CFR FAR EAST OPEN SPECIFICATION FORM NAPHTHA AGREEMENT
2017 EDITION (CODE NAME: OSN 2017)

The meaning of terms used in this Agreement is defined and a guide to their meaning appears at Schedule 4

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1. SELLER AND BUYER

1.1 Seller:

1.2 Buyer:

2. PRODUCT SPECIFICATIONS AND ORIGIN

2.1 (A) Product specification

The Product supplied under this Agreement shall be naphtha or condensate which must be tested in accordance with clause 13 and Schedule 1 and conform to the following specifications:

<table>
<thead>
<tr>
<th>Specification</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.G. (at 60 Deg F)</td>
<td>0.650</td>
<td>0.740</td>
</tr>
<tr>
<td>Colour (Saybolt)</td>
<td>+20</td>
<td>Max</td>
</tr>
<tr>
<td>R.V.P. (PSI)</td>
<td>Max 13</td>
<td>Max 150</td>
</tr>
<tr>
<td>Lead (PPB)</td>
<td>Max 650</td>
<td>Max 650</td>
</tr>
<tr>
<td>Sulphur (PPM)</td>
<td>Max 13</td>
<td>Max 650</td>
</tr>
<tr>
<td>Paraffins (Vol PCT)</td>
<td>65</td>
<td>Min 65.0</td>
</tr>
<tr>
<td>N-Paraffins (Vol PCT)</td>
<td>30</td>
<td>Min 30.0</td>
</tr>
<tr>
<td>Olefins (Vol PCT)</td>
<td>Max 1.0</td>
<td>Max 1.0</td>
</tr>
<tr>
<td>I.B.P. (Deg C)</td>
<td>25</td>
<td>Min 25</td>
</tr>
<tr>
<td>F.B.P. (Deg C)</td>
<td>Max 204</td>
<td>Max 204</td>
</tr>
<tr>
<td>Total Chlorine (PPM)</td>
<td>Max 1</td>
<td>Max 1</td>
</tr>
<tr>
<td>Mercury (PPB)</td>
<td>Max 1</td>
<td>Max 1</td>
</tr>
<tr>
<td>Arsenic (PPB)</td>
<td>Max 20</td>
<td>Max 20</td>
</tr>
<tr>
<td>Total of all Oxygenated Products* (PPM)</td>
<td>Max 50</td>
<td>Max 50</td>
</tr>
</tbody>
</table>

(*E.g. MTBE and/or ETBE and/or Ethanol and/or Methanol and/or Tame)

2.1 (B) Excepted Product specification

The following Excepted Product is exempt from the specification set out in clause 2 (1) (A):


(ii) All Product which originates from Saudi Arabia, Kuwait, U.A.E., Bahrain, Singapore, Malaysia, Philippines, Pakistan, Taiwan, Sri Lanka, Bangladesh, Algeria, Egypt and Qatar.

Excepted Product must conform to the following specifications when tested in accordance with clause 13 and Schedule 1:

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</tr>
<tr>
<td>F.B.P. (Deg C)</td>
<td>Max 204</td>
<td>Max 204</td>
</tr>
</tbody>
</table>
In view of the serious consequences to the processing facilities of receivers and end users caused by Oxygenated Products, the first Seller shall, if requested by the Buyer, use reasonable endeavours to require the supplier to supply Excepted Product that conforms to the specification relating to the Oxygenated Products specifications in clause 2.1(A).

### 2.1 (C) Additional specification requirements

**(i) Carbon Disulfide (CS2)**

The Seller guarantees that Product/cargoes from Sikka (India), Vadinar (India), and Arbitrage Cargoes (Cargoes which are produced/originate West of Suez including the USA) shall have a maximum of 3.0 PPM CS2.

**(ii) Mercury**

The Seller guarantees that A-180/Saudi Arabia, Saudi Arabia A310 ex-Ras Tanura and Skikda, Algeria shall have a maximum of 1 PPB Mercury.

**(iii) MTBE**

The Seller guarantees that cargoes loaded at Algeria shall have a maximum of 50 PPM MTBE. The first Seller shall test and report MTBE in an Excepted Product and provide this information upon Nomination or as soon as it has been obtained. If a high MTBE content is discovered the first Seller and last Buyer will discuss the issue and shall use their best endeavours to mitigate any costs or consequences resulting from the high MTBE content.

### 2.2 Product loaded from an Independent Commercial Tank

Product loaded from an Independent Commercial Tank shall be accepted by the Buyer provided the following conditions are satisfied:

2.2 (A) The Seller guarantees and provides satisfactory supporting documentation and evidence that each and every individual product in the Independent Commercial Tank meets the specification and contractual origin requirements stipulated in Clause 2.1(A); and

2.2 (B). Such documentation/evidence must be passed on to the Buyer:

(i) where the Seller is the original supplier, before the expiry of 2 Working Days after the completion of loading of the vessel; and

(ii) In all other circumstances, as soon as satisfactory supporting documentation and evidence is received by the Seller.

2.2 (C) Products from an Independent Commercial Tank must be tested in accordance with clause 13 and Schedule 1 of this Agreement.

### 2.3 Cargoes from Independent Commercial Tanks on the Gulf Coast ("USGC Tanks") of the USA

Cargoes from USCG Tanks used for the storage of Product produced in the United States of America (USA) shall be acceptable on a trial basis (the "Trial") on the following conditions.

I. The Trial is limited to 5 vessels loaded with Products from such USGC Tanks which Products are bought and sold as an OSN Chain cargoes on OSN 2017 terms and conditions.

II. Nominations of Cargo from USGC Tanks shall be in accordance with clause 7 of the OSN 2017.
III. The particulars provided under clause 7.4 of OSN 2017 shall include the details of Product loaded from any USGC Tanks. Such Nominations shall be reported by the Seller in writing to andrew@osn.sg.

IV. Upon receipt of notice of the loading of the fifth (5th) Vessel from USGC Tanks the Trial shall be completed and no further USCG Tank cargoes will be permitted in accordance with clause 2.3.

V. andrew@osn.sg will notify the OSN industry immediately once the Trial has been completed.

VI. The Specification of any Product from USGC Tanks shall be in accordance with the Specification set out in clause 2.1 (A), 2.1 (B) and 2.1 (C) as applicable.

