



April 1996 revised version

SECTION 1: GENERAL

1. The General Terms and Conditions GTC of NIOC'S crude oil sale contract on F.O.B. basis at the Iranian oil terminals are as hereunder.

SECTION 2: DETERMINATION OF QUALITY/QUANTITY

- 2.1 The quality of oil is of the type and grade generally made available to BUYER at loading port concerned.
- 2.2 The quantity of each cargo delivered to BUYER's vessel shall be determined by shore measurements carried out by SELLER at the loading port in the manner customary in that port. Correction for variation in temperature shall be made in accordance with the ASTM-IP measurement tables. The quantity of sediment and water measured in oil shall be deducted from the quantity of the cargo in accordance with procedures set by ASTM-IP. The quantity and quality so determined shall be duly reflected in the certificate s issued under Section 5 hereof.
- 2.3 Provision shall be made for taking of representative sample of oil delivered to a vessel. Such sample shall be retained for 120 days after the loading of the vessel. SELLER will deliver to the vessel concerned a sealed line sample under receipt of the master if so requested by BUYER in writing or by telex at least 5 days before arrival of the vessel.
- 2.4 An independent inspector appointed by BUYER at BUYER'S cost) with prior notice and approval of SELLER may witness measurement of quantity/quality of oil delivered to the vessel.

SECTION 3: PAYMENT

- 3.1 Unless otherwise notified by SELLER, the payment for each shipment hereunder shall be made by BUYER in U.S. Dollars.
- 3.2 BUYER shall establish an irrevocable, confirmed and transferable Letter of Credit in favour of SELLER for each shipment deliverable hereunder, covering the anticipated value of oil comprising such shipment. The amount of Letter of Credit should cover the total nominated quantity plus the percentage of tolerance on the basis of provisional price agreed upon in the Contract. BUYER shall arrange that such Letter of Credit be duly confirmed to SELLER by one of the banks acceptable by SELLER. BUYER shall ensure that at least 10 days prior to the expected date of arrival at the loading port of the vessel, nominated by BUYER, the confirmation of the Letter of Credit concerned is duly received by SELLER in a manner acceptable to SELLER. SELLER shall

not be responsible for any delay caused to vessel due to the Letter of Credit not having been received by SELLER as stipulated hereinabove.

3.3 Should SELLER agree to supply bunker to the vessel nominated by BUYER. BUYER shall establish a separate Letter of Credit covering the anticipated value of bunker in accordance with paragraph 3.2 above.

3.4 Such Letter of Credit shall specify the financial basis upon which BUYER has established the Letter of Credit.

(A) Against BUYER's own credit line with the Letter of Credit Opening Bank.

(B) Against Bank Guarantee(s) issued by a third bank acceptable to the Letter of Credit Opening Bank in which the name of such bank be declared.

(C) Against Letter of Credit opened in favour of BUYER by a third party which constitutes the basis of Letter of Credit opened in favour of SELLER in which case the name of such party be declared.

3.5 Payments against Letters of Credit, referred to under paragraphs 3.2 and 3.3 above, shall be made on the due date concerned upon the presentation by SELLER << either to confirming bank directly or to Tehran representative office of L/C confirming bank >> concerned of the following documents:

(A) Original Commercial Invoice plus two copies.

(B) Full set of Bill of Lading in triplicate, made out to the order of shipper's (NIOC) account (BUYER's complete registered name) and duly blank endorsed. The said Bill of Lading should be signed by the master of vessel or owner's authorized agent. Such Bill of Lading should be marked "INSURANCE AND FREIGHT PAYABLE AS AGREED"

(C) Original certificate(s) of quantity and quality plus two copies.

(D) In case NIOC finds it impossible to submit the documents listed in the L/C documentation clause within the usance period (i.e. payment period mentioned in crude oil sale contract and its related letter of credit) then payment shall be made against SELLER'S telex invoice to the L/C confirming bank on contractual due date.

