer for demurrage shall be extinguished.

16.4 **Crude Oil Washing**

16.4.1 If crude oil washing is performed at the request of the Buyer or other competent authority, any additional time shall count as Laytime or time on demurrage if the Vessel is on demurrage.

16.5 **Time Allowed and Damages for Delay where delivery is on a CIF or CFR basis and Seller provides an Indicative Arrival Date Range**

16.5.1 Should the Vessel arrive at the Discharge Port such that running hours pursuant to Section 16.2.1 above commences at a time within the Indicative Arrival Date Range given by the Seller then the time allowed and damages for delay shall be computed in all respects in accordance with this Section 16.

16.5.2 Should the Vessel arrive at the Discharge Port such that running hours pursuant to Section 16.2.1 above would commence at a time prior to the Indicative Arrival Date Range given by the Seller, then despite anything to the contrary in Section 16.3, time shall not count against the Buyer whether as time allowed for discharge or as demurrage until 0001 hours (local time) on the first day of the Indicative Arrival Date Range or on commencement of discharge, whichever is earlier.

16.5.3 Should the Vessel arrive at the Discharge Port after the last day of the Indicative Arrival Date Range given by the Seller, then Section 16.2.1 shall be modified to the

extent that running hours shall commence Berth or no Berth thirty-six (36) hours after NOR is tendered or on commencement of discharge, whichever is the earlier. Save as aforesaid, Section 16 shall apply in full.

Section 17. -- Additional Provisions for Offshore-Loaded North Sea/Atlantic Crude Oil

17.1 Applicability

17.1.1 This Section 17 shall only apply to deliveries of crude oil originating from oil fields in the United Kingdom and/or Norwegian Continental Shelf that are shipped by a Vessel dedicated to or chartered for the transportation of crude oil from those fields.

17.2 Changes to Nominations

17.2.1 The Seller will promptly advise the Buyer of any changes in the nomination given by the Seller to the Buyer pursuant to Section 14.2 arising from production changes, weather conditions and/or operational reasons beyond the Seller's reasonable control or any matter beyond the Seller's reasonable influence. Any reasonable modifications in the quantity of the crude oil, date ranges or final loading date due to changed nominations shall be deemed to be accepted by the Buyer, and any modified quantity, date ranges or final loading date shall replace the quantity and/or date ranges and/or final loading date respectively as nominated.

17.3 Priority of Vessels

17.3.1 In the event that a situation should arise which may have as a consequence the reduction or stoppage of the production of crude oil at one or more of the production facilities at the offshore fields, the Seller may, by written notice to the Buyer, require that the Vessel shall have priority to discharge at the Discharge Port ahead of other Vessels whether or not they have commenced discharging, except for Vessels carrying crude oil which has been loaded at a facility at or adjacent to a crude oil production platform serving an oil field on or partly on the United Kingdom and/or Norwegian Continental Shelf. If such requirement arises, the Buyer shall use all reasonable endeavours to procure that the Vessel may proceed without waiting directly to a Berth provided by the Buyer in accordance with Section 15 and commence discharging immediately on arrival thereat.

17.3.2 The Seller shall indemnify the Buyer against liability for substantiated unavoidable extra port dues or demurrage incurred as a direct result of such priority being given to the Vessel by Vessels which have given valid notices of readiness to discharge, provided that the indemnity against liability for demurrage shall in each case be limited to the equivalent of the amount of time actually used by the Vessel to discharge the cargo.

17.3.3 In the event that a situation should arise which may have as a consequence the reduction or stoppage of the production of oil at one or more of the production facilities at the offshore field, if the time allowed to the Buyer in accordance with Section 16.1 has expired, whether the cargo has been fully discharged or not, the Seller may, at its sole discretion, forthwith order the Vessel to cease discharging and leave the Discharge Port. In the case of delivery CIF, if the Seller exercises such option, the Seller's invoice shall be based on the net outturn quantity discharged ascertained either in accordance with good standard practice at such Discharge Port or, if such discharge was attended by an independent inspector, as determined by such independent inspector, whose determinations shall, except in cases of fraud or manifest error, be conclusive and binding on both parties for invoicing purposes but without prejudice to the rights of either party to make any claim. In such event, despite anything to the contrary in the provisions of Section 9, all charges in respect of such independent inspection shall be shared equally between the parties and the inspector's report shall be made available to both parties. The risk and title in the

crude oil remaining on board shall pass to the Seller immediately upon completion of discharge.

17.3.4 If the Seller exercises its right under Section 17.3.3, upon the Vessel ceasing to discharge the full quantity of crude oil due to be delivered to the Buyer in that shipment pursuant to the terms of the Special Provisions (the "Original Quantity"), the Original Quantity shall be reduced by the quantity under-delivered by the Seller and the Buyer shall pay only for the quantity of crude oil actually delivered by the Seller. In no event shall the Seller be required to seek or purchase additional quantities of crude oil to make up the amount of the under-delivery. Seller shall not be liable for any damages arising from the failure to deliver the Original Quantity in full where it has exercised its right under Section 17.3.3

17.4 **Deadfreight**

17.4.1 Any deadfreight incurred by the Seller as a direct result of meeting the requirements of the Discharge Port nominated by the Buyer shall be for the Buyer's account. Any deadfreight incurred solely for the Seller's purposes shall be for the Seller's account.

17.5 **Quantity Measurement**

17.5.1 For cargoes (partial or whole) delivered into Buyer's lightering vessels, the gross quantity of the crude oil delivered shall be based on the Vessel's discharge figures at the lightering location as adjusted by its VEF in accordance with VEF Addendum to API MPMS Chapter 17.9 on that portion of the cargo delivered to such lightering vessels.

PART THREE
In Respect of Ex Tank, Into Tank, In Situ (Stock Transfer) and
Free Into Pipeline (“FIP”) Deliveries

Section 18. -- Delivery

18.1 Ex Tank Deliveries

18.1.1 “Ex Tank” shall mean the delivery of crude oil by the Seller to the Buyer in bulk from the storage tank designated by the Seller.

18.2 Into Tank Deliveries

18.2.1 “Into Tank” shall mean the delivery of crude oil by the Seller to the Buyer in bulk into the storage tank designated by the Buyer.

18.3 In Situ (Stock Transfer)

18.3.1 “In Situ” shall mean the sale and purchase of crude oil in bulk located at the time specified in the Special Provisions within the storage tank designated by the Buyer and agreed by the Seller and without any obligation of physical delivery by the Seller to the Buyer.

18.4 Free Into Pipe (“FIP”) Deliveries

18.4.1 “FIP” shall mean the delivery of crude oil by the Seller to the Buyer in bulk at the Loading Terminal’s pipeline system designated by Buyer.

Section 19. -- Nominations

19.1 In the case of Ex Tank, Into Tank or In Situ deliveries, nominations shall be made in accordance with the standard operating procedures of the relevant storage company(ies).

19.2 In the case of a FIP delivery, nominations shall be made in accordance with the standard operating procedures of the relevant pipeline operating company(ies).

Section 20. -- Measurement and Sampling: Independent Inspection

20.1 The quantity and quality of the crude oil delivered under the Agreement shall be determined by measurement, sampling and testing in accordance with the method(s) referred to in the specification of the crude oil set out in the Special Provisions. If no method is set out in the Special Provisions, measurement, sampling and testing shall be performed in accordance with the most current industry standards at the time of delivery, such as API, ASTM, EI, GOST or other internationally recognized standards.

20.2 Except as specifically provided in the Special Provisions or unless otherwise agreed, the quantity shall be determined in accordance with the following procedures:

20.2.1 In the case of an Ex Tank delivery, the quantity shall be determined by using proven meters (if available) at the Seller’s tank(s) manifold exit point. If proven meters are unavailable, measurement shall be taken by manual measurement of the Seller’s tank(s). Where the Seller’s tank(s) are active or are unable to be measured manually, then the quantity shall be determined pursuant to Section 20.2.2 below.

20.2.2 In the case of an Into Tank delivery, the quantity shall be determined by using proven meters (if available) at the Buyer’s tank(s) manifold entry point. If proven meters are unavailable, measurement shall be taken by manual measurement of the Buyer’s

tank(s). Where the Buyer's tank(s) are active or are unable to be measured manually, then the quantity shall be determined pursuant to Section 20.2.1 above.

20.2.3 In the case of an In Situ (by way of stock transfer) delivery, the quantity shall be as specified in the Special Provisions.

20.2.4 In the case of a FIP delivery, the quantity shall be determined by using the pipeline company's proven meters (if available). If proven meters are unavailable, the quantity shall be determined pursuant to Section 20.2.1 above.

20.3 Except as specifically provided in the Special Provisions or unless otherwise agreed, the quality shall be determined in accordance with the following procedures:

20.3.1 In the case of Ex Tank and Into Tank deliveries, the quality shall be determined in accordance with test results run on a volumetrically correct composite of samples drawn from the Seller's tank(s). If the Seller's tank(s) are active, the quality shall be determined in accordance with test results run on a volumetrically correct composite of samples drawn from the Buyer's tank(s).

For the avoidance of doubt, where delivery is made from more than one tank, then the quality shall be determined in accordance with test results run on a blend of volumetrically correct composite samples drawn from each of the Seller's tanks and then blended according to the proportions from each tank. If any of the Seller's tanks are active, the quality shall be determined on volumetrically correct composite samples drawn from the Buyer's tank(s).

20.3.2 In the case of an In Situ (by way of stock transfer) delivery, if the quality has already been determined by an independent inspection or by the storage company, then both parties shall be bound by the results of such measurement, sampling and analysis thereof. Otherwise, the quality shall be determined in accordance with test results run on a volumetrically correct composite of samples drawn from such tank(s).

20.3.3 In the case of a FIP delivery, where automatic samplers are available, the quality shall be determined in accordance with test results run from flow proportional in line samples taken in accordance with the standard practice in force at the pipeline facility. Where properly functioning, automatic samplers are not available, the quality shall be determined pursuant to Section 20.3.1 above.

20.4 In the case of Ex Tank and Into Tank deliveries, if both the Seller's and the Buyer's tank(s) are active or unable to measure manually, then the quantity and/or quality shall be determined by a mutually acceptable independent inspector appointed pursuant to Section 20.6. The independent inspector shall make its determination in accordance with the methodology mutually agreed by the parties acting in good faith.

20.5 **Certificates of Quantity and Quality**

20.5.1 Despite anything to the contrary in the provisions of Section 20.6, the certificates of quantity and quality (or such other equivalent documents as may be issued at the terminal/pipeline company) shall, except in cases of manifest error or fraud, be conclusive and binding on both parties for invoicing purposes but without prejudice to the rights of either party to make any claim pursuant to Section 23.

20.6 **Independent Inspection**

20.6.1 Either party may appoint an independent inspector at the storage facility(ies) or pipeline facility(ies), subject to the prior agreement of the storage/pipeline company having been obtained where necessary. Such appointment shall be notified in writing to the other party. All charges in respect thereof shall be for the account of the party requiring the independent inspection and the duties of such inspector shall be

considered solely as a service to the party requiring the inspection. Where both parties require an independent inspection, then the Buyer and the Seller shall jointly agree upon and appoint an independent inspector. All charges in respect thereof shall be equally shared between the parties and the inspector's report shall be made available to both parties.