VII. The Seller shall provide a Certificate of Quality for a cargo based on a composite sample prepared from sampling each USGC Tank from which a cargo is loaded.

VIII. Samples shall be taken by an Independent Inspector and in accordance with The American Petroleum Institute’s Recommended Procedure, Chapter 17 (API RP 17).

IX. The composite sample shall be tested for its conformance to the Specification in clause 2 as applicable and, in addition for the duration of the Trial, Nitrogen shall be tested and reported to the Buyer. Save as amended testing shall be carried out in accordance with Clause 13 and Schedule 1.

X. The test results of the composite sample shall be final and binding save for fraud or manifest error.

XI. When loading a cargo from USGC Tanks the Seller shall use its best endeavours to avoid loading Product with differences in densities which may lead to layering of a Cargo.

XII. The Seller shall use its best endeavours to avoid co-mingling of Product from more than one USGC Tank and such co-mingling (if any) to be limited to one tank on the Vessel. Any such co-mingled tank on the Vessel forming a Cargo to be delivered to one Buyer only and cannot be split between two or more Buyers.

XIII. A Certificate of Origin stating the USGC Tanks from which the Cargo is loaded to be acceptable to the Buyer.

XIV. The Japanese and Korean end-users will monitor the Trial and obtain data points. This monitoring program shall include reports on the random sampling and testing of 1 - 2 Vessel Tanks loaded with Product from USGC Tanks at the discharge port to monitor layering. A report on the monitoring program shall be provided to Asdem one month before the next annual OSN Meeting (OSN 2018). The data points obtained shall be reviewed at OSN 2018.
XV. The provisions of clause 2.2 shall remain unchanged and remain in full force and effect for Product from other Independent Commercial Tanks and will apply to USGC Tank Product once the Trial is completed.

2.4 Product from New Refineries
Product produced at a New Refinery shall be acceptable provided that

(i) The New Refinery has accomplished at least three (3) months’ commercial operation.

(ii) The Seller shall, upon the request of the Buyer, provide satisfactory supporting documents and evidence (obtained from the New Refinery) to reasonably show that the New Refinery has been in commercial operation for at least three (3) months.

2.5 Transhipped cargoes
Transhipment is prohibited except if the Vessel carrying a Cargo under this Agreement breaks down or there is a Ship to Ship Transfer in accordance with Schedule 2.

If the vessel breaks down any Product sold under this Agreement may be transhipped provided that:

(a) Quality shall be determined by analysis of samples drawn from the receiving vessel and comply with the specification in clause 2.1(A), 2.1(B) and 2.1(C) as applicable; and

(b) The delivered quantity shall be determined by measurement of the quantity discharged into the shore tanks where the product is discharged.

(c) The quality and quantity of any transhipped product shall be determined by an international independent inspector whose appointment shall be mutually agreed by the Seller and the Buyer.

2.6 Excluded cargoes
All Cargoes originating from Japan or South Korea are excluded under this Agreement.

3. QUANTITY AND QUANTITY ADJUSTMENTS

3.1 Quantity
The Seller may nominate a quantity of Product between 22,500 metric tons and 27,500 metric tons (both inclusive) in one lot as a full or part cargo (a “Cargo”).

3.2 Quantity adjustments
Where the Cargo delivered under this Agreement is a part cargo, the overall losses or gains in transit (as revealed from the discharged quantity) shall be pro-rated amongst the various receivers in proportion to their respective entitlements under their bills of lading and the Buyer shall pay the Seller or the Seller shall pay the Buyer as necessary to effect this arrangement.

In cases where the nominated Vessel delivers cargo to two or more receivers (including the Buyer) at more than one discharge berth, and/or more than one discharge port and this involves a discharge at a port outside Japan, the Seller is obliged to appoint a mutually acceptable international independent inspector to ascertain the discharged quantity at all discharge ports and berths and his findings shall be binding on the Seller and all receivers. The inspection costs shall be divided equally between the Seller and the Buyer.
The Seller and the Buyer shall use their best endeavours to quantify, calculate and settle any quantity adjustments promptly.

4. PRICE
The Price shall be United States Dollars (US$/USD) per metric ton based on the Nominated Quantity. Subject to the other provisions of this Agreement, and in particular, provisions for the payment of any additional costs actually incurred, including but not limited to inspection charges, and demurrage or deviation, the Price shall be fixed, and no price adjustments shall be made for Delivery at any other Japanese port not North of Tokyo Bay but including Kashima or South Korean port.

5. DELIVERY

5.1 The Place of Delivery
The place of delivery is at the discharge port which shall be

(i) one safe port/one safe berth Japan not North of Tokyo Bay but including Kashima; or

(ii) one safe port/one safe berth in South Korea.

5.2 The Delivery Period
The Delivery Period is from 0001 hours on to 2400 hours on (inclusive).

5.3 The Terms of Delivery
The terms of Delivery are CFR delivered one safe port/one safe berth Japan not North of Tokyo Bay but including Kashima OR one safe port/one safe berth in South Korea. The expression CFR shall be defined and apply in accordance with INCOTERMS 2010 plus latest applicable amendments. Incoterms 2010 shall not apply if they are inconsistent with the terms of this Agreement.

5.4 Multiple port/berth discharge option
Subject to the Seller’s acceptance, which shall not be unreasonably withheld, the Buyer shall have the option to discharge at two safe ports/two safe berths provided:

(i) The Buyer pays all the additional costs actually incurred in exercising this option; and

(ii) Such an option remains available to the charterer under the relevant charterparty.

5.5 Delivery outside Japan/South Korea
The last Buyer in a Chain may discharge the product at any safe ports(s)/safe port(s) located outside Japan (North of Tokyo Bay excluding Kashima) and South Korea provided:

(i) The last Buyer pays all the additional costs actually incurred in exercising this option;

(ii) The option to discharge at such berth(s)/port(s) remains available to the charterer under the relevant charterparty; and

(iii) The prior approval of the first Seller in the Chain is obtained.

5.6 Option to change the Delivery Period
A Buyer has an option to change the Delivery Period by nominating the Product for delivery in a later Delivery Period under a different agreement. The Buyer who nominates the product into a later Delivery Period shall be liable for all the additional costs actually incurred in exercising this
option including any deviation costs based on the difference between the actual voyage and a voyage from the load port to Chiba, Japan.