3.6 SELLER may refuse delivery of the cargo and defer carrying out any of GTC's obligations if the Letter of Credit or the payment is not received by SELLER in a manner acceptable to SELLER, in accordance with the provisions of Section 3 hereof.

3.7 BUYER shall be liable to pay interest, at a rate mentioned in the Contract if the value of any shipment is not paid by BUYER at the contractual due date.

3.8 Irrespective of whether the due date of payment falls on a Saturday, Sunday or any other banking or official holidays, the payment should nevertheless be value-dated on such due date. However, should the due date of payment falls on a non-banking day, as stated above, payment may be value-dated on the immediately succeeding banking day provided interest for the days overdue is also paid as stipulated in the Contract.

3.9 The text of NIOC standard L/C shall be considered as integral part of the crude oil sale contract.

3.10 BUYER shall instruct the bank concerned to accept the documents in question as and when presented by SELLER without regard to date of validity stated in the Letter of Credit.

3.11 BUYER undertakes not to withhold instructions to vessels agent in Iran to amend/reissue the Bill of Lading immediately upon receiving SELLER's request to this effect which may be necessitated for the purpose of payment of the value of cargo to SELLER.

SECTION 4: DELIVERY

4.1 SELLER undertakes to deliver and BUYER undertakes to receive from SELLER the quantity deliverable under the Contract in full or part cargo lots by vessels nominated and acceptable for this purpose.

4.2 BUYER shall receive oil in bulk, to be provided by SELLER at the loading terminal, in the Persian Gulf designated by SELLER.

4.3 Delivery shall be deemed completed and title shall pass as oil passes the flanges connecting SELLER's pipeline or delivery hose with vessel's intake pipe, at which point SELLER's responsibility shall cease and BUYER shall assume all risks of loss, damage, deterioration or shrinkage to oil so delivered.

4.4 Any loss or damage to oil, or any property of SELLER or of any other person and also damages resulting from any type of pollution caused by the vessel, during berthing, loading and unearthing shall be borne by BUYER.

4.5 The vessel shall load at any safe place or wharf reachable on her arrival, which shall be designated and provided

by SELLER, provided that the vessel can proceed thereto, lie at and depart therefrom always safely afloat. Each vessel shall comply with all applicable Government and SELLER's regulations at any time in force at the loading port.

- 4.6** All loading and docking procedures shall be subject to the Port Regulations of the loading terminals (including but not limited to Conditions of Use of the Oil Terminal and Tug Requisition) as may be in force from time to time.
- 4.7** Unless otherwise agreed, the quantity of oil deliverable under the Term Contract shall be evenly spread, as far as practicable, over each three months period starting from the date of commencement of the Contract (referred to hereafter as "quarter"). BUYER shall notify SELLER 50 days before the beginning of each quarter the quantity of oil, grade by grade, to be lifted during each month of the said quarter. Such programme of lifting shall be deemed acceptable to SELLER. But if not acceptable, SELLER shall notify BUYER within 20 days of the receipt thereof accordingly, and the two parties shall agree on a mutually acceptable programme not later than 30 days before the commencement of the quarter concerned. If thereafter BUYER fails to lift the quantity so agreed upon during the quarter concerned, BUYER shall lose his entitlement to lift such quantity during any subsequent quarter. Furthermore, SELLER shall have the right to suspend or terminate the Contract at his discretion and such suspension or termination shall not give rise to any claim, whatsoever, by BUYER. Further deliveries as well as the delivery of the unlifted quantities in any subsequent quarters shall be solely at SELLER's discretion.
- 4.8** BUYER shall furnish SELLER with the nomination of vessel for its lifting latest by the 5th of each month for the subsequent month. Such nomination shall be deemed acceptable to SELLER unless SELLER notifies BUYER by cable or telex to the contrary latest by 15th. In such event, the parties shall mutually agree to arrange for an acceptable date or to arrange for another vessel to be nominated for the loading. Such nomination may include to be nominated (TBN).
- 4.9** Nomination referred to in paragraph 4.8 above shall include name of vessel (except in the case of TBN), the quantity by grade of oil to be loaded and a 5 days range as laycan which, subsequently, should be narrowed down to three days by mutual agreement.
- 4.10** Not less than 10 days before the arrival of the vessel, BUYER shall inform SELLER about the final date of arrival of the vessel, and give written instructions regarding the Vessel, the making up and disposition of the Bill of Lading and the order for port(s) of loading and discharging.
- 4.11** Unless otherwise agreed. BUYER may substitute another vessel of similar type and size, provided SELLER is notified by cable at least 5 days before the arrival of the vessel at loading port. The schedule date of arrival of any vessel thus substituted as well as the quantity and quality of oil to be lifted thereby shall not, without the consent of SELLER, differ from the last accepted scheduled date, quantity and quality concerning the vessel for which the substitution is made.