Section 21. -- Risk and Title

- 21.1 The risk and title in the crude oil delivered under the Agreement shall pass to the Buyer:
 - 21.1.1 in the case of an Ex Tank delivery, as the crude oil passes the outlet flange of the Seller's storage tank from which the crude oil is being delivered; or
 - 21.1.2 in the case of an Into Tank delivery, as the crude oil passes the inlet flange of the Buyer's receiving storage tank; or
 - 21.1.3 where delivery is effected In Situ (by way of stock transfer), at such time and day and in such tank(s) as shall either be specified in the Special Provisions or as agreed between the parties prior to such transfer being effected and, where applicable, confirmed by the owner/operator of such tank(s); or
 - 21.1.4 in the case of a FIP delivery, as the crude oil passes the inlet flange of the Buyer's receiving pipeline system.

PART FOUR
Applicable to each of Parts One, Two, and Three

Section 22. -- Definitions.

22.1 Definitions

22.1.1 In the Agreement (as hereinafter defined) unless the context otherwise requires:

- (a) "Affiliate" means a company or other legal entity which directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with a party. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the voting rights attached to the issued share capital of such company or other legal entity;
- (b) "Affected Party" shall have the meaning ascribed to it in Section 34.2;
- (c) "Agreement" means these General Terms and Conditions (including, where applicable, the Schedules attached hereto) together with the Special Provisions;
- (d) "API" means the American Petroleum Institute;
- (e) "Arrival Date Range" shall have the meaning ascribed to it in Section 11.2;
- (f) "ASTM" means the American Society for Testing and Materials;
- (g) "barrel" means a barrel of 42 U.S. gallons at 60° Fahrenheit;
- (h) "Berth" means a berth, dock, anchorage, submarine line, single point or single berth mooring facility, offshore location, alongside Vessels or lighters or any other loading or discharge place as may be indicated by the party in question;
- (i) "Business Day", unless the Agreement expressly provides to the contrary, means a day when banks are open for normal business in Seller's place of business as noted in the notices section of the Special Provisions. Where the last day for any notice to be given under the Agreement falls on a day which is not a Business Day, such notice shall be given (by not later than the specified time, where applicable) on the last preceding Business Day;
- (j) "Buyer" means the Buyer of crude oil as specified in the Special Provisions;
- (k) "CFR" and "CIF" shall each have the meaning ascribed thereto in Incoterms 2010 (as amended from time to time), except as modified by the Agreement; further, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail;
- (l) "CFR Outturn" and "CIF Outturn" shall each have the meaning ascribed in Section 9.3 and ascribed to "CFR" and "CIF", except as modified by the Agreement;
- (m) "Charterer" means the person or entity chartering the performing Vessel.
- (n) "Chevron" means any of Chevron U.S.A. Inc. and its divisions and Affiliates, including without limitation Chevron U.S.A. Inc. (Singapore Branch).
- (o) "COD" means completion of discharge and is when pumping ceases at the

Discharge Port for the quantity of the crude oil deliverable to the Buyer by each Vessel under the Agreement;

- (p) "Contract of Affreightment" means a contract for carriage of a specified quantity of goods in more than one (1) shipment during an agreed period;
- (q) "crude oil" means crude petroleum of the grade and/or type specified in the Special Provisions, which has been stabilised and is suitable for loading into Vessels or for delivery by such other method as is specified in the Agreement. If the Agreement is for the sale of condensate, references in the Agreement to crude oil shall be deemed to be references to condensate;
- (r) "DAP" shall have the meaning ascribed thereto in Incoterms 2010 (as amended from time to time), except as modified by the Agreement; further, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail;
- (s) "day" means a calendar day;
- (t) "delivery" means placing or procuring to place the crude oil at the disposal of the Buyer at the time and place agreed upon. "deliver" includes "procure to be delivered" and the term "delivery" shall be construed accordingly, and "deliverable" and "delivered" shall be similarly construed;
- (u) "Discharge Port" means the port or terminal at which the crude oil to be delivered hereunder is or will be discharged or, where the context requires, the operator, authority or governing body of such port or terminal;
- (v) "Environment" means the natural and man-made environment including but not limited to all or any of the following media, namely air (including air within buildings and other natural or man-made structures above or below the ground), water (including territorial waters, coastal and inland waters, surface and ground waters and waters in wells, boreholes, drains and sewers) and land (including surface land and subsurface strata and sea beds and river beds, wetlands or flood plains and any living organisms (including man), habitats or systems supported by those media.
- (w) "ETA", in the case of FOB deliveries, means the estimated time and/or date or range of days of arrival of the Vessel at the Loading Terminal and, in the case of CFR, CIF and DAP deliveries, means the estimated time and/or date or range of days of arrival of the Vessel at the Discharge Port. Any ETA at the Discharge Port given hereunder shall not place the Seller under any obligation to meet such date (other than to use its reasonable endeavours to ensure that the contract of carriage is consistent with the meeting of such date) and, for the avoidance of doubt, in the case of a CFR or CIF Agreement, shall not be construed as changing the nature of the Agreement;
- (x) "EU" means European Union;
- (y) "Export License" means an export license or other export authorization;
- (z) "Ex Tank" shall have the meaning ascribed thereto in Part Three;
- (aa) "FIP" shall have the meaning ascribed thereto in Part Three;
- (bb) "FOB" shall have the meaning ascribed thereto in Incoterms 2010 (as amended from time to time), except as modified by the Agreement; further, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail;

- (cc) "ICS" means the International Chamber of Shipping;
- (dd) "Indicative Arrival Date Range" shall have the meaning ascribed thereto in Section 11.1;
- (ee) "In Situ" and "Into Tank" shall each have the meaning ascribed thereto in Part Three;
- (ff) "L/C" shall have the meaning ascribed to it in Section 27.11;
- (gg) "Laydays" in the case of FOB deliveries shall have the meaning ascribed to it in Section 4, and in the case of CFR and CIF deliveries shall have the meaning ascribed to it in Section 11;
- (hh) "Laytime" means the time allowed to the Seller for loading (determined pursuant to Section 7) or the time allowed to the Buyer for discharge (determined pursuant to Section 16), or as provided for in the Special Provisions as the case may be;
- (ii) "Loading Terminal" means the port or terminal at which the crude oil to be delivered hereunder is or will be loaded or, where the context requires, the operator, authority or governing body of such port or terminal;
- (jj) "MARPOL" means the International Convention for the Prevention of Pollution from Ships, as amended from time to time;
- (kk) "MPMS" means the API Manual of Petroleum Measurement Standards, as amended from time to time;
- (ll) "MSDS" or "Material Safety Data Sheet" means the Safety Data Sheet containing the information which is in compliance with the applicable laws and regulations of the country in which the Loading Terminal and/or Discharge Port are located;
- (mm) "month" means a month of the Gregorian calendar;
- (nn) "New York Banking Day" means a day on which commercial banks are open for the transaction of normal banking business in New York;
- (oo) "NOR" means the valid notice of readiness to load or discharge, as the case may be, as given by the master of the Vessel (or his representative) to the Seller (or its representative) at the Loading Terminal or to the Buyer (or its representative) at the Discharge Port respectively;
- (pp) "OCIMF" means the Oil Companies International Marine Forum;
- (qq) "Original Quantity" shall have the meaning ascribed to it in Section 17.3.4;
- (rr) "Other Information" shall have the meaning ascribed to it in Section 24.2.1(b);
- (ss) "party" means either the Buyer or the Seller and collectively the "parties";
- (tt) "safely afloat" means that the Vessel shall at all times be water-borne in compliance with the port clearance requirements of the Vessel nominating party (including but not limited to underkeel clearance) and shall be able to remain at the Berth without risk of loss or damage from wind, weather or other craft which are being properly navigated;

- (uu) "Security" means support for the Buyer's payment obligation as described in Section 27.10 or as provided for in the Special Provisions;
- (vv) "Seller" means the Seller of crude oil as specified in the Special Provisions;
- (ww) "Seller's supplier" means any company or government instrumentality from which Seller has purchased or contemplates at the time in question purchasing the crude oil;
- (xx) "Special Provisions" means the contract, fax or other form of agreement in which, by reference, these General Terms and Conditions are incorporated to form the Agreement;
- (yy) "ton" means a metric ton or tonne;
- (zz) "Total Calculated Volume" or "TCV" means the gross standard volume plus the free water measured at the temperature and pressure prevailing;
- (aaa) "Trade Restrictions" shall have the meaning ascribed thereto in Section 34.1;
- (bbb) "typicals" mean a quality or characteristic often attributable to crude oil from a particular source, given without guarantee and not amounting to a representation or warranty that such typical quality or attribute will be present in the crude oil supplied;
- (ccc) "United States", "U.S.A." and "U.S." mean United States of America, and every reference to money or price pertains to United States currency;
- (ddd) "VAT/GST" shall have the meaning ascribed thereto in Section 26;
- (eee) "Vessel" means a tankship or other vessel which is wholly or mainly constructed or is adapted for the carriage of crude oil and which is provided or procured by (a) Buyer in the case of FOB delivery or (b) Seller in the case of CIF, CFR or DAP delivery;
- (fff) "VEF" shall have the meaning ascribed to it in Section 9.2.3(b)(ii);
- (ggg) "VEFD" shall have the meaning ascribed to it in Section 9.2.3(b)(ii);
- (hhh) "VEFL" shall have the name ascribed to it in Section 2.1.1;
- (iii) "Worldscale" means the "New Worldwide Tanker Nominal Freight Scale" as current on the day of commencement of loading of the Vessel in question.

22.2 Interpretation

22.2.1 Clause, Section and sub-section headings contained in the Agreement are for convenience of reference only and shall not affect the interpretation thereof. Any reference to any Act of Parliament or to legislation of any sovereign state shall be deemed to include any amendment, replacement or re-enactment thereof for the time being in force and to include any bylaws, licenses, statutory instruments, rules, regulations, orders, notices, directions, consents or permissions made thereunder and any condition attaching thereto. Except where the context otherwise requires, words denoting the singular include the plural and vice versa; words denoting any gender include all genders; and words denoting persons include firms and corporations and vice versa.

Section 23. -- Quality and Claims in Respect of Quality/Quantity

23.1 **Quality**

- 23.1.1 The quality of the crude oil delivered hereunder shall be the quality of such crude oil as usually made available at the time and place of loading.
- 23.1.2 Whether set out in these General Terms and Conditions or in the Special Provisions neither typicals nor any stipulation as to time of delivery shall form part of the crude oil's description, quality or fitness. This sub-section constitutes the whole of the Seller's obligations with respect to the description, quality and fitness for purpose of the crude oil to be delivered and (save to the extent that exclusion thereof is not permitted or is ineffective by operation of law) all statutory or other conditions or warranties, express or implied, with respect to the description or satisfactory quality of the crude oil or its fitness for any particular purpose or otherwise are hereby excluded.
- 23.1.3 Any individually listed quality or characteristic of the crude oil delivered expressed numerically must (save if the Special Provisions provide otherwise) be correct to two significant figures.

23.2 **Claims in Respect of Quality and/or Quantity**

- 23.2.1 Any claim in respect of deficiency of quantity or quality shall only be admissible if the claiming party notifies the other party of the claim within:
- (a) In the case of FOB, CFR, and CIF deliveries: sixty (60) days of the completion of loading.
 - (b) In the case of all other delivery types: sixty (60) days of the completion of delivery.

Following such notification, the claiming party shall provide a fully documented claim within ninety (90) days of the completion of (i) loading in the case of FOB, CFR, and CIF deliveries or (ii) delivery in the case of all other delivery types. If the claiming party fails to submit a fully documented claim within the aforesaid time limits, the claim shall be deemed to have been waived, and any liability on the part of the non-claiming party shall be extinguished.