5.7 Absence of Buyer’s voyage and discharge instructions and nomination of port
In the absence of voyage/discharge instructions from the Buyer and/or nomination of a discharge port, the Vessel shall proceed to Chiba, Japan for orders.

5.8 The International Ship and Port Facility Security Code (ISPS)
All loading and discharging ports, places and terminals, shall comply with the ISPS Code.

6. VESSEL REGULATIONS
Every vessel nominated by the Seller to carry the product shall comply with the following terms:

(i) Age
15 years maximum (year built counted as “zero”).

(ii) Arrival draft
If required by the receiving terminal(s) the arrival draft of the vessel shall not exceed 11.80 meters.

(iii) Newbuildings
Newbuildings may be nominated by the Seller provided that prior to loading the vessel has completed a maiden voyage (excluding trials or equivalent pursuant to any building/sales contract) and provided that the cargo handling system including all lines, tanks and pumps has been successfully utilised at least once in the loading and discharge of clean unleaded petroleum products or condensates not darker than 2.5 NPA.

(iv) Last 3 cargoes
The last 3 cargoes shall all be clean unleaded petroleum products and condensates not darker than 2.5 NPA and the vessel’s last Dry Tank Certificate at the last port(s) of loading shall be provided.

(v) ISM Code
The requirements of the International Safety Management Code (the “ISM Code”).

(vi) ISPS Code
The requirements of the International Ship and Port Facility Security Code (the “ISPS Code”).

(vii) Clean ballast tank systems
The use of vessels with clean ballast tank systems (CBT Vessels) is not permitted.

6.1 Remeasurement of Vessel
The Seller shall cause the vessel to be remeasured to a summer deadweight of 69,999 long tons if the receiving terminal requires it.

6.2 Acceptance of the Vessel
The nominated Vessel shall be subject to the Buyer’s and the receiving terminal’s acceptance, which acceptance shall not be unreasonably withheld. Acceptance by the Buyer and/or the receiving terminal respectively shall be deemed given unless the Buyer and/or the receiving terminal has advised otherwise:

(i) Within 2 Working Days in Japan from the receipt of the Vessel’s nomination in the case of discharge in Japan; and

(ii) Within 2 working days in South Korea from the receipt of the Vessel’s nomination in the case of discharge in South Korea.
In the event that a nominated Vessel is not accepted by a particular Buyer or the receiving terminal, any Chain that has been established will remain intact. The first Seller and the last Buyer in a Chain shall bear equally the risk of non-acceptance of the nominated Vessel by the Buyer and/or the receiving terminal (unless the Buyer’s or receiving terminal’s acceptance is unreasonably withheld).

6.3 Vessel’s ability to tender Notice of Readiness on the last day of the Delivery Period
If the discharge port has been nominated the Vessel must be capable of tendering NOR at the discharge port by 24:00 hrs on the last calendar day of the Delivery Period. If no discharge port has been nominated the vessel must be capable of tendering NOR at Chiba, Japan by 24:00 hours on the last calendar day of the Delivery Period.

7. THE NOTICE PERIOD TO BE GIVEN BY THE SELLER TO THE BUYER PRIOR TO DELIVERY OF A CARGO
The Notice Period to be given by a Seller of the Delivery of the Cargo is required to be given by the Seller with the minimum number of running hours set out in clauses 7.1 (A) - (C) below. The Notice Period depends on the origin of the Cargo and is adjusted for delivery in South Korea.

7.1 (A) Notice Period for Cargoes loaded in the Far East
Where the Cargo is loaded in the Far East (which means in a direction/bearing which is West of the International Dateline up to and including Indonesia), the Nomination shall be made at least:

(i) A minimum of 240 running hours before the time of delivery nominated by the Seller, basis Chiba, Japan; and

(ii) A minimum of 360 running hours before the end of the Delivery Period.

7.1 (B) Notice Period for Cargoes loaded outside the Far East
Where the Cargo is loaded outside the Far East (which means in a direction/bearing which is to the East of the International Dateline up to but excluding Indonesia), the Nomination must be made at least:

(i) A minimum of 360 running hours before the time of delivery nominated by the Seller, basis Chiba, Japan; and

(ii) A minimum of 480 running hours before the end of the Delivery Period.

7.1 (C) Cargoes discharged in South Korea
If the Buyer subsequently nominates a port in South Korea as the port of discharge, the Notice Period in clause 7.1 (A) and 7.1 (B) above will be deemed to have been:

(i) Increased by 48 running hours in the case of vessels loading and/or arriving from the East of South Korea or where the discharge port in South Korea is the second port of discharge; or

(ii) Reduced by 48 running hours in the case of vessels loading and/or arriving from the West of South Korea or where the first discharge port is in South Korea.

7.2 Cargo Nominations
The Seller shall give its Cargo Nomination to the Buyer verbally by telephone or in writing by email between 10:00 hours and 18:00 hours on Working Days.
(a) Where the Nomination is given verbally, the Seller and the Buyer shall agree a time when the Nomination was given.

(b) Where the Nomination is given by e-mail:

(i) The Nomination is given at the time it is received in full by the Buyer’s e-mail server/inbox; and

(ii) Forthwith after receipt of a Nomination during Working Hours on Working Days, the Buyer shall advise the Seller by e-mail (and for information only) the time at which the Cargo Nomination is received. Failure to do so shall not constitute breach of this Agreement but shall imply receipt of a Cargo Nomination at the time the Nomination was given by the Seller.

A Cargo Nomination given outside Working Hours or not on a Working Day shall be treated as made by the Seller and received by the Buyer at 10:00 hours on the next Working Day.

If the actual quantity of the Cargo differs from the intended quantity that was nominated under clause 7.4 (e) by more or less than 5%, the Cargo Nomination shall be deemed given at the time the Buyer is informed of the actual quantity and clause 7.2 shall apply accordingly.