4.12 BUYER shall arrange for the vessel to report by radio to SELLER at the loading port 7 days in advance of, and again 72 hours, 48 hours and 24 hours prior to arrival at such port, stating expected date and time of arrival (ETA). If the vessel's last port of call is less than 7 days steaming time from the loading port, the vessel shall report to SELLER as aforesaid, promptly after departure from its last port of call.

4.13

(A) Loading shall be subject to the vessel arriving within the agreed date range and the observance of the principle of "First - Come - First - Served" in accordance with the custom and practice of the loading port. Subject to the provisions of paragraph 4.14 (A), SELLER shall not be obligated to load the vessel at any time if she arrives after the above mentioned time unless SELLER notifies BUYER of its willingness to do so.

(B) For the vessels arriving before the accepted date range, unless otherwise agreed, the Notice Of Readiness (N.O.R) shall be accepted from 00.01 hour of the first day of the agreed accepted date range. Thus laytime shall commence 6 hours on the first day of the agreed date range or all made fast, whichever occurs first. In the event it was agreed by SELLER to load any vessel before the accepted date range, under this paragraph, the laytime shall start from commencement of loading and, the period saved in such case should be considered while calculating the probable demurrage cases arising by BUYER at the end of relevant contractual liftings.

(C) For the vessels berthing on arrival N.O.R. shall be tendered upon the boarding of the pilot. Otherwise, N.O.R. should be tendered upon anchoring.

4.14

(A) If a vessel arrives after the last day of the agreed date range and tenders N.O.R., it shall await its proper turn and laytime shall not commence until loading commences.

(B) Should a vessel nominated by BUYER and confirmed by SELLER not arrive at the customary anchorage area on the date agreed upon in the schedule, BUYER shall compensate the SELLER demurrage at a rate specified in paragraphs 4.20(A), (B), and (C) whichever is more. The provisions of paragraph 4.14(B) shall only apply in case the SELLER incurs demurrage charges to other BUYERS due to such delay.

4.15 The period of time allowed within which to complete loading of the vessel shall be increased by any amount of time consumed due to:

(A) Breakdown of terminal loading equipments or any other operational reasons and inability of the vessel's facilities to receive the cargo within the time allowed.

(B) Delays to the vessel reaching her berth, caused by conditions not reasonably within SELLER's control.

(C) Fridays and other statutory holidays in Iran and/or regulations and instruction laid down by SELLER and/or the Ports Authorities which may prohibit loading at anytime.

(D) Delays caused by weather conditions or by Force Majeure resulting in port closure. In such cases the period of port closure and a period equal to port closure after the port reopens or up to commencement of loading whichever occurs first shall be added to the laytime.

(E) Vessels awaiting suitable tide.

(F) Handling ballast or discharging slops or bunkering.

(G) Vessels awaiting customs and immigration clearance.

(H) Vessels awaiting agent's completing all formalities.

(I) Maximum 4 hours for the preparation and submission of documents on Board.

(J) Vessels awaiting Letter of Credit clarification, amendment(s) and/or confirmation.

4.16 Because of non-availability of ballast treating facilities at the loading terminals, vessels calling at our terminals should have either segregated ballast tanks or clean ballast.