- 23.2.2 Despite the foregoing, and in addition to Section 2.1.5, Section 9.1.1(e) and Section 9.5.1, no claim shall be admitted in respect of any deficiency of quantity where the difference between the loaded and discharged or outturned quantity, as applicable, is: 0.5% or less of the loaded quantity if the loaded quantity is 200,000 barrels or less; 0.3% or less of the loaded quantity if the loaded quantity is more than 200,000 barrels.
- 23.2.3 In the case of FOB, CFR and CIF deliveries, any claims in respect of deficiency of quantity or defect in quality of the crude oil shall be recoverable only in accordance with the usual terms applicable for the purchase of crude oil at the Loading Terminal and the Buyer shall not be entitled to recover any costs, losses or damages incurred arising out of any deficiency in quantity or defect in the quality of the crude oil from the Seller under the Agreement unless the Seller is able to recover and does recover such shortage or compensation for defect in quality from Seller's supplier or other relevant third party, and then only to the extent of such recovery. The Seller shall, however, use all reasonable efforts to recover from Seller's supplier or other relevant third party any such costs, losses or damages for which the Buyer has submitted a claim in accordance with the provisions of this Section 23.
- 23.2.4 In the case of CFR Outturn, CIF Outturn and DAP deliveries, despite anything to the contrary in the provisions of Section 9, the Seller shall have the right to submit a claim to the Buyer where there is a difference between the quantity loaded and discharged by the Vessel or the outturned quantity, as applicable, and where, in the Seller's reasonable opinion, the most likely cause of such difference is due to events at, or

the nature of, or operations at the Discharge Port during the discharge of the crude oil.

Section 24. -- Health, Safety and Environment

24.1 Material Safety Data Sheet ("MSDS")

24.1.1 The Seller shall provide the Buyer with a copy of the current MSDS for the crude oil and any other information relating to health, safety and environmental data in connection with the crude oil in compliance with the requirements of any applicable laws, rules or regulations.

24.2 The Buyer's Responsibilities

24.2.1 The Buyer shall provide its employees, agents, contractors, customers and other persons to whom it supplies the crude oil delivered hereunder with either:

- (a) a copy of the Seller's current MSDS or a comparable MSDS and any other information relating to health, safety and environmental data in connection with the crude oil delivered hereunder; or
- (b) comparable other information relating to health, safety and environmental data in connection with the crude oil delivered hereunder where performance of the obligations under the Special Provisions is outside the EU ("Other Information").

The Buyer shall be responsible for any consequences that result from the use of a MSDS or Other Information.

24.2.2 The Buyer shall provide persons responsible for the management of health, safety and environment matters within its own organization with a copy of the MSDS or Other Information.

24.2.3 The Buyer shall provide its employees with appropriate information and training to enable them to handle and use the crude oil delivered hereunder in a manner which does not endanger their health or safety.

24.3 Liability

24.3.1 To the extent permissible by law, the Seller shall not be responsible in any respect whatsoever for any loss, damage or injury resulting from any hazards inherent in the nature of the crude oil delivered hereunder.

Section 25. -- Destination

25.1 It is a condition of the Agreement, that the crude oil delivered under the Agreement shall not be imported (by the Buyer or others), directly or indirectly and irrespective of means, to any destination which is at the time of such import either prohibited under the laws of the country in which such crude oil was produced or contrary to any regulation, rule, directive or guideline applied by the government of that country or any relevant agency thereof. The Buyer shall keep itself informed as to such laws, regulations, rules, directives or guidelines and shall ensure that they are complied with.

25.2 The Buyer undertakes that the crude oil deliverable hereunder shall not:

25.2.1 be exported to any Restricted Jurisdiction; or

25.2.2 be sold or supplied to any natural or legal person in any Restricted Jurisdiction; or

25.2.3 be sold or supplied to any natural or legal person for the purposes of any commercial activity carried out in or from any such Restricted Jurisdiction.

For the purposes of this Agreement, "Restricted Jurisdiction" shall mean any country, state, territory or region against which there are sanctions imposed by the United Nations and/or to which supplies of the crude oil are prohibited or restricted under the laws of the country in which such crude oil was produced pursuant to Section 25.1 above.

- 25.3 The Buyer shall, if the Seller requires, provide the Seller with appropriate documentation as determined by the Seller for the purposes of verifying the final destination of any delivery hereunder. Such documentation shall be provided within thirty (30) days of the date of discharge of the shipment or within such lesser period as will enable the Seller or Seller's supplier to comply with any requirement or request of a government authority and shall include the name of the port(s) of discharge, the date(s) of discharge and the grade and quantity discharged. The obligations of the Buyer to comply with such requirement shall not be affected by any sale or disposal of the crude oil in question by the Buyer.
- 25.4 Without prejudice to the foregoing provisions of this Section 25, in the event of any failure to comply with such undertakings or if the Seller has reasonable grounds for believing that such undertakings will not be complied with the Seller may (without prejudice to its other rights) at its sole discretion terminate the Agreement forthwith or forthwith suspend delivery under the Agreement until further notice or decline to commence or complete loading hereunder on notifying the Buyer either in writing or orally (with written confirmation to follow). In the event that the Seller elects to terminate the Agreement, then the Seller may at its sole discretion also elect for risk and title in the crude oil loaded on board the Vessel, if any, to immediately revert back to the Seller upon termination of the Agreement.
- 25.5 If Buyer is purchasing the crude oil for export, the Buyer shall be responsible for securing all required Export Licenses required by the country of origin or country of export. The Buyer shall adhere to all restrictions or conditions contained in the Export License and shall indemnify and hold harmless the Seller in respect of any losses or liabilities which the Seller may suffer or be exposed to arising from the Buyer's breach of this Section 25.

Section 26. – VAT/GST, U.S. Domestic Taxes and Other Taxes, Duties, etc.

VAT/GST

26.1.1 Where value added tax, goods and services tax or a similar tax (collectively, "VAT/GST") becomes payable under the rules applicable at the Loading Terminal or Discharge Port, the Seller shall issue a valid tax invoice setting out such VAT/GST and the date for its payment. Payment of such tax shall be made to the Seller in addition to the price specified in the Special Provisions and any duty payable and in the same manner as provided for payment of such price. Such invoice may be rendered in either local currency of the country in which such tax is payable or, at the Seller's option, in the invoicing currency for the crude oil, converted at the appropriate exchange rate prevailing at the date of the tax point under the relevant VAT/GST rules, provided that the amount of VAT/GST payable is expressed in the national currency of the country in which the tax is payable.

26.1.2 A sale of crude oil may be zero rated for VAT/GST purposes, provided that:

- (a) if the destination of the crude oil is within the EU, and if requested by the Seller, the Buyer provides to the Seller:
 - (i) within thirty (30) days of the Seller's request:
 - (A) evidence satisfactory to the EU states in which the Loading Terminal and Discharge Port are located that the crude oil has been received by the Buyer, or on the Buyer's behalf, or

by some other party acting on its own behalf, within another EU state, and

- (B) such other evidence as is satisfactory to the relevant authorities in the above EU states to allow zero rating of the supply of the crude oil; and
 - (ii) before transfer of title in the crude oil to the Buyer, a valid VAT/GST registration number issued by an EU state other than the EU state in which the Loading Terminal is situated; and
 - (iii) evidence satisfactory to the EU states in which the Loading Terminal and Discharge Port are located that the transport arrangements for the crude oil qualify for zero rating; or
- (b) if the destination of the crude oil is outside the EU or outside the country in which the Loading Terminal is located and, if required by the applicable VAT/GST regime in which the Loading Terminal is located, the Buyer provides to the Seller, within thirty (30) days of the Seller's request, evidence satisfactory to the EU state or the applicable VAT/GST regime in which the Loading Terminal is located that the crude oil has been received by the Buyer, or on the Buyer's behalf, or by some other party acting on its own behalf, at such destination.

26.1.3 In circumstances where Section 26.1.2 above may apply, the Seller will issue a valid tax invoice in respect of the crude oil which is zero rated for VAT/GST purposes. However, if the Buyer fails to comply with the requirements set out in Section 26.1.2 above within the allotted time frame or in the event of any fraud or misappropriation in respect of the crude oil and/or the documents/information referred to in Section 26.1.2 above, the Seller shall be entitled to issue a further tax invoice for the amount of any VAT/GST payable on the crude oil (inclusive of duty if appropriate) together with any penalties and/or interest at the rate stipulated under the VAT/GST rules applicable. Such invoice may be rendered either in local currency of the country in which such tax is payable or, at the Seller's option, in the invoicing currency for the crude oil, converted at the appropriate exchange rate prevailing at the date of the tax point under the relevant VAT/GST rules. Any such invoice shall be paid in full within one (1) New York Banking Day of presentation of such tax invoice or, if later, the date of payment for the crude oil, in each case without set-off, withholding, deduction or counterclaim, to the Seller's bank account. Any outstanding amount shall bear interest in accordance with the provisions of Section 27.8 hereof.

26.1.4 The Buyer shall indemnify the Seller in respect of any costs, penalties and interest incurred by the Seller as a result of the Buyer's failure to pay, or delay in paying, any VAT/GST required to be paid or borne by the Buyer in accordance with the Agreement.

26.1.5 If the Seller is subsequently able to obtain a credit or repayment from the authorities of any such VAT/GST which has been paid or borne by the Buyer, the Seller shall within five (5) New York Banking Days from the time the Seller received the credit or repayment, reimburse the Buyer with the net amount so credited or repaid less any costs, penalties and interest. The Seller shall use commercially reasonable efforts, at the cost of the Buyer, to obtain such credit or repayment.

26.1.6 For the purposes of this Section 26, "evidence satisfactory" to an EU state shall, as a minimum and without prejudice to the provisions of Section 25 hereof, require a certificate of discharge of the crude oil. For the avoidance of doubt, the Buyer shall not be obliged to provide any documents pursuant to this Section 26 which are not required by the relevant authorities in the EU state in question.

26.2 U.S. Domestic Taxes

- 26.2.1 This Section 26.2 shall apply only where the point of title passage, the Loading Terminal, or Discharge Port is located within the U.S.
- 26.2.2 Except as provided below, the Seller shall pay all taxes, fees, and other charges that may be levied or assessed or are otherwise applicable upon the possession, manufacture, sale, and transportation of the crude oil prior to its delivery to the Buyer; and if the Buyer is required by law to pay any such taxes, fees, and other charges, the Seller shall promptly reimburse the Buyer for such items. In addition to any other amounts required to be paid by the Buyer pursuant to the Agreement, the Buyer shall reimburse the Seller for any (1) federal, state or local excise taxes or fees now in effect or hereafter levied, assessed, or imposed on or with respect to the crude oil, and (2) taxes, fees, or other charges which may be hereafter levied, assessed, or imposed on or with respect to the possession, manufacture, removal, sale, transportation, receipt or delivery of the crude oil at and after delivery to the Buyer. To the extent any state law imposes tax on Seller on such reimbursements, and the Seller pays such tax, then the Buyer shall reimburse the Seller for the amount of such additional tax. The Seller shall have the right to invoice tax and any such additional tax, as described in the preceding sentence, at the same time at the combined effective tax rate then applicable to the Seller. The Buyer shall furnish the Seller with satisfactory tax exemption certificates where exemption is claimed.
- 26.2.3 When one party makes payments to be reimbursed by the other party, the paying party shall use its commercially reasonable efforts to verify the correctness of the charges and to pay only the minimum amount due. All taxes shall include any related interest and penalties. There shall be no reimbursement for penalties or interest which are incurred as the result of the paying party's negligence.
- 26.2.4 Anything in the Agreement to the contrary notwithstanding, each party is responsible for payment of its federal, state, and local income taxes and state and local franchise, license, and similar taxes required for the maintenance of business existence, including the Business and Occupation Tax levied by the State of Washington or any political subdivision of the State of Washington.
- 26.2.5 Each party is responsible for obtaining the proper licenses in the states and local jurisdictions where the transactions under the Agreement take place. Should any taxes, fees, and other charges, including penalty or interest, occur because of one party's failure to obtain such licenses, the party who fails to obtain the required licenses agrees to bear all the costs associated with this failure and shall indemnify the other party from the additional costs.
- 26.2.6 EACH PARTY AGREES TO INDEMNIFY AND HOLD THE OTHER PARTY HARMLESS FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, PROCEEDINGS, JUDGMENTS, INTEREST, PENALTIES, FEES OR OTHER LIABILITIES BROUGHT BY OR AWARDED TO THIRD PARTIES ARISING OUT OF OR CONNECTED WITH TAXES TO BE PAID OR OTHERWISE REQUIRED TO BE BORNE BY SUCH PARTY PURSUANT TO THIS SECTION. Said indemnity includes the payment of reasonable attorneys' fees and expenses incurred in defense of said claims, proceedings or causes of action.
- 26.2.7 The parties agree to cooperate with each other in defending the tax treatment of the transactions entered into pursuant to the Agreement if a party is audited by or on behalf of a taxing jurisdiction for sales, use, excise, or similar taxes. Such cooperation shall include, but not be limited to providing the other party with prompt and timely notice of any such audit if such audit pertains to taxes for which the other party is required to reimburse the notifying party pursuant to this Section 26.2.7, producing existing documentation, generating new reports from existing electronic reporting systems and making employees available at no cost, other than reasonable