7.3 The commencement and calculation of the Notice Period
A Cargo Nomination begins the Notice Period required to be given by the Seller on the date and time on which it is Deemed Received by the Buyer. The time at which a Nomination is Deemed Received by the Buyer is calculated as follows:

\[ V = 10:00 \text{ hours plus} (T \times Y \times 3) \]

where:

\[ V = \text{the time Cargo Nomination is deemed to have been received by the Buyer.} \]

\[ T = \text{The time in hours between 10:00 hrs on the day of the Cargo Nomination and the time the Cargo Nomination is given, determined in accordance with clause 7.2 (ii) – (iv).} \]

\[ Y = \text{the number of calendar days between 10:00 hrs on the day of the Cargo Nomination and 10:00 hrs on the next Working Day.} \]

The Cargo Nomination Deadline is the last date and time for making a Valid Cargo Nomination calculated using the formula. A Seller which gives its Buyer less than the required Notice Period set out in clause 7.1(a)-(c) above (i.e. after the Nomination Deadline) makes a Late Nomination.

[For the purposes of illustrating how this formula works in practice reference should be made to the examples in Schedule 3 of this Agreement.]

7.4 Particulars that must appear in a Cargo Nomination
A Cargo Nomination must contain full details of:

(a) The Cargo including the quantity, origin(s), grade(s) and port(s) of loading and details of any Independent Commercial Tank, USGC Tank, STS operations or a New Refinery if applicable.
(b) The vessel, including its name, flag, summer DWT, age, LOA, arrival draft and particulars of its previous 3 cargoes, Q88 and official International Maritime Organisation number.

(c) The rate of demurrage.

(d) The ETA basis Chiba, Japan, the average speed in knots on which the ETA is based and the estimated number of nautical miles to be sailed when the ETA is given.

(e) The full Cargo specification in accordance with the provisions of clause 2 or, if the Cargo specification is not available when the Cargo Nomination is made, the name, telephone number(s) and e-mail address of the operations personnel of the first Seller in the Chain from whom such specifications may be obtained and in these circumstances:

(i) The full Cargo specification shall be passed down the Chain as soon as available;

(ii) It shall be the responsibility of the last Buyer in the Chain to obtain from the first Seller, and the responsibility of the first Seller to give to the last Buyer, the full Cargo specification and, if applicable, the evidence to be provided under clause 2.2 and 2.3, no later than 3 Working Days prior to delivery (or 2 Working Days after completion of loading, if the port of loading is in Taiwan, Philippines or China); and

(iii) If the Last Buyer does not receive or is unable to obtain the full Cargo specification in accordance with clause 7 (c) (ii) above, laytime shall commence 48 Working Hours after the last Buyer’s receipt of the full Cargo specification or upon berthing, whichever is earlier.

(f) If the Seller is unable to determine the quantity of the Cargo at the time of Nomination because loading has not been completed, the Seller

(i) Shall nominate a Vessel; or,

(ii) Where the voyage from the only or final loading port takes less than 7 days an unnamed vessel to be nominated. The Seller shall, inform the Buyer of the name and particulars of the vessel as soon as it is known and once he has done so, the Seller shall not without the prior consent of the Buyer nominate any other vessel. The Buyer’s consent is not to be unreasonably withheld.

(iii) In these circumstances, the Seller can specify an intended quantity of Cargo and as soon as the actual quantity of the Cargo is known the Seller shall immediately inform the Buyer of the actual quantity. If the actual quantity differs from the intended quantity by more or less than 5%, the Nomination shall be given at the time the Buyer is informed of the actual quantity and clause 7.2 shall apply accordingly.

7.5 Appointment of a nominee to handle Cargo Nominations

Either party may appoint a nominee to act on its behalf and under its responsibility for the handling of Nominations only. In order for the appointment to be valid the other party must be advised of the appointment of a nominee by telex fax or email before 18:00 hrs on the last Working Day prior to the appointment taking effect.
7.6 The absence of a physical Nomination
If there is no physical Cargo or Vessel nominated in accordance with clause 7.2 by the Nomination Deadline the following provisions shall apply:

(a) The Seller shall advise the Buyer by telephone or email before 17:00 hours on the first Working Day after the expiry of the Nomination Deadline, that the Seller has contracted to purchase a specific and suitable Cargo, consistent with the requirements of this Agreement.

(b) The Seller’s advice under shall identify all the Seller’s contract(s) of sale and purchase and shall contain particulars of these contracts, including the identity(ties) of the Seller’s respective seller(s) and buyer(s) and the respective date(s) of the relevant contract(s).

(c) If a closed dry Circle of contracts is established, the dry Circle shall be settled by a Bookout Agreement made on the basis of 25,000 metric tons, (unless otherwise agreed by all parties involved), without the Nomination or delivery of any physical Product at the price on the last day of the Delivery Period appearing in Platt’s Asia Pacific/Arab Gulf Market Scan Publication.

7.7 Default in making a nomination
If the Seller’s supplier is in default or the supplier notifies the Seller that there is defaulting party further up a Chain of contracts the Seller shall immediately advise the Buyer accordingly. The Seller shall remain under an obligation to supply a suitable Product in accordance with the terms of this Agreement, provided that the Seller is not treated as in breach of contract by reason of his failure to comply with the full Notice Period.

If the Seller does not comply with the provisions of clause 7.6 or 7.7 and then fails to comply with these provisions after receiving a request to do so from the Buyer, the Buyer shall then be entitled to cancel this Agreement and claim damages including but not limited to the additional amount and costs incurred by purchasing a replacement Product.

7.8 Late Nominations
A Cargo Nomination that is made after the Nomination Deadline has passed is a Late Nomination. The following provisions shall apply when a Late Nomination is made.

(i) A Late Nomination made by the first Seller after the NominationDeadline has passed

a) The first Seller shall be obliged to nominate a Cargo of quantity of 25,000 mts (unless otherwise agreed by all other parties in the Chain).

b) The Buyer receiving a Late Nomination shall be entitled to the full Notice Period and shall not be placed at a disadvantage in terms of, demurrage, deviation, detention, charterparty option or any other costs and consequences that would not have arisen had the vessel been nominated with the full minimum Notice Period as set out in clause 7.1 (A) – (C) as applicable.

c) Nominations shall be deemed valid (Deemed Received) simultaneously all along the Chain at 10:00 hrs on the first Working Day after the Nomination Deadline.
(ii) Nominations made on time by the first Seller but received by the Buyer after the Nomination Deadline

a) A Buyer in a Chain receiving a Late Nomination shall be entitled to the full Notice Period and shall not be placed at a disadvantage in terms of, demurrage, deviation, detention, charterparty option or any other costs and consequences that would not have arisen had the vessel been nominated with the full minimum Notice Period as set out in clause 7.1 (A) – (C) as applicable.

b) A Seller in a Chain receiving a Late Nomination shall forthwith upon receipt forward the Nomination to the Buyer.

c) Nominations shall be deemed valid (Deemed Received) simultaneously all along the chain at 10:00 hours on the first Working Day after the expiry of the contractual Nomination Deadline.

d) The Chain shall be settled on the basis of the Nominated Quantity.

7.9 Early arrival of the Vessel
(i) Early Arrival occurs when the Vessel arrives before the expiry of the Notice Period. It is understood by both parties that this may occur without placing the Seller in breach of contract or entitling the Buyer to repudiate this Agreement.

(ii) If there is an Early Arrival the Buyer shall be entitled to the full minimum Notice Period under clause 7.1 (A) – (C) and shall not be placed at a disadvantage in terms of, demurrage, deviation, detention, charterparty option or any other costs and consequences that would not have arisen had the vessel not arrived at the place of destination before the expiry of the Notice Period.

7.10 Late Arrival of the Vessel
A Late Arrival occurs when the Vessel arrives after the Delivery Period has expired or is unable to arrive within the Delivery Period, and a Chain has been established. The following provisions apply to Late Arrival:

(i) The Chain shall remain intact and the Agreements in the Chain shall be settled on the basis of a quantity of 25,000 metric tons.

(ii) If the Agreements in the Chain are settled as provided herein, no damages will be payable by the Seller to the Buyer for late delivery.

(iii) If the vessel tenders NOR at the first discharge port more than 120 hours after the Deemed NOR of the last Buyer, laytime shall commence upon berthing under clause 10.2.

8. PAYMENT
Payment of the Price shall be made by telegraphic wire transfer to such account as the Seller may have notified to the Buyer. All payments shall be made in United States Dollars, in immediately available and freely convertible funds, and without deduction, set-off or counterclaim.

8.1 Documents required to receive payment
Payment shall be made against the following documents:

(a) The Seller’s commercial invoice; and
(b) A set of original shipping documents, including:

(i) Bill(s) of lading;
(ii) Certificates of quantity and quality (which shall state the test methods used); and
(iii) Certificate(s) of origin.

If the Seller is unable to tender the Bill(s) of Lading and shipping documents on or before the time payment is required, the Buyer shall make payment against the Seller’s telex, fax or e-mail invoice and telex, fax or e-mail letter of indemnity in a wording reasonably acceptable to the Buyer.

8.2 Time of payment (Payment Period)
Payment of the Price shall be made within:

(A) 30 Days from (and including) the date of the Bill(s) of Lading; or

(B) 5 Days from (and including) the date on which the vessel tenders NOR at the first discharge port under this Agreement or, if no port of discharge has been nominated, 5 days from (and including) the date on which the vessel tenders NOR at Chiba, Japan; or

(C) 2 Banking Days after the date of receipt by the Buyer or the Buyer’s bank of all the documents set out in clause 8.2

whichever Payment Period expires later.

(ii) In the event NOR cannot be tendered due to reasons beyond the control of the master of the vessel, payment shall be made within either of the two periods referred to in paragraphs (A) and (C) of this clause 8.2 whichever expires the latest.

(iii) For the purposes of calculating the Payment Period under clause 8.3, if the vessel tenders NOR before the arrival date range provided by the Seller, then the vessel shall be deemed to have tendered NOR on the first date of the arrival date range.

8.3 Time of payment where the Delivery Period is changed under clause 5.6 and the product is nominated for delivery in a later Delivery Period
If the cargo is nominated into a later Delivery Period under clause 5.6 by the last Buyer in the Chain, a new Chain shall be deemed to have been created (with such last Buyer being the first Seller in the Chain) and the payment of the Price by each Buyer to its Seller in this new Chain shall be made within:

(i) 30 Days from (and including) the date of the Bill(s) of Lading; or

(ii) Within 5 Days from (and including) the first Day of the later Delivery Period; or

(iii) 2 Banking Days after the date of receipt by the Buyer or the Buyer’s bank of all the documents set out in either clause 8.2,

whichever Payment Period expires later.

8.4 Time of payment where the cargo is discharged outside Japan and South Korea
If the last Buyer in the Chain has exercised its option to discharge the Product at safe berth/port located outside Japan and South Korea in accordance with clause 5.5 the payment of the Price by each Buyer to its Seller shall be made within:
(i) 30 days from (and including) the date of issue of the Bill(s) of Lading

(ii) Within 5 days from (and including) the date the vessel would have arrived at Chiba, based on the last estimated time of arrival of the vessel prior to instructions being given to the vessel to proceed to the port of discharge outside Japan and South Korea, had the vessel not been so diverted; or

(iii) 2 New York Banking Days after the date of receipt by the Buyer or the Buyer’s bank of all the documents set out in either clause 8.1 or clause 8.3,

whichever Payment Period expires later.

(References to a “Day” in clause 8.2 shall, unless stated otherwise, mean a day in Tokyo, Japan. References to “Banking Days” are days when the banks in New York are open to make the payment transactions in clause 8).

8.5 Adjustments for non-banking days.
If the date on which a Payment Period would otherwise expire is:

(i) A Sunday or a Monday which is not a Banking Day, that Payment Period shall expire on the immediate following Banking Day; or

(ii) A Saturday or a day other than a Monday (which is not a Banking Day), that Payment Period shall expire on the immediate preceding Banking Day.

8.6 Circleouts/Circle Settlements
When a party appears more than once in the same Chain, as a Seller and a Buyer of the Product, the Agreements between that parties position form a circle and payment of the Price for all the positions in that Circle may settled by each Buyer paying to its Seller a settlement fee equal to the Quantity multiplied by the amount, if any, by which the Price per metric ton exceeds an agreed base price provided always that if the Price is less than the base price the Buyer shall receive from its Seller a settlement fee equal to the Quantity multiplied by the difference between the two prices. A Circleout/Circle settlement is in respect of price only and does not settle other claims such as demurrage, deviation or other additional costs

8.7 Bookout Agreements
When all the Agreements in a Chain form a Circle all the positions in that Chain are settled without the Nomination or delivery of any Cargo. Each Buyer shall pay to its seller a cancellation fee equal to 25,000 metric tons (unless otherwise agreed by all parties to the Bookout Agreement) multiplied by the amount, if any, by which the Price exceeds the base price provided always that if the purchase price is less than the base price the Buyer shall receive from its Seller a cancellation fee equal to 25,000 (unless otherwise agreed) multiplied by the difference between the two prices.

8.8 Time Limit on acceptance of a Circle Settlement or a Bookout Agreement
The Buyer shall notify the Seller (and vice versa) immediately upon his receipt of any Bookout or Circle Settlement proposal from any other party in the Chain. If a proposal for a Circle Settlement or a Bookout Agreement is received by the Buyer or the Seller, the Circle Settlement or Bookout proposal shall be deemed to be accepted by the Buyer and the Seller unless the Buyer or the Seller or any other party in the Chain objects to the proposal in writing within 2 Working Days of receipt of the proposal.
9. SECURITY FOR THE PERFORMANCE OF PAYMENT OBLIGATIONS
Subject to clause 9.2, either party may require the other to provide security for the performance of a party’s payment obligations under this Agreement.

9.1 Form of payment security
Payment security shall be in a form acceptable to the party requiring security, and may take the form of:

(i) A letter of credit or a guarantee by the Buyer’s parent company (where the Buyer is required to provide security); or

(ii) If the Seller is required to provide security a letter of indemnity (including a letter of indemnity counter-signed by a bank or the parent company of the Seller).

9.2 Time in which payment security must be provided
Payment security shall be furnished at least 2 Working Days prior to the estimated date of arrival of the vessel at the first nominated discharge port where the load port is in the Far East. Where the load port is located outside the Far East security shall be furnished at least 7 Working Days prior to the estimated date of arrival of the vessel at the first nominated port of discharge or, if no discharge port has been nominated, 2 Working Days prior to the estimated date of arrival of the vessel basis Chiba, Japan, whichever is the earlier date.

9.3 Payment security when a Circle Settlement or Bookout Agreement occurs
If the Buyer and the Seller have a prior agreement for the provision of security to be given by either party to the other to cover an agreed exposure in the event of a Circle Settlement or a Bookout Agreement, and a proposal for such a Circle Settlement or Bookout Agreement is accepted or deemed to have been accepted, security shall be provided within 2 Working Days after the date on which the Circle Settlement or Bookout Agreement is accepted or deemed to have been accepted by the Buyer and the Seller pursuant to clause 8.3.

10. LAYTIME
(i) The laytime allowed for discharge shall be 6 hours from the NOR or Deemed NOR or on berthing if earlier plus 36 running hours (Sundays and Holidays included), pro-rated for a part cargo but always subject to a minimum of 12 running hours.

(ii) Unless the vessel has berthed Laytime under this Agreement will commence 6 hours after:

a) The vessel tenders NOR at the discharge port; or

b) The Deemed NOR* which occurs at the expiry of the contractual Notice Period

whichever is later.

* The Seller is deemed to have given notice of readiness (Deemed NOR) and given delivery of the Product on the expiration of the Notice Period, as defined in clause 7.1 above, counting from the time the nomination is Deemed Received according to the formula in clause 7.2 (v).

(iii) Laytime will commence on berthing if this occurs before the commencement of laytime under clause 10 (ii) (A).
10.1 Commencement of Laytime in the absence of the full Cargo specification
If the Last Buyer does not receive or is unable to obtain the full Product specification in accordance with clause 7.4 above, laytime shall commence 48 Working Hours after the last Buyer’s receipt of the full product specifications or upon berthing, whichever is earlier.

10.2 Laytime to commence on berthing when the Vessel’s NOR is tendered more than 120 hours after the Buyer’s Deemed NOR

(i) If the vessel tenders NOR at the first discharge port more than 120 hours after the Deemed NOR of the Last Buyer, laytime shall commence upon berthing.

(ii) When vessel tenders NOR at the first discharge port more than 120 hours after the Deemed NOR of the Last Buyer, the last Buyer, when passing final discharge orders, must advise the Seller of the time of the final receiver’s Deemed NOR. The last Buyer agrees, if it is the final receiver, to use its best endeavours to discharge or, if it is not the final receiver, to use its best endeavours to procure the discharge of, the cargo at the earliest opportunity.

[For the purposes of illustration only of the calculation of laytime in accordance with the provisions of clause 10, reference should be made to Schedule 3 of this Agreement.]

11. DEMURRAGE
Demurrage shall be calculated in accordance with the charterparty rate, terms and conditions, except where in conflict with the specific terms and conditions set out in this Agreement.

Where the vessel is employed on time charter, the demurrage rate to be applied will be the US Dollar rate for demurrage stipulated in Worldscale multiplied by AFRA applicable to the month of issue of the Bill(s) of Lading for the size and type of vessel actually used to ship the product.

11.1 Liability for demurrage
Liability for demurrage under this Agreement may be incurred as a result of the time taken to pass a Cargo Nomination down the Chain.

(i) A Buyer or Seller in a Chain may have a liability for part of the total amount of demurrage incurred if there is a difference between the time of the Deemed NOR a party in the Chain receives from its Seller and the time of the Deemed NOR it gives to its Buyer.

(ii) The Net Demurrage Liability is the difference (if any) between the demurrage claim a party should receive from its Seller and the demurrage claim it can pass on to its Buyer.

11.2 Documentation required when making a claim for demurrage
All claims for demurrage shall be accompanied by relevant supporting documentation (including a statement of facts and a notice of readiness for each discharge port).

11.3 Calculation of demurrage by a third party
I. The first Seller in the chain may appoint a third party to calculate demurrage on its behalf. The third party may agree with each company in the Chain the amount of its Net Demurrage Liability. In such circumstances, each company will only pay the amount of its own net liability to the first Seller in the Chain and each company will pay no more than it should do if the claim was settled in full between each contracting party in the Chain. The total amount recovered will not exceed the amount of the correct demurrage claim of the first Seller in the Chain.
II. Until each party in the Chain agrees or is deemed to have agreed its Net Demurrage Liability, each Buyer remains liable to its Seller for the Seller’s full demurrage claim calculated in accordance with the terms of this Agreement.

III. When all the companies have agreed or are deemed to have agreed their Net Demurrage Liability, the first Seller in the chain will send an invoice to each company for its Net Demurrage Liability. If a Company fails to pay its agreed Net Demurrage Liability for demurrage on or by 30 days from receipt of an invoice, the first Seller or its agent will immediately send a reminder. After 45 days from the receipt of an invoice, interest on such demurrage shall become payable in accordance with the terms of the Late Payment of Commercial Debts (Interest) Act 1998 (the “Act”). The interest rate applicable in accordance with the Act shall be that prevailing on the due date for payment of the demurrage.

IV. If the Buyer, having received a claim for its Net Demurrage Liability in accordance with clause 11.3 (ii) above, fails to contest the claim within 45 days from the date of receipt of the claim, the Buyer shall be deemed to have accepted the claim as presented and the Buyer shall be bound by such deemed agreement when all the other parties in the Chain have agreed or are deemed to have agreed to pay their net share of demurrage.

12. RISK AND TITLE

12.1 Passing of Risk
Subject to the provisions in clause 12.4 the risk of loss or damage to the Product shall pass to the Buyer when the Product passes the vessel’s permanent flange connection at the loading port or when the Nomination is Deemed Received in accordance with clause 7, whichever is later.

12.2 Buyer’s responsibility to insure
It is the Buyer’s responsibility to arrange insurance during the time the product is at the Buyer risk.

12.3 Passing of Title
Subject to the provisions in clause 12.4 Title in the Cargo shall pass from the Seller to the Buyer on the Buyer’s receipt of the following documents required for payment:

(A) Original shipping documents which the Seller is required to tender; or

(B) the Seller’s Letter of Indemnity referred to in clause 9.1 above.

12.4 Products originating from the USA and jurisdictions with similar laws

(A) Products originating from the United States of America
The Risk of loss or damage to the product shall pass to the Buyer at the time when all of the following conditions have been fulfilled:

(i) The carrying vessel has left United States waters as defined in the US OPA 1990; and

(ii) A Nomination has been made in accordance with clause 7.2 and is Deemed Received by the Buyer in accordance with clause 7.3; and

Title to the cargo shall pass to the Buyer at the time when all of the following conditions have been fulfilled:
(i) The carrying vessel has left United States waters as defined in the US OPA 1990; and

(ii) The documents required for Payment referred to in clause 12.3 above have been received by the Buyer.

(B) Products originating from jurisdictions with similar laws to US OPA
In the case of Products originating from any other place that has in force any law similar to the US OPA, risk and title in the product shall pass to the Buyer at the time when all of the following conditions have been fulfilled:

(i) Carrying vessel is outside the jurisdiction of such law;

(ii) A Nomination made in accordance with clause 7.2 and has been Deemed Received by the Buyer in accordance with clause 7.3; and

(iii) The documents required for payment referred to in clause 12.3 above have been received by the Buyer.

13. TESTING OF THE PRODUCT BY AN INTERNATIONAL INDEPENDENT INSPECTION
A mutually acceptable international independent inspector shall be appointed jointly by the Buyer and Seller to determine the Quality and Quantity of the Cargo. Inspection and testing of the Cargo shall be

(a) At the load port; and

(b) Performed at the sampling points and places and using the sampling procedures and test methods set out in clause 13 and schedule 1.

(i) Where shoreline tests are required in accordance with Schedule 1, samples for testing shall be collected at the end of the shoreline, continuously throughout the time of loading.

(ii) Where shore tank tests and shore line tests are carried out on samples of the Cargo in accordance with Schedule 1, the Cargo shall be acceptable to the Buyer even if there is a variation between the shore tank results and the shore line results so long as both sets of results conform to the Product Specification set out in clause 2.1 (A), 2.1 (B) and 2.1 (C).

(iii) If notwithstanding the use of the Seller’s utmost endeavours it is impossible or impracticable in the circumstances for shore line tests to be carried out on samples of the Cargo in accordance with clause 13 and Schedule 1, the Cargo shall be acceptable to the Buyer if samples of the Cargo from all tanks of the carrying vessel are tested and these conform to the product specifications in clause 2.

13.1 Test Results Binding
Inspection and testing of the Cargo at the load port performed in accordance with clause 13 and Schedule 1 shall be final and binding and the product shall be accepted by the Buyer.

13.2 Costs of inspection and testing
The costs of inspection and testing the Cargo shall be borne equally by the first Seller in the Chain and the last Buyer in the Chain.
14. COMPLIANCE

14.1 Each party to this Agreement shall comply with and abide, without limitation, with all applicable Laws, statutes, Trade Restrictions, rules, regulations, orders and the directives of any applicable governmental or official international authority in the performance of this Agreement.

14.2 Nothing in this Agreement shall, or shall be interpreted or construed to, induce or require either party hereto to act in any manner (including taking or failing to take any actions in connection with a transaction) which is inconsistent with, penalised or prohibited under such Laws, statutes, Trade Restrictions, rules, regulations, orders and directives.

14.3 The Seller shall not nominate any Cargo or Product which originates or is exported from a country, entity or person as a result of which the Seller is aware or should reasonably have been aware would result in the Seller being in violation of, inconsistent with any Trade Restrictions or which would expose the Seller to punitive measures under such Trade Restrictions.

14.4 The Buyer shall not knowingly export or otherwise dispose of any of the Cargo or Product received under this Agreement to any person, entity, or destination, or for any use prohibited under any applicable Law.

15. TRADE RESTRICTIONS

15.1 Neither party shall be obliged to perform any obligation otherwise required by this 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 or its parent to punitive measures under any Trade Restrictions.

15.2 Where any performance by a party would be in violation of, inconsistent with, or expose such party or its parent to punitive measures under 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:

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

(ii) where the inability to discharge the obligation continues (or is reasonably expected to continue) until the end of the contractual time for Delivery, 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

(iii) where the obligation affected is acceptance of a 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) provided that at the time the Agreement was concluded the performance would not have been, or it would not have been reasonably apparent
to the Affected Party that performance would be, in violation of, inconsistent with or have exposed
the Affected Party or its parent to punitive measures under the Trade Restrictions.

15.3 Nothing in this Section 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.

15.4 For this purpose, a party’s parent shall refer to an entity or person which owns directly or
indirectly more than 50% of the party’s ordinary voting shares, exercisable at the general
shareholder meetings.

16. FORCE MAJEURE

16.1 Neither the Seller nor the Buyer shall be liable for a failure to perform any of its obligations
under this Agreement in so far as a party proves that the failure was due to an impediment
beyond that party’s reasonable control.

16.2 An impediment within clause 16.1 above shall include any delay, hindrance, reduction in,
interference with, curtailment or prevention of a party’s performance of its obligations resulting
from events such as the following, this enumeration not being exhaustive:

(i) War, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of
sabotage;

(ii) Natural disasters such as violent storms, cyclones, earthquakes, tidal waves, floods,
destruction by lightening;

(iii) Explosions, fires, destruction of tankage, pipelines, of refineries or terminals and any
kind of installations;

(iv) Boycotts, strikes, lockouts, labour disputes of all kinds, go-slows, occupation of
factories and premises, excluding the factories and premises of the Relying Party;

(v) Any curtailment, reduction in, interference with, failure or cessation of supplies of
Product or Cargo from any of the Seller’s or the Seller’s suppliers’ sources of supply or by
any refusal to supply a Product or Cargo whether lawful or otherwise by the Seller’s
suppliers (provided in fact that the sources of supply are for the purposes of the
Agreement);

(vi) Any compliance with any Law, regulation or ordinance, or with any order, demand or
request 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.

16.3 Such an impediment does not include delay, hindrance, and interference with, curtailment or
prevention of a party’s accrued obligation to make payment under the Agreement whether in
respect of Price, demurrage or any other financial obligation whatsoever.

16.4 The party seeking relief ("the Relying Party") shall as soon as practicable 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. The appropriate relief takes effect from the time the other party receives the notice.

16.5 The appropriate relief under clause 16.4 shall be as follows:

(i) In respect of an impediment that renders impossible the Relying Party’s performance of its obligations, immediate termination of the obligations of each Party without any liability for damages, penalties and other contractual sanctions.

(ii) 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 obligations for a period until midnight on the last day of the Delivery Period, 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 Delivery Period then it shall be deemed to render the Relying Party’s obligations impossible and section 16.5(i) above shall apply.

(iii) The Relying Party, shall use its reasonable endeavours to eliminate the cause of the impediment provided that if the Seller is the Relying Party, it shall not be obliged to purchase afloat or otherwise from other suppliers to make good shortages or deficits resulting from an impediment.

16.6 Nothing in this Section 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).

17. GOVERNING LAW AND ARBITRATION

17.1 Governing law
Any and all disputes whatsoever and howsoever arising under this Agreement shall be governed by and construed in accordance with English law.

17.2 Arbitration
In the event of any dispute or difference arising between the parties to this Agreement from or in connection with this agreement or its performance, construction or interpretation, such dispute shall be referred to arbitration in Singapore by a single arbitrator in accordance with the provisions of the UK Arbitration Act 1996, or any amendments thereto, whose decision in relation to any such dispute or difference shall be final and binding on all parties hereto.

17.3 Waiver
Each party irrevocably waives any objections that it might have to the jurisdiction of any arbitration tribunal appointed pursuant to clause 17.2 and agrees not to claim that such tribunal is not a convenient or appropriate forum.

17.4 The United Nations Convention on Contracts for the International Sale of Goods
The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

17.5 Contracts (Rights of Third Parties) Act 1999
The provisions of the English Contracts (Rights of Third Parties) Act 1999 are expressly excluded from this Agreement without prejudice, however, to any rights or obligations of any person arising out of or in connection with this Agreement otherwise than by virtue of this act.
18. LIMITATION OF LIABILITY AND TIME BAR

18.1 Limitation of liability

Except as expressly provided in this Agreement neither party shall be liable for indirect, special, exceptional or consequential damages whatsoever or however arising.

18.2 Time bar

Notice of any claims whatsoever and howsoever arising under and/or in connection with the performance of this Agreement shall be given within one (1) year of the discharge of the Cargo failing which the parties shall be discharged from any and all liability whatsoever and howsoever arising.
## SCHEDULE 1
### SAMPLING AND TESTING METHODS

<table>
<thead>
<tr>
<th>SPECIFICATION</th>
<th>METHOD</th>
<th>SAMPLING POINT</th>
<th>BINDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.G.</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>R.V.P.</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>SULPHUR</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>OLEFINS</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>I.B.P.</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>F.B.P.</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT LOAD PORT</td>
<td>YES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SPECIFICATION</th>
<th>METHOD</th>
<th>SAMPLING POINT</th>
<th>BINDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>COLOUR</td>
<td>ADEQUATE METHOD</td>
<td>PRODUCTS IN CATEGORY 2.1(A)</td>
<td>YES</td>
</tr>
<tr>
<td>LEAD</td>
<td>ADEQUATE METHOD</td>
<td>BOTH SHORE TANK AT THE LOAD PORT AND AT THE END OF THE SHORE LINE</td>
<td></td>
</tr>
<tr>
<td>SPECIFICATION</td>
<td>METHOD</td>
<td>SAMPLING POINT</td>
<td>BINDING</td>
</tr>
<tr>
<td>CHLORINE</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT THE LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>ARSENIC</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT THE LOAD PORT AND AT THE END OF THE SHORE LINE</td>
<td></td>
</tr>
<tr>
<td>SPECIFICATION</td>
<td>METHOD</td>
<td>SAMPLING POINT</td>
<td>BINDING</td>
</tr>
<tr>
<td>OXYGENATED</td>
<td>ADEQUATE METHOD</td>
<td>AT THE END OF THE SHORE LINE</td>
<td>YES</td>
</tr>
<tr>
<td>PRODUCTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPECIFICATION</td>
<td>METHOD</td>
<td>SAMPLING POINT</td>
<td>BINDING</td>
</tr>
<tr>
<td>PARAFFINS</td>
<td>ADEQUATE METHOD</td>
<td>SHORE TANK AT THE LOAD PORT</td>
<td>YES</td>
</tr>
<tr>
<td>N-PARAFFINS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPECIFICATION</td>
<td>METHOD</