(A) Ballast water at loading terminal will be considered clean and oil content in the ballast water discharged at loading terminals should not exceed 15 ppm. However, if any sheen appears, the master of the vessel shall have to prove to SELLER through a monitor record that oil content of the discharged ballast does not exceed 15 ppm.

(B) In case of absence of monitoring system on board the vessel, the ballast water other than contained in segregated tanks shall be considered dirty ballast and treated accordingly. NIOC'S pilot will check items (A) and (B) above and in case ballast water on board the vessel does not comply with the conditions of this paragraph 4.16, ballast water will be considered as dirty ballast and should not be discharged and must be kept in segregated ballast tanks at the owner's or receiver's risk.

(C) Maximum 6 hours is allowed for discharging ballast and any time in excess of that shall be counted as excess berth occupancy and treated in accordance with the paragraph 4.17(C).

4.17

(A) SELLER, shall be allowed the following laytimes, pro rata for part cargo:

Over	320,000 dwt	64 hours
	250,000 to 320,000 dwt	56 hours
	200,000 to 250,000 dwt	48 hours
Less than	200,000 dwt	40 hours

(B) Additional 2 hours allowance shall be considered for each additional grade loaded.

(C) BUYER shall be allowed the following berth occupancy times, pro rata for part cargo:

Over	320,000 dwt	54 hours
	250,000 to 320,000 dwt	48 hours
	200,000 to 250,000 dwt	42 hours
Less than	200,000 dwt	36 hours

Berth occupancy commences from the first rope in and finishes at last rope off.

4.18 Loading shall be deemed completed when hoses are disconnected.

4.19 Vessels subject to clause 4.17(C) shall vacate berth as soon as loading is completed. Loss or damage incurred by SELLER as a result of vessel's failure to vacate berth promptly, including such may be incurred due to resulting delay in the docking of other vessels awaiting at the loading port, shall be paid by BUYER to SELLER as demurrage. Any such demurrage shall be calculated at the rate specified in paragraph 4.20 hereunder.

4.20 If the actual used lay time at the loading port exceeds the allowed lay time. SELLER shall pay demurrage to BUYER subject to the provisions of paragraphs 4.6, 4.13 (A), (B), (C) and 4.17 (A), (B), (C) hereof equal to the time certified by the authorities of the loading port. Such demurrage shall be calculated as stipulated in (A), (B) and (C) hereunder, whichever is less:

(A) At the AFRA rate applicable to vessel of the type to move such cargo in similar trade under market conditions prevailing on the date SELLER is notified by BUYER of the name of such vessel pursuant to paragraph 4.8 hereof.

(B) Where the vessel being loaded is under charter, the demurrage shall be paid at the rate provided for in the charter party of the vessel.

(C) The demurrage expenses actually incurred by BUYER.

(D) In the event that the vessel used is owned by or time chartered by buyers the demurrage rate applicable shall be calculated in accordance with 4.20 (A) above.

4.21 BUYER shall, at all times, be responsible for the observance and performance of all provisions, requirements and obligations set out herein with respect to the vessel nominated by BUYER.

4.22 BUYER shall give preferential consideration, on reasonable conditions, to transportation of oil by the National Iranian Tanker Company as well as the insurance of the cargo by the Insurance Company of Iran. For these purposes BUYER shall make the necessary arrangements with the said companies directly.

4.23 Any claim(s) not properly documented and received by NIOC within three months from the date of Bill of Lading shall not be taken into consideration at all and BUYER shall have no right to raise any claim(s), whatsoever, afterwards in this respect.

SECTION 5: CERTIFICATION AND DOCUMENTATION

5.1 SELLER shall provide BUYER with certificate(s) of quantity and quality issued at the loading port by SELLER, and shall cable advice of provisional quantity loaded and the sailing date of the vessel. The quantity and quality specified in the respective certificate(s) shall be the Invoice and the Bill of Lading quantity and quality. Such certificate(s) shall be accepted by both parties as binding and conclusive.