out-of-pocket expenses, to the other party. Both parties further agree, in furtherance of this cooperation agreement, to retain applicable records for a period of not less than the applicable statute of limitations, including any waivers thereof, executed by either party for any taxes collected by or reimbursed to that party. For purposes of this Section 26.2.7, "prompt and timely notice" shall mean providing a party with notice at such time so as to permit such party with enough time and a reasonable opportunity to appeal, protest, or litigate the pending or actual assessment of tax in an appropriate venue. If a party (the "failing party") fails to give the other party (the "reimbursing party") prompt and timely notice of any audit pertaining to taxes for which the reimbursing party is required to indemnify or reimburse the failing party, then the reimbursing party shall not be required to indemnify or reimburse the failing party pursuant to this Section 26.2.7 for such taxes to the extent such taxes could have been reduced or eliminated had the failing party provided prompt and timely notice to the reimbursing party.

26.3 Other Taxes, Duties.

26.3.1 Buyer's Responsibilities

- (a) The amount of any taxes, duties, imposts, fees, charges and dues of every description imposed or levied by any governmental, local or port authority on the crude oil supplied hereunder, or on its export, delivery, transportation, ownership, sale or use, in respect of any stage after title in such crude oil has passed to the Buyer, shall be for the Buyer's account.
- (b) In the case of FOB sales, all taxes, duties, imposts, fees, charges (including, without limitation, pilotage, mooring and towage expenses) and dues (including, without limitation, quay dues) in respect of the Vessel incurred at the Loading Terminal shall be for the Buyer's account.
- (c) In the case of CFR and CIF sales, all taxes, duties, imposts, fees, charges (including, without limitation, pilotage, mooring and towage expenses) and dues (including, without limitation, quay dues) in respect of the Vessel incurred at the Discharge Port shall be for the Buyer's account.
- (d) Buyer shall pay, defend, indemnify and hold Seller harmless from any taxes, duties, imposts, fees, charges, and dues of every description allocated to Buyer's account pursuant to this Section 26.3.1.
- (e) For the avoidance of doubt and in respect of every type of sale, the Seller shall not be the importer of record but shall be responsible for ensuring that the Buyer is provided with necessary documentation and/or information in the Seller's possession, direction or control required to comply with customs and excise entry procedures at the Discharge Port and all duties and taxes that arise in respect of such customs and excise entry shall be for the Buyer's account.

26.3.2 Seller's Responsibilities

- (a) The amount of any taxes, duties, imposts, fees, charges and dues of every description imposed or levied by any governmental, local or port authority on the crude oil supplied hereunder, or on its export, delivery, transportation, ownership, sale or use, in respect of any stage prior to passage of title in such crude oil passing to the Buyer, shall be for the Seller's account.
- (b) In the case of CFR and CIF sales, all taxes, duties, imposts, fees, charges (including, without limitation, pilotage, mooring and towage expenses) and dues (including, without limitation, quay dues) in respect of the Vessel incurred at the Loading Terminal shall be for the Seller's account, except for

those specified in Worldscale as being for the owners' account.

- (c) In the case of DAP sales, all taxes, duties, imposts, fees, charges (including, without limitation, pilotage, mooring and towage expenses) and dues (including, without limitation, quay dues) in respect of the Vessel incurred at the Discharge Port shall be for the Seller's account.
- (d) Seller shall pay, defend, indemnify and hold Buyer harmless from any taxes, duties, imposts, fees, charges, and dues of every description allocated to Buyer's account pursuant to this Section 26.3.2.

26.3.3 Anything in this Section 26.3 to the contrary notwithstanding, if there is a conflict between this Section 26.3 and Section 26.1 (VAT/GST) or 26.2 (U.S. Domestic Taxes), then Section 26.1 and Section 26.2 as applicable, shall apply.

Section 27. -- Payment

27.1 Except as expressly provided elsewhere in the Agreement, payment of the full amount of all sums due under the Agreement shall be made without any discount, deduction, withholding, offset or counterclaim in United States Dollars by wire transfer of same day funds on or before the due date specified in the Special Provisions to the bank account designated by the Seller.

27.2 Payment Documents

27.2.1 Except as expressly provided elsewhere in the Agreement, payment shall be made by the Buyer against presentation of the Seller's invoice (provisional invoice acceptable where the provisions of Section 27.4.3 apply), and:

- (a) in the case of FOB, CFR or CIF deliveries under Part One or Two, 3/3 clean original bills of lading issued or endorsed to the order of the Buyer;
- (b) in the case of CFR Outturn or CIF Outturn deliveries, the documents referred to in Sections 27.2.1(a) and a copy of the report of the independent inspector appointed pursuant to Section 9.2;
- (c) in the case of DAP delivery, a copy of the report of the independent inspector appointed pursuant to Section 9.2; and
- (d) in the case of Ex Tank, Into Tank, In Situ or FIP deliveries under Part Three a copy of the certificate or certificate(s) of quantity and quality (or equivalent documents) issued at the terminal/pipeline facility.

27.3 Seller's Indemnity in Lieu of Shipping Documents

27.3.1 If the documents referred to in Sections 27.2.1(a) or 27.2.1(b), as applicable, are not available for presentation to the Buyer on or before the payment due date, the Buyer agrees to pay the Seller upon presentation to the Buyer of:

- (a) the Seller's invoice (provisional invoice acceptable where the provisions of Section 27.4.3 apply); plus
- (b) the Seller's letter of indemnity, in the format set out in Schedule A. The Seller's indemnity presented in the form of a fax or a PDF file e-mail attachment is acceptable.

27.3.2 If the documents referred to in Sections 27.2.1(c) or 27.2.1(d), as applicable, are not available for presentation to the Buyer on or before the payment due date, the Buyer agrees to pay the Seller upon presentation to the Buyer of:

- (a) the Seller's invoice (provisional invoice acceptable where the provisions of Section 27.4.3 apply); plus
- (b) the Seller's warranty of title, in the wording set out in Section 37.12. The Seller's warranty of title presented in the form of a fax or a PDF file e-mail attachment is acceptable.

27.4 Seller's Invoice

27.4.1 The Seller's Invoice Shall:

- (a) with respect to deliveries of the crude oil under the Agreement where the Loading Terminal or Discharge Port is located within the EU, be a valid tax invoice prepared in accordance with the provisions of Section 26.1 and presented in the form of either:
 - (i) a fax sent from a standalone facsimile machine; or
 - (ii) a hard copy sent by post, airmail or courier;
- (b) with respect to non-EU deliveries, be in full compliance with any tax requirements of the relevant VAT/GST regime of the country where either the Loading Terminal or Discharge Port are located and presented in the form of a fax or in such other form providing that the method of delivery complies with any such tax requirements.

27.4.2 The Seller's Invoice Shall be Prepared on the Basis of:

- (a) in the case of FOB, CFR or CIF deliveries, the certificate(s) of quantity issued at the Loading Terminal in accordance with Section 2.1 or 9.1.1 (as applicable); or
- (b) in the case of CFR Outturn or CIF Outturn deliveries, the certificate(s) of quantity issued at the Loading Terminal in accordance with Section 9.1.1 and subsequently adjusted in accordance with the report of the independent inspector at the Discharge Port issued in accordance with Section 9.2; or
- (c) in the case of DAP delivery, the report of the independent inspector at the Discharge Port issued in accordance with Section 9.2; or
- (d) in the case of Ex Tank, Into Tank, In Situ, or FIP deliveries, the certificate(s) of quantity (or equivalent documents) issued at the terminal/pipeline company, as the case may be, in accordance with Section 20 (as applicable).

27.4.3 Provisional Invoice

- (a) Where the applicable pricing mechanism and/or, in the case of DAP, CFR Outturn or CIF Outturn deliveries, the availability of discharge quantities does not allow for the preparation of a final invoice prior to the payment due date, the Seller may issue and the Buyer shall make payment against a provisional invoice. The provisional invoice shall, unless otherwise agreed between the parties, be based upon:
 - (i) the pricing information available to the Seller at the time it issues such provisional invoice; and/or
 - (ii) in the case of DAP, CFR Outturn or CIF Outturn deliveries, the quantity specified in the bill(s) of lading.

Payment of any balance due by either party to the other shall be made immediately upon receipt of the Seller's final invoice which shall be prepared as soon as practicable after all the relevant pricing and/or quantity information becomes available to the Seller. In this context, the word "immediately" shall mean within five (5) New York Banking Days. Unless otherwise agreed in the Special Provisions, no interest shall be due on the difference between the provisional and final invoice.

27.4.4 CFR Outturn and CIF Outturn

- (a) In the event of a total loss of the cargo or if the discharge quantity determined by the independent inspector in accordance with Section 9.2.3 is less than ninety nine and one half percent (99.5%) of the loaded quantity determined in accordance with Section 9.1.1, then the quantity invoiced by the Seller shall be ninety nine and one half percent (99.5%) of the quantity specified on the certificate(s) of quantity issued at the Loading Terminal.

27.5 Netting of Invoices

- 27.5.1 Despite anything to the contrary in Section 27.1 above, the parties may upon written mutual agreement in each party's sole and unfettered discretion net invoices for amounts that are due to each other on the same date. If the parties so agree, prior to the due date the parties shall confirm in writing the invoice amounts and the balance due, if any, after netting (being the excess of the larger aggregate amount owed over the smaller aggregate amount owed). When the balance due has been confirmed, each party's obligation to make payments to the other will be automatically satisfied and discharged and replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party on the date due the agreed balance.

27.6 Payment Due Date

- 27.6.1 The payment due date shall be as specified in the Special Provisions.
- 27.6.2 In the case of CFR or CIF deliveries, if the payment due date specified in the Special Provisions is based on either the NOR date at the Discharge Port and/or the COD date, and providing title in the crude oil has passed to the Buyer, in the event that the Vessel, for whatever reason, does not tender NOR at the Discharge Port and/or has no COD date, then for payment purposes the NOR / COD date shall be deemed to be the last day of the Indicative Arrival Date Range or, if there is no Indicative Arrival Date Range, then payment shall be due on or before the thirtieth (30th) day after the bill of lading date (bill of lading date equals day zero).

27.7 Payments Due on Weekends or on Bank Holidays

- 27.7.1 If any payment falls due on a Sunday or bank holiday Monday in New York, such payment shall be made on the first New York Banking Day following and if any payment falls due on a Saturday or any other bank holiday in New York such payment shall be made on the last preceding New York Banking Day.

27.8 Interest

- 27.8.1 Any amount payable for any delivery of crude oil or otherwise payable by Buyer to Seller hereunder, if not paid when due, and any amount payable as a refund as a result of an overpayment, shall bear interest from the due date or the date of overpayment (as applicable) until the date payment is received at an annual rate (based upon the actual number of days in the relevant calendar year) equal to the rate of two (2) percentage points above the prime rate of interest effective for the payment due date

as published in the Wall Street Journal under "Money Rates". If there is no publication on the payment due date, then the most recent preceding day's publication will be used. The interest rate shall not be more than the lawful maximum rate of interest. The relevant party shall pay any interest due within three (3) New York Banking Days following notice from a party to the other party that such interest is due. Where Chevron is the Seller, the amount of interest payable to the Seller shall be engrossed for withholding tax, if any, such that the net amount received by the Seller after the deduction of any such withholding tax shall be equal to the full amount of interest due.

27.8.2 The provisions of this Section 27.8 shall not be construed as an indication of any willingness on the part of the Seller to provide extended credit as a matter of course, and shall be without prejudice to any rights and remedies which the Seller may have under the Agreement or otherwise. Any expenses incurred by the Seller, including but not limited to reasonable legal fees, court costs and collection agency fees, caused by delayed or non-payment by the Buyer of the amount(s) due shall be for the account of the Buyer and payable upon demand with supporting documentation.

27.9 **Payment Account**

27.9.1 Payment(s) shall be made by the Buyer, quoting the Seller's invoice number and the Buyer's name, to the Seller's bank, account name and account number as specified in the Special Provisions or as otherwise notified by the Seller in writing.

27.10 **Security**

27.10.1 The Buyer shall periodically provide to the Seller that financial information or Security deemed necessary by the Seller to support any credit extension.

If at any time the reliability or security of the Buyer under any transaction governed by the Agreement (and in respect of Security provided to Seller, the reliability or security of its Affiliates or third parties providing credit support), should in the reasonable opinion of the Seller become impaired or unsatisfactory, the Seller shall be entitled at any time to demand by written notice that payment be made or performance assurance posted:

- (a) by means of an irrevocable documentary letter of credit, received by the Seller no later than two (2) New York Banking Days after such demand or three (3) New York Banking Days prior to delivery of the crude oil (whichever is earlier), in accordance with the provisions of Section 27.11; or
- (b) by the method prescribed in the Special Provisions together with an irrevocable standby letter of credit, received by the Seller no later than two (2) New York Banking Days after such demand or three (3) New York Banking Days prior to delivery of the Crude oil (whichever is earlier) in accordance with the provisions of Section 27.11; or
- (c) by means of prepayment, received by the Seller by wire transfer of immediately available funds no later than two (2) New York Banking Days after such demand or three (3) New York Banking Days prior to delivery of the crude oil (whichever is earlier), in accordance with the provisions of Section 27.12
- (d) by means of another type of Security mutually agreed to between the parties.

and until such demand is satisfied shipments/deliveries may be withheld and the Seller shall be entitled to suspend delivery of the crude oil and pursue any additional remedies as may be available under applicable law.

27.11 **Letter of Credit**

- 27.11.1 Where under the Agreement or by virtue of the provisions of Section 27.10 the price is to be paid by means of an irrevocable documentary letter of credit or supported by a standby letter of credit in favour of the Seller (both herein referred to as an "L/C"), the Buyer shall cause such L/C to be opened with or confirmed by a first-class international bank acceptable to the Seller (the "Bank") in terms specified in this Section 27.11.
- 27.11.2 The provisions hereof for such payment by or payment supported by L/C are not to be construed as altering, varying or qualifying the Buyer's obligation to pay for the crude oil delivered hereunder by the payment due date.
- 27.11.3 The L/C shall be sufficient to cover the contractual mean value of the crude oil at the price specified in the Special Provisions plus ten percent (10%) and a further amount to cover escalation in duties including VAT if appropriate, and the Buyer shall cause it to be advised or confirmed in writing by the Bank to the Seller, provided further that such L/C shall be in a form in all respects acceptable to the Seller in its sole discretion.
- 27.11.4 The L/C shall be so advised or confirmed and received by Seller not later than the date/time:
- (a) as specified in the Special Provisions; or
 - (b) as specified in the Seller's notice pursuant to Section 27.10; or
 - (c) where the date/time is not specified in the Special Provisions or in the Seller's notice, by not later than:
 - (i) 1600 hours (local time at Seller's place of business) on the tenth (10th) day prior to the first (1st) day of the Laydays, as applicable, or
 - (ii) in the case of a DAP delivery, 1600 hours (local time at Seller's place of business) ten (10) days before the first (1st) day of the ETA at the Discharge Port, or such later date and/or time as the Seller may in writing require.
- 27.11.5 If the date of the Agreement is later than any of the dates for opening and/or confirming the L/C specified in the Special Provisions or in this Section 27, then the Buyer shall make best efforts to open or confirm the L/C as soon as practicably possible but in any case never later than 1200 hours (local time at Seller's place of business) on the day immediately prior to the first day of the Laydays or the ETA range, as applicable.
- 27.11.6 Pursuant to such L/C the Seller shall present the documents referred to in Section 27.2 or 27.3 at the counter of the Bank.
- 27.11.7 All charges in respect of the L/C shall be for the Buyer's account.
- 27.11.8 The L/C shall take effect in accordance with its terms (including any agreed amendment(s) thereto) but such terms shall not alter, add to, or in any way affect, the provisions of the Agreement (or any of them) unless the Seller and the Buyer expressly agree in writing that any such term shall so alter, add to, or in any way affect, the provisions of the Agreement.
- 27.11.9 If for any reason the loading or discharge, as the case may be, of the Vessel will not take place within the period for such loading or discharge referred to in the L/C, the Buyer shall either obtain an extension of such period for loading or discharge or provide a new L/C in terms acceptable to the Seller.

27.12 Prepayment

27.12.1 Where, under the Agreement or by virtue of the provisions of Section 27.10.1, prepayment of the price is required, the Seller shall issue and the Buyer shall make payment against a provisional invoice. The provisional invoice shall, unless otherwise agreed between the parties, be based upon:

- (a) the pricing information available to the Seller at the time it issues such provisional invoice; and
- (b) the maximum contractual quantity specified in the Special Provisions.

27.12.2 The provisional payment shall be made:

- (a) by the date specified in the Special Provisions; or
- (b) by the date specified in the Seller's notice pursuant to Section 27.10.

Payment of any balance due by either party to the other shall be made on the due date specified in the Special Provisions or, where there is no final due date specified in the Special Provisions, immediately upon receipt of the Seller's final invoice which shall be prepared as soon as practicable after all the relevant pricing and/or quantity information becomes available to the Seller. In this context, the word "immediately" shall mean within five (5) New York Banking Days. Unless otherwise agreed in the Special Provisions, no interest shall be due on the difference between the provisional and final invoice.

27.13 Non-Compliance with Payment Obligations

27.13.1 It is a condition of the Agreement that the Buyer complies with its payment obligations including, if required, the obligation to provide acceptable Security in the form specified in the Special Provisions or in the form specified by the Seller pursuant to Section 27.10, within the time prescribed in the Special Provisions or in Sections 27.11 or 27.12 (as applicable). Any failure either in whole or in part by the Buyer to comply with any such obligations shall be a breach of condition.

27.13.2 On the occurrence of such breach, and for so long as such breach is continuing, the Seller may at any time by notice to the Buyer, and without any liability whatsoever for any cost, loss or damage (including liabilities to third parties) incurred by the Buyer, forthwith:

- (a) terminate the Agreement and claim damages; or
- (b) without prejudice to the right to terminate the Agreement, suspend or cancel delivery of all or any supplies of crude oil.

27.13.3 The Buyer shall be liable for any and all costs, losses and damages incurred by the Seller as a result of the Buyer's breach, including but not limited to, any demurrage payable by the Seller in respect of the Vessel or other vessels waiting at the Loading Terminal or Discharge Port.

27.13.4 Termination hereunder shall be without prejudice to any right of action or claim accrued on or before the date of termination.

27.14 Other Charges

27.14.1 Unless otherwise agreed, the payment of any other costs, expenses or charges which arise under the terms of the Agreement shall be made against presentation of the

Seller's invoice therefor and shall be for immediate settlement by the Buyer on or before the date specified therein.

Section 28. -- New and Changed Regulations, etc.

- 28.1 It is understood by the parties that the Seller is entering into the Agreement in reliance on the laws, rules, regulations, decrees, agreements, concessions and arrangements ("Regulations") in effect on the date hereof with governments, government instrumentalities or public authorities affecting the crude oil sold hereunder including, but without limitation to the generality of the foregoing, those relating to the production, acquisition, gathering, manufacturing, transportation, storage, trading or delivery thereof, insofar as such Regulations affect the Seller or the Seller's supplier(s).
- 28.2 If at any time and from time to time during the currency of the Agreement any Regulations are changed or new Regulations become or are due to become effective, whether by law, decree or regulation or by response to the insistence or request of any governmental or public authority or any person purporting to act therefor, and the material effect of such changed or new Regulations (a) is not covered by any other provision of the Agreement, and (b) has or will have a material adverse economic effect on the Seller, the Seller shall have the option to request renegotiation of the price(s) or other pertinent terms of the Agreement. Such option may be exercised by the Seller at any time after such changed or new Regulations are promulgated by written notice to the Buyer, such notice to contain the new price(s) or terms desired by the Seller. If the parties do not agree upon new price(s) or terms satisfactory to both parties within fifteen (15) days after the date of the Seller's notice, either party shall have the right to terminate the Agreement immediately at the end of such fifteen (15) day period. Any crude oil delivered during such fifteen (15) day period shall be sold and purchased at the price(s) and on the terms applying under the Agreement without any adjustment in respect of the new or changed regulations.

Section 29. -- Force Majeure.

- 29.1 Neither the Seller nor the Buyer shall be liable for a failure to perform any of its obligations under the Agreement insofar as that party proves that the failure was due to an impediment beyond its control;
- 29.2 An impediment within Section 29.1 above shall:
- 29.2.1 include delay, hindrance, reduction in, interference with, curtailment or prevention of a party's performance of its obligations hereunder resulting from events such as the following, this list not being exhaustive:
- (a) war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage;
 - (b) natural disasters such as violent storms, cyclones, earthquakes, tidal waves, floods, destruction by lightning;
 - (c) explosions, fires, destruction of tankage, pipelines, refineries or terminals and any kind of installations;
 - (d) boycotts, strikes, lock-outs, labour disputes of all kinds, go-slows, occupation of factories and premises;
 - (e) any curtailment of, reduction in, interference with, failure or cessation of, supplies of crude oil from any of the Seller's or the Seller's suppliers' sources of supply or by any refusal to supply crude oil whether lawful or otherwise by the Seller's suppliers (provided in fact the sources of supply are for the purposes of the Agreement);

- (f) any compliance with any law, regulation or ordinance, or with any order, demand or request (including any obligation arising out of the exercise of a requirement to deliver crude oil of the grade deliverable hereunder by way of royalty-in-kind) of an international, national, port, transportation, local or other authority or agency or of any body or person purporting to be or to act for such authority or agency or any corporation directly or indirectly controlled by any of them; and
- 29.2.2 not include delay, hindrance, interference with, curtailment or prevention of a party's accrued obligation to make payment which is due and payable under the Agreement whether in respect of price, dispatch, demurrage or any other financial obligation whatsoever.
- 29.3 The party seeking relief (the "Relying Party") shall as soon as possible after the impediment becomes known to it give notice in writing to the other party of such impediment and the effects, or the reasonably anticipated effects, on its ability to perform in as much detail as possible and the appropriate relief sought. Failure to give notice as soon as possible may make the Relying Party liable for damages to the other party for loss which otherwise could reasonably have been avoided.
- 29.4 The appropriate relief under this Section 29 shall be as follows:
 - 29.4.1 in respect of an impediment that renders impossible the Relying Party's performance of its obligations, immediate termination of the affected delivery obligation(s) without liability for damages, penalties and other contractual sanctions;
 - 29.4.2 in respect of an impediment that delays, hinders, reduces or interferes with the performance of the delivery obligation(s), immediate postponement of those obligations without liability for damages, penalties and other contractual sanctions for a period until midnight local time on the last date of the Laydays or Arrival Date Range (as applicable), or until such time as the impediment is removed, whichever is the earlier. The impediment shall not, however, operate to extend the term of the Agreement. Further, should the impediment continue beyond midnight local time on the last day of the Laydays or Arrival Date Range (as applicable) then it shall be deemed to render the Relying Party's obligations impossible and Section 29.4.1 above shall apply thenceforth;
 - 29.4.3 the Relying Party, if the Seller, shall not be obliged to purchase afloat or otherwise from other suppliers to make good shortages or deficiency of delivery resulting from an impediment.
- 29.5 Without prejudice to the foregoing provisions of this Section 29, if at any time the Seller's availability of crude oil of the grade deliverable hereunder is curtailed or interfered with as a result of the Seller's actions being based on compliance with a request or requirement of or made by or through the International Energy Agency then, for so long as such curtailment or interference continues, the Seller shall be entitled to withhold, reduce or suspend delivery hereunder to such extent as the Seller shall in its absolute discretion determine, and the Seller shall not be bound to acquire by purchase or otherwise additional quantities from other suppliers.
- 29.6 Without prejudice to the foregoing provisions of this Section 29, where in the Seller's sole and unfettered discretion an event occurs or a situation or condition arises, whether or not foreseeable, which has an adverse impact on the Seller's and/or its Affiliate's ability to source, load and/or ship crude oil at or from any one or more of the present or future sources of supply of the Seller and/or its Affiliates and/or to transport such crude oil to any place where the Seller and/or its Affiliates may intend to use such crude oil in the course of its or their business (including without limitation as a result of any actual or threatened blockade), the Seller may reduce sales and deliveries of crude oil to the Buyer under the Agreement to such an extent as the Seller may in its sole and unfettered discretion see fit.

- 29.7 Should the Seller choose to reduce sales and deliveries of crude oil to the Buyer as a result of Section 29.6 then the amount payable by the Buyer under the Agreement shall be reduced proportionally according to the amount of crude oil delivered to the Buyer, and the Seller shall be deemed to have fulfilled all its obligations to the Buyer under the Agreement, shall not be obliged to acquire additional crude oil from any new source and shall incur no liability whatsoever to the Buyer as a result of the reduction in the quantities of crude oil delivered to the Buyer.
- 29.8 Notwithstanding anything to the contrary in the Agreement, Seller shall not be liable for demurrage to the extent that the berthing or loading of the Vessel is prevented, hindered or delayed by an impediment as described in Section 29.1.
- 29.9 Nothing in this Section 29 shall be taken to limit or prevent the operation of the common law doctrine of frustration (including frustration of the adventure, of purpose or of the Agreement).

Section 30. -- Limitation of Liabilities

- 30.1 Except as specifically provided for in the Special Provisions or in Sections 13.4 and 13.5 and in Section 15.5, neither party shall in any event, including any negligent act or omission on its part, be liable to the other, whether under the Agreement or otherwise in connection with it, in contract, tort, breach of statutory duty or otherwise, for any consequential, indirect or special losses, expenses or damages of any kind including (without limitation) loss of anticipated profits, plant shut-down or reduced production, loss of power generation, blackouts or electrical shut-down or reduction, goodwill, use, market reputation, business receipts or contracts or commercial opportunities, whether or not foreseeable.
- 30.2 In addition to the foregoing, in respect of any claims relating to the Seller's failure to supply the agreed quantity or with respect to any deficiency of quantity or variation in quality, the Seller shall in no circumstances be liable for more than the difference between the market price and the agreed selling price for the crude oil deliverable under the Agreement.
- 30.3 The provisions of this Section 30 shall continue to apply despite the termination or expiry of the Agreement for any reason whatsoever.
- 30.4 Without derogating from the specific time limits set out in Sections 7.4.3 and 16.3.3 (submission of demurrage claims) and Section 23.2 (Claims in Respect of Quality and/or Quantity) and any other provisions requiring compliance within a given period, all of which shall remain in full force and effect, any claim arising under the Agreement and any dispute under Section 36 shall be commenced within one (1) year of the date on which the crude oil was delivered or, in the case of a total loss, within one (1) year of the date upon which the crude oil should have been delivered, failing which the claim shall be time barred and any liability or alleged liability of the other party shall be extinguished. Notwithstanding the foregoing, this Section 30 shall not apply to disputes relating to demurrage or taxes and time for commencing legal action with respect to disputes relating to demurrage or taxes will be subject to the applicable statute of limitations.

Section 31. -- Termination or Suspension, etc.

- 31.1 Despite anything to the contrary express or implied elsewhere in the Agreement and without prejudice to its other rights, either party may at its sole discretion either immediately terminate the Agreement or forthwith suspend delivery under the Agreement until further notice, on notifying the other party either orally (confirming such notification in writing) or by notice in writing, if a liquidator (other than for the purpose of amalgamation or reconstruction), administrator, trustee in bankruptcy, receiver, or receiver and manager is appointed in respect of the assets and/or undertaking of the other party, or the other party enters into an arrangement or composition with its creditors, or any similar appointment, arrangement or composition is made under any applicable law, or if the party in question has reason to anticipate any such occurrence, appointment, arrangement or composition.

Section 32.-- Limitation on Assignment

32.1 Neither party may assign any rights or obligations under the Agreement without the prior written consent of the other party (which shall not be unreasonably withheld or delayed). In the event of an assignment in accordance with the terms of this Section 32, the assignor shall nevertheless remain responsible for the proper performance of the Agreement. Any assignment not made in accordance with the terms of this Section 32 shall be void.

Section 33. -- Notices

33.1 Unless otherwise provided elsewhere in the Agreement, any communication by either party to the other shall be sufficiently made if sent by registered post or by facsimile transmission or by courier to the address of the other party specified for this purpose in the Special Provisions and shall, unless otherwise provided herein, be deemed to have been received as follows:

33.1.1 In the case of a communication sent by registered post or by courier, if received:

- (a) on a Business Day before 1700 hours local time in the recipient's location then on that day; or
- (b) if received outside the hours stated in Section 33.1.1(a) will be treated as being received on the next Business Day in the recipient's location.

33.1.2 In the case of a communication by facsimile transmission where a verifiable answerback is provided, if the recipient's answerback is received on a Business Day before 1700 hours local time, then on that day; in any other case, on the Business Day after the day on which the recipient's answerback is received.

33.2 Except for notices for assignment, termination and legal or arbitration proceedings, parties may exchange messages with respect to the performance of the Agreement by e-mail. Any message sent by e-mail shall be sent to the address of the other party specified for this purpose in the Special Provisions and shall be deemed to have been received, if sent on a Business Day before 1700 hours local time, then on that day; in any other case, on the Business Day after the date it was sent. Despite the foregoing, e-mail messages are only valid if actually received and the sender bears the risk of a failure in transmission.

33.3 Any alterations by either party to the contacts or addresses specified in the Special Provisions shall be notified immediately by registered post, facsimile transmission or by courier to the other party.

33.4 Notices may not be given by instant messaging.

Section 34. -- Sanctions and Boycotts

Despite anything to the contrary elsewhere in the Agreement:

34.1 Neither party shall be obliged to perform any obligation otherwise required by the Agreement (including without limitation an obligation to (a) perform, deliver, accept, sell, purchase, pay or receive monies to, from, or through a person or entity, or (b) engage in any other acts) if this would be in violation of, inconsistent with, or expose such party to punitive measures under, any laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements of the EU, any EU member state, the United Nations or the United States applicable to the parties relating to trade sanctions, foreign trade controls, import and export controls, non-proliferation, anti-terrorism and similar laws (the "Trade Restrictions").

34.2 Where any performance by a party would be in violation of, inconsistent with, or expose such party to punitive measures under, the Trade Restrictions, such party (the "Affected Party") shall, as soon as reasonably practicable give written notice to the other party of its inability to perform.

Once such notice has been given the Affected Party shall be entitled:

34.2.1 to immediately suspend the affected obligation (whether payment or performance) until such time as the Affected Party may lawfully discharge such obligation; and/or

34.2.2 where the inability to discharge the obligation continues (or is reasonably expected to continue) until the end of the contractual time for discharge thereof, to a full release from the affected obligation, provided that where the relevant obligation relates to payment for goods which have already been delivered, the affected payment obligation shall remain suspended (without prejudice to the accrual of any interest on an outstanding payment amount) until such time as the Affected Party may lawfully resume payment; and/or

34.2.3 to terminate the Agreement, provided that any amount owing for goods or services delivered prior to termination shall remain suspended (without prejudice to the accrual of any interest on an outstanding payment amount) until such time as the Affected Party may lawfully resume payment; and/or

34.2.4 where the obligation affected is acceptance of the Vessel, to require the other party to nominate an alternative Vessel;

in each case without any liability whatsoever (including but not limited to any damages for breach of contract, penalties, costs, fees and expenses).

34.3 Nothing in the Agreement is intended, and nothing herein should be interpreted or construed, to induce or require either party hereto to act in any manner (including failing to take any actions in connection with the Agreement) which is inconsistent with, penalized or prohibited under any laws, regulations, decrees, ordinance, order, demand, request, rules or requirements of the United States applicable to such party which relate to international boycotts of any type, including but not limited to the antiboycott laws and regulations of the United States as applicable.

34.4 Nothing in this Section 34 shall be taken to limit or prevent the operation, where available under the governing law of the Agreement, of any doctrine analogous to the English common law doctrine of frustration (including frustration of the adventure or purpose of the Agreement).

Section 35. -- Anti-Corruption and Anti-Facilitation of Tax Evasion

35.1 The Buyer and the Seller each agree and undertake to the other that in connection with the Agreement, they will each respectively comply with all applicable laws, rules, regulations, decrees and/or official government orders of the United Kingdom and the United States of America relating to anti-bribery, anti-money laundering and anti-facilitation of tax evasion.

35.2 The Buyer and the Seller each represent, warrant and undertake to the other that they shall not, directly or indirectly:

35.2.1 pay, offer, give or promise to pay or authorize the payment of any monies or other things of value to:

- (a) a government official or an officer or employee of a government or any department, agency or instrumentality of any government;
- (b) an officer or employee of a public international organization;
- (c) any person acting in an official capacity for or on behalf of any government or department, agency, or instrumentality of such government or of any public international organization;

- (d) any political party or official thereof, or any candidate for political office;
- (e) any other person, individual or entity at the suggestion, request or direction or for the benefit of any of the above-described persons and entities; or
- (f) any other person,

with the intention of improperly and unlawfully influencing any present or future decision of that person or inducing that person to behave improperly or to reward that person for improper conduct;

- 35.2.2 request, agree to receive or accept any money or other things of value intending improper conduct in return;
 - 35.2.3 engage in any activity, practice or conduct, or otherwise do anything which would cause the other party to be in breach of any applicable anti-facilitation of tax evasion laws, rules, and regulations as may be applicable to the parties and to this Agreement, including the UK Criminal Finances Act 2017; or
 - 35.2.4 engage in any acts or transactions, in each case if this is in violation of or inconsistent with the anti-bribery or anti-money laundering legislation of any government as may be applicable to the parties and to this Agreement, including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010, the U.K. Anti- Terrorism, Crime and Security Act 2001, the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 and the applicable country legislation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions ("Government Requirements").
- 35.3 In particular, the Seller represents and warrants to the Buyer that it has not made any payments or given anything of value to officials, officers or employees of the government of the country in which the crude oil originated or any agency, department or instrumentality of such government in connection with the crude oil which is the subject of the Agreement which would be inconsistent with or contravene the Government Requirements noted above.
- 35.4 Either party may terminate the Agreement forthwith upon written notice to the other at any time, if in its reasonable judgement supported by reasonable evidence, the other is in breach of any of the above representations, warranties or undertakings.
- 35.5 A party shall promptly notify the other if, at any time during the term of the Agreement, its circumstances, knowledge or awareness changes such that it would not be able to repeat the representations and warranties set out in this Section 35 at any time.

Section 36. -- Arbitration and Small Claims

36.1 Arbitration

- 36.1.1 Unless otherwise provided for in the Special Provisions, any claim or matter arising under or in connection with the Agreement shall be referred to arbitration pursuant to the rules of the London Court of International Arbitration ("LCIA"), which rules are deemed to be incorporated herein. The arbitration shall, unless the parties agree upon the appointment of a sole arbitrator, be held before a panel of three (3) arbitrators. Each party shall nominate an arbitrator and the two (2) arbitrators nominated by or on behalf of the parties shall nominate the third (3rd) arbitrator, who shall act as Chairman of the panel. If the two (2) arbitrators nominated by or on behalf of the parties have not nominated the third (3rd) arbitrator within thirty (30) days from the date of the appointment of the second (2nd) arbitrator, the third (3rd) arbitrator shall be chosen by the LCIA. All arbitrators appointed shall be practicing barristers or solicitors in England and Wales with experience of commodity trading disputes.

The place of arbitration shall be London. The language of the arbitration shall be English. The arbitration award shall be final without appeal to the Courts.

36.2 Small Claims

36.2.1 Unless otherwise provided for in the Special Provisions, and despite anything to the contrary in Section 36.1, the parties agree that where the amount in dispute between them is US \$100,000 or less (excluding interest and costs), then the dispute shall be referred to a sole arbitrator and the arbitration shall be conducted in accordance with the London Maritime Arbitrators Association ("LMAA") Small Claims Procedure current at the time when the claiming party commences arbitration proceedings.

36.3 Demurrage Claims

36.3.1 Unless otherwise provided for in the Special Provisions, and despite anything to the contrary in Sections 36.1 and 36.2 above, the parties agree that where the dispute between them is in relation to demurrage, including the commencement and computation of Laytime, then the dispute shall be referred to arbitration to be conducted in accordance with the LMAA Terms current at the time when the claiming party commences arbitration proceedings. The tribunal shall consist of three (3) arbitrators, each arbitrator shall be a full Member of the LMAA, and the timetable for constitution of the tribunal shall be in accordance with that laid out in the current LMAA Terms.

36.4 Enforcement, Interlocutory and Interim Action

36.4.1 Any decision of any arbitral tribunal (or of any court, where resolution of a dispute by that court is provided for in the Special Provisions) may be enforced in the courts of any country and, furthermore, neither party shall be precluded from pursuing arrest, attachment and/or other conservatory, interlocutory or interim actions in any court in relation to the crude oil or the Vessel.

Section 37. -- Miscellaneous

37.1 Severability

37.1.1 If any provision (or part thereof) of the Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction or either party's compliance with any ruling or resolution of the United States, United Nations, or the EU has a like or similar effect, the remainder of the Agreement (and of such provision) shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision (or part thereof).

37.2 Survivability

37.2.1 If for any reason the Agreement shall be terminated then such termination shall be without prejudice to any rights, obligations or liabilities of either party which have accrued at the date of termination but have not been performed or discharged, and any parts of the Agreement having any relevance thereto or any bearing thereon shall, despite the termination of the Agreement for any reason, continue in force and effect.

37.3 Consents, etc.

37.3.1 Each party shall be responsible for obtaining all consents, authorizations, approvals and assurances of whatsoever nature necessary to enable it to comply with its obligations under the Agreement.

37.4 Conflict

37.4.1 In the event of conflict or inconsistency between these General Terms and Conditions and the Special Provisions, the Special Provisions shall prevail over these General Terms and Conditions.

37.5 **Modification**

37.5.1 The Agreement shall not be modified unless mutually agreed by the parties, which agreement must be evidenced in writing, except that Chevron shall have the right to amend or otherwise modify the schedules attached hereto from time to time without the other party's prior agreement.

37.6 **Waiver**

37.6.1 Any waiver shall relate only to the matter, non-compliance or breach it expressly relates to and shall not apply to any subsequent or other matter, non-compliance or breach.

37.7 **Recording, Retention and Monitoring of Communications**

37.7.1 Each party hereby acknowledges to the other party and consents that such other party may from time to time and without further notice and to the extent permitted by law:

- (a) record and retain electronic transmissions (including telephone conversations, e-mail and instant messaging between the parties' respective representatives in connection with the Agreement or other commercial matters between the parties) on central and local databases for their respective legitimate purposes; and
- (b) monitor electronic transmissions through their internal and external networks for purposes of security and compliance with applicable laws, regulations and internal policies for their other legitimate business purposes.

37.8 **eDocs**

37.8.1 Where it is specified in the Special Provisions that any bill of lading, waybill, delivery order, certificate, receipt or other document issued pursuant to, or in connection with, the Agreement may be issued, signed and transmitted electronically (each, an "eDoc") then it is hereby expressly agreed that any applicable requirement of law, contract, custom or practice that any transaction, document or communication shall be made or evidenced in writing, signed or sealed shall be satisfied by an eDoc and the parties hereto agree not to contend in any dispute arising out of or in connection with any eDoc or any eDoc which is converted to paper that it is not in writing or that it is not equivalent to an original paper document signed by hand, or, as the case may be, sealed.

37.9 **Entire Agreement**

37.9.1 The Agreement contains the entire agreement between the Seller and the Buyer with respect to the matters set forth in the Special Provisions and supersedes all prior agreements, whether oral or written, in connection therewith.

37.10 **Confidentiality**

37.10.1 If it is specified in the Special Provisions that the Agreement shall be held strictly confidential, then details of the Agreement shall not be disclosed by either party to any third party without the previous consent in writing of the other party.

37.10.2 Despite anything to the contrary in the provisions of Section 37.10.1, a party (the “Disclosing Party”) may disclose details of the Agreement without the other party’s prior written consent if:

- (a) such disclosure is required by law or by any securities exchange or regulatory or governmental body or fiscal authority having jurisdiction over it, wherever situated, and whether or not the requirement has the force of law; or
- (b) the confidential information is or was already in the public domain other than through the fault or action of the Disclosing Party; or
- (c) such disclosure is to an Affiliate or in connection with any dispute, legal or arbitration proceedings or pursuant to Section 36.1, and the Disclosing Party shall cause all parties in receipt of such information to be bound by the same obligations of confidentiality as contained in the Agreement.

37.11 Warranties

37.11.1 The Buyer and the Seller each warrant that it has not in connection with the Agreement relied upon any representations, whether written or oral, made by or on behalf of the other party, but has relied exclusively on its own knowledge, judgment and expertise.

37.12 Warranty of Title

37.12.1 The Seller hereby warrants to the Buyer that at the time title in the crude oil passed to the Buyer as provided in the Agreement, the Seller had unencumbered title to the crude oil and had the right to sell the crude oil to the Buyer.

37.13 Third Party Rights

37.13.1 No term of the Agreement is intended to, or does, confer a benefit or remedy on any third party. A person, company or other legal entity who is not a party to the Agreement shall not have or acquire, whether by virtue of the Contracts (Rights of Third Parties) Act 1999 (to the extent the Agreement is governed by English Law) or otherwise, any rights in relation to the Agreement. Further, the parties hereto may rescind or vary the Agreement, whether in whole or in part, without the consent of any third party.

37.14 Trade Marks

37.14.1 Nothing in the Agreement whether express or implied shall be deemed to confer any right upon either party to apply any trade mark owned by the other party or any of its Affiliates to any crude oil supplied under the Agreement nor to use such trade marks in relation to such crude oil.

Section 38. -- Applicable Law

38.1 Governing Law

38.1.1 Unless otherwise provided for in the Special Provisions, the construction, validity and performance of the Agreement (and any non-contractual obligation relating to the Agreement) shall be governed by English law to the exclusion of any other law, which may be imputed in accordance with choice of law rules applicable in any jurisdiction.

38.2 The UN Convention

38.2.1 The United Nations Convention on Contracts for the International Sale of Goods of Vienna, 11th April 1980, shall not apply to the Agreement.

38.3 **Sovereign Immunity**

38.3.1 Each party hereto warrants that it has entered into the Agreement in a commercial capacity and that with respect to the Agreement it is in all respects subject to civil and commercial law. Each party hereby irrevocably and unconditionally and to the fullest extent permitted by law waives any rights of sovereign immunity which it may have now or which it may subsequently acquire in respect of its position or any title and/or assets (present or subsequently acquired and wherever located) belonging to it.

PART FIVE
Schedules

Schedule A
Seller's Payment Indemnity Format

The Indemnity referred to in Section 27 Payment shall be in the following format:

Quote

We refer to our Agreement dated the [DATE] day of [MONTH], [YEAR] in respect of your purchase from us of [QUANTITY] barrels of [GRADE] crude oil FOB/CFR/CIF (the "Agreement") on Vessel "[VESSEL NAME]", bill of lading date [B/L DATE].

In consideration of your making payment of US dollars [US DOLLAR AMOUNT] for [QUANTITY] barrels of the said crude oil in accordance with the Agreement and having agreed to accept delivery of the cargo without having been provided with [insert the relevant documents as set out in Section 27] (the "Documents"), we hereby represent and warrant all of the following:

- (i) the existence and validity of the Documents;
- (ii) that we are entitled to possession of the Documents;
- (iii) that we were entitled to possession of the crude oil;
- (iv) that we had good title to such crude oil;
- (v) that title in the crude oil has been passed as provided in the Agreement to you free of all liens, charges or encumbrances of whatever kind;
- (vi) that you will have the benefit of the warranty as to enjoyment of quiet possession implied by law in the Agreement but without prejudice to any other warranty so implied.

Without prejudice to your rights under the Agreement we hereby agree to protect, indemnify and hold you harmless from and against any and all damages, losses, liabilities, costs, claims and reasonable expenses which you may suffer by reason of our failure to present the Documents to you in accordance with the Agreement; and any action or proceeding brought or threatened against you by reason of our said failure and any breach of our above express representations and warranties in connection with questions of title to or the right to possession of the Documents or the cargo or the proceeds of either; or any liens, charges or encumbrances asserted on the Documents or the cargo or any other claims arising out of or in connection with the Documents.

Our liability hereunder shall remain in full force and effect unless and until we provide you with the Documents, which we irrevocably agree to provide to you as soon as the same have come into our possession.

If the Special Provisions provide for English law, no term of this indemnity is intended to, or does confer a benefit or remedy on any Party other than the named Buyer under the Agreement whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or howsoever.

This indemnity shall be governed by and construed in accordance with the law governing the Agreement, and any disputes that cannot be settled by mutual agreement shall be subject to the exclusive jurisdiction of the applicable forum specified in the Agreement.

Signed by: Title: of: [COMPANY NAME]

Unquote

Schedule B
Requirements in Respect of Vessels (Including, where Applicable, Barges) at the Loading Terminal or Discharge Port and, where Applicable, During the Voyage

1. Requirements in Respect of Vessels at the Loading Terminal or Discharge Port

- 1.1 If any Vessel does not meet any of the following requirements of this Part 1 of this Schedule B:
- 1.1.1 at the Loading Terminal, the Seller or the Seller's supplier may refuse to berth, load or continue loading such Vessel; and/or
 - 1.1.2 at the Discharge Port, the Buyer or the Buyer's receiver may refuse to berth, discharge or continue discharging such Vessel.
- 1.2 **ITOPF**
- 1.2.1 Each Vessel shall be owned by or demise chartered to a member of the International Tanker Owners Pollution Federation Limited ("ITOPF").
- 1.3 **ISPS CODE**
- 1.3.1 **FOB Provisions**
- (a) The Buyer shall procure that the Vessel shall comply with the requirements of the International Ship and Port Facility Security Code and the relevant amendments to Chapter XI-2 of Safety of Life at Sea ("ISPS Code") and where the Loading Terminal is within the U.S.A. and U.S. territories or waters, with the U.S. Maritime Transportation Security Act of 2002 ("MTSA").
 - (b) The Vessel shall when required submit a Declaration of Security ("DOS") to the appropriate authorities prior to arrival at the Loading Terminal.
 - (c) Despite any prior acceptance of the Vessel by the Seller, if at any time prior to the passing of risk and title the Vessel ceases to comply with the requirements of the ISPS Code or the MTSA:
 - (i) the Seller shall have the right not to berth such nominated Vessel and any demurrage resulting shall not be for the account of the Seller;
 - (ii) the Buyer shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code and the MTSA;
 - (iii) the Seller shall procure that the Loading Terminal/port/installation shall comply with the requirements of the ISPS Code and where the Loading Terminal is within the U.S.A and U.S. territories or waters, with the MTSA; and
 - (iv) any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Loading Terminal and actually incurred by the Buyer resulting directly from the failure of the Loading Terminal/port/installation to comply with the ISPS Code or the MTSA shall be for the account of the Seller, including but not limited to the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code or the MTSA;

- (d) Save where the Vessel has failed to comply with the requirements of the ISPS Code or the MTSA, the Seller shall be responsible for any demurrage actually incurred by the Buyer arising from delay to the Vessel at the Loading Terminal/port/installation resulting directly from the Vessel being required by the port facility or any relevant authority to take any action or any special or additional security measures or undergo additional inspections.
- (e) If the Loading Terminal is not operated by the Seller or an Affiliate of the Seller, the Seller's liability to the Buyer under the Agreement for any demurrage, costs, losses or expenses incurred by the Vessel, the Charterers or the Vessel owners resulting from the failure of the Loading Terminal/port/installation to comply with the ISPS Code or the MTSA shall be limited to the payment of demurrage, costs, losses or expenses that the Seller is able to recover and does recover from the Loading Terminal/port/installation or Seller's supplier or other relevant third party, and then only to the extent of such recovery. The Seller shall, however, use reasonable efforts to so recover from the Loading Terminal/port/installation or Seller's supplier or other relevant third party.

1.3.2 **CIF/CFR/DAP Provisions**

- (a) The Seller shall procure that the Vessel shall comply with the requirements of the ISPS Code and where the Discharge Port is located within the U.S.A. and U.S. territories or waters, with the MTSA.
- (b) The Vessel shall when required submit a DOS to the appropriate authorities prior to arrival at the Discharge Port.
- (c) Despite any prior acceptance of the Vessel by the Buyer, if on arrival of the Vessel at the Discharge Port the Vessel ceases to comply with the requirements of the ISPS Code or the MTSA:
 - (i) the Buyer shall have the right not to berth such nominated Vessel at the Discharge Port and any demurrage resulting shall not be for the account of the Buyer;
 - (ii) the Seller shall be obliged to substitute such nominated Vessel with a Vessel complying with the requirements of the ISPS Code and the MTSA. If title and risk to the cargo on board the Vessel has already passed to the Buyer, such title and risk shall be deemed to have reverted to the Seller;
 - (iii) the Buyer shall procure that the Discharge Port/terminal/installation shall comply with the requirements of the ISPS Code and, if located within the U.S.A. and U.S. territories or waters, with the MTSA; and
 - (iv) any costs or expenses in respect of the Vessel including demurrage or any additional charge, fee or duty levied on the Vessel at the Discharge Port and actually incurred by the Seller resulting directly from the failure of the Discharge Port/terminal/installation to comply with the ISPS Code or the MTSA shall be for the account of the Buyer, including but not limited to the time required or costs incurred by the Vessel in taking any action or any special or additional security measures required by the ISPS Code or the MTSA.
- (d) Save where the Vessel has failed to comply with the requirements of the ISPS Code or the MTSA, the Buyer shall be responsible for any demurrage actually incurred by the Seller arising from delay to the Vessel

at the Discharge Port/terminal/installation resulting directly from the Vessel being required by the port facility or any relevant authority to take any action or any special or additional security measures or undergo additional inspections.

- (e) If the Discharge Port/terminal/installation is not operated by the Buyer or an Affiliate of the Buyer, the Buyer's liability to the Seller under the Agreement for any costs, losses or expenses incurred by the Vessel, the Charterers or the Vessel owners resulting from the failure of the Discharge Port/terminal/installation to comply with the ISPS Code or the MTSA shall be limited to the payment of demurrage, costs, losses or expenses that the Buyer is able to recover and does recover from the Discharge Port/terminal/installation or its buyer or other relevant third party, and then only to the extent of such recovery. The Buyer shall, however, use reasonable efforts to so recover from the Discharge Port/terminal/installation or its buyer or other relevant third party.

1.4 **CLC**

1.4.1 The Vessel shall:

- (a) carry on board all certificate(s) (including certificates of financial responsibility) required by applicable law including the certificates required pursuant to the 1992 Civil Liability Convention for Oil Pollution Damage or any Protocols thereto ("CLC") and the Oil Pollution Act of 1990; and
- (b) have in place insurance coverage for oil pollution no less in scope and amounts than the highest available under the rules of P&I Clubs entered into the International Group of P&I Clubs.

1.5 **ISM Certificates**

1.5.1 The Vessel shall have on board at all times a valid ISM certificate and the owners, before and during the voyage, shall comply with the requirements of the ISM. For the purposes of the Agreement, "ISM" means the International Management Code for the Safe Operations of Ships and for Pollution Prevention.

1.6 **ISGOTT, etc.**

1.6.1 The Vessel shall be manned, operated and maintained so as to fully comply with (i) the standards set out in ISGOTT, (ii) appropriate IMO recommendations, and (iii) the OCIMF Guidelines for the Control of Drugs and Alcohol On-board Ship (1995), each as amended from time to time. For the purposes hereof, "ISGOTT" means the International Safety Guide for Oil Tankers and Terminals, as current from time to time; and "IMO" means the International Maritime Organization.

1.7 **Closed Loading and/or Discharge**

1.7.1 Vessels which are loading/discharging a volatile, toxic or noxious cargo must operate at all times in the "Closed Operations" mode. Closed Operations refers to the procedures whereby Vessels conduct cargo transfer and ballasting operations into cargo tanks, with tank apertures closed and with vapours being emitted only by means of the dedicated venting system, which is designed to disperse vapour clear of working areas and possible ignition sources.

1.8 **IGS**

1.8.1 Any Vessel fitted with an inert gas system ("IGS") will not be permitted to berth or

to load or discharge crude oil unless the IGS is in good order, operative and the cargo tanks inerted in accordance with guidance in ISGOTT.

If an IGS-equipped Vessel arrives with the IGS inoperative, the Vessel will not be berthed until the IGS is operative and the cargo tanks inerted and until that time NOR shall not be given, or if given shall not be effective, and Laytime shall not commence until commencement of loading or discharge, as the case may be.

1.9 Ballast

- 1.9.1 Discharge of dirty ballast, bilges, slops or other substances into water shall be in accordance with MARPOL 73/78, as amended from time to time, and is in any event totally prohibited within the confines of the Loading Terminal or the Discharge Port.

2. Loading or Discharge at Ports in the United Kingdom

- 2.1 Where the Loading Terminal or the Discharge Port is located within the United Kingdom, the Vessel shall observe the Code of Practice relating, inter alia, to recommendations as to routes to be taken by Vessels in certain sensitive locations in UK waters as drawn up by the British Chamber of Shipping in March 1993, and as amended from time to time.

3. Maritime Traffic Schemes

- 3.1 The Vessel shall comply with all regulations and recommendations contained in any Maritime Traffic Schemes applicable to the voyage relating to the subject matter of the Agreement.

4. Incorporation of Schedule C

- 4.1 Where applicable, the requirements set out in Schedule C shall apply. Chevron shall have the right to amend Schedule C from time to time without the other party's prior consent.

Schedule C
Chevron Incident Reporting Procedure

In the event of any incident relating to a Vessel carrying crude oil the risk in which has passed from the Seller to a member of the Chevron group of companies, the Seller shall use its best efforts to ensure that the master of the Vessel implements the following instructions:

CHEVRON EMERGENCY INSTRUCTIONS

These instructions are to be followed in the case of an emergency such as collision, grounding, fire or other incident that may or has put at risk the lives of persons and/or the safety of the Vessel and/or the environment and where immediate assistance is required or adverse media coverage is expected.

Notification shall be by telephone in the first instance to Chevron Emergency Information Center at 1 510 231 0623 (24 hours) followed by written notification to:

By e-mail to: CEICHL@chevron.com

containing the words "INCIDENT REPORTING". The words "INCIDENT REPORTING" should appear as the first two (2) words at the beginning of the first line of text, immediately following the address.

The notification e-mail **must** contain the following information:

- the name of the Vessel;
- nature of emergency or incident (collision, grounding, etc.);
- position of Vessel (latitude, longitude, port) and location of incident;
- fatalities and/or personal injuries (if any);
- nature and extent of damage;
- name, nationality and type of other Vessel(s) involved;
- whether or not the Vessel is able to continue the voyage;
- in the event of an oil spill, the message must also include the local time, date and location of spill;
- name of the owner of the installation (if in port) and whether at a jetty, CBM, SBM etc.;
- type of oil (e.g. crude, black, white, lubes, bitumen, chemicals, gas, etc.);
- cause if known (e.g. overflow, hose burst, defective shore pipeline, hull defect, leaking ship valve(s));
- estimated quantity spilled;
- estimate of rate of spill if continuing;
- whether clean-up has been attempted, either by the Vessel or a third party;
- any other relevant comments; and
- time of origin of each report.

If the incident occurs within port limits, the agent must also be copied on all messages sent to CHEVRON EMERGENCY INFORMATION CENTER.

Finally, the foregoing requirements are in addition to any incident reporting procedure system the Vessel owners/managers may have, particularly with respect to its reporting requirements.

Where the Seller is a Chevron company, and where risk has passed from the Seller to the Buyer in accordance with the provisions covering CFR or CIF deliveries, the Seller shall promptly implement similar instructions, if any, provided by the Buyer.