5.2 Unless otherwise notified by BUYER and subject to mutual agreement between BUYER and SELLER, documents for each shipment shall be issued and distributed by SELLER as per Annex " B" hereof. Should BUYER require any changes to be made in the preparation of copies or distribution of the documents listed in the said Annex "B", BUYER shall notify same to SELLER at least 10 days before the arrival of the vessel for which the change is required.

SECTION 6: CHARGES AND DUE

6. It is understood that oil supplied hereunder shall not be subject to any taxation, fee or charge of any nature or license fee in the Islamic Republic of Iran. BUYER and/or agent of the vessel nominated hereunder shall, however, be liable for payment of the port dues as well as all charges in respect of the services utilized by the vessel at the Iranian loading ports. SELLER shall, in no case, be responsible for payment of any taxes, levies or charges arising outside the Islamic Republic of Iran.

SECTION 7: FORCE MAJEURE

- 7.1 Any failure by a party to comply with the terms of the Contract which is attributable solely to Force Majeure shall not be regraded as a failure to perform its obligation(s). For the purpose of this Section, Force Majeure shall mean any event beyond the reasonable control of a party and shall include (but not be limited to) war, civil commotion, strike, storm, tidal wave, flood, epidemic, explosion, fire, lightning or earthquake.
- 7.2 If due to any cause beyond the control of SELLER his ability to deliver oil at the loading port concerned is decreased or diminished, SELLER shall be entitled to reduce or suspend deliveries, at SELLER'S discretion and such reduction or suspension shall not give rise to any claim, whatsoever, by BUYER.

SECTION 8: ASSIGNMENT

8. This Contract shall not be assigned by either party without the prior written consent of the other party.

SECTION 9: APPLICABLE LAW AND JURISDICTION

9. The Contract shall be governed by and construed according to the law of the Islamic Republic of Iran, and the parties hereto shall submit to the sole jurisdiction of competent courts of the Islamic Republic of Iran.

SECTION 10: NOTICES

10. Any notices or communication required in connection with the Contract shall be in writing and deemed to have been served at the expiry of the time normally required to make delivery by registered mail or by prepaid telegraph, cable or telex or radio, as the case may be, to the addresses as stated in the Contract or at such other addresses as the parties may from time to time

by written notice designate for this purpose.

SECTION 11: RESALE

11. BUYER undertakes not to sell or cause to be sold in the Iranian territory part or whole of oil delivered to BUYER.

SECTION 12: DESTINATION

12.1 Oil sold hereunder is intended for export to the destination(s) indicated in the Contract, or any other destination(s) approved by SELLER thereafter.

12.2 For the purposes of this Section BUYER shall furnish SELLER within reasonable time (not exceeding six months) with the original certificate of discharge of cargo issued by the relevant port/customs authorities at the port of destination.

12.3 BUYER undertakes that oil delivered to BUYER hereunder shall not be brought into such territories as may, from time to time, be restricted for this purpose by SELLER. On the date of the signature of the Contract, such restriction applies to Israel.

12.4 BUYER'S failure to comply with provisions stipulated in paragraphs 12.2 and 12.3 shall be deemed as breach of Contract. In such event, SELLER shall have the right to suspend or terminate the Contract at SELLER'S discretion and such suspension or termination shall not give rise to any claim, whatsoever, by BUYER.

SECTION 13: TRANSSHIPMENT AND PARTIAL SHIPMENT

13. Transshipment and partial shipment of oil sold under the Contract is prohibited, unless otherwise agreed by SELLER.

SECTION 14: BUNKER

14. BUYER, subject to availability of bunker, undertakes to bunker its vessel(s) nominated for lifting of oil under the Contract at such loading terminals where SELLER may make bunkering facilities available. The applicable price for any such liftings shall be the prevailing NIOC's official price for bunker at the relevant terminal(s).

SECTION 15: CONFIDENTIALITY

15. Both parties to the Contract undertake to treat the contents of the Contract as strictly confidential.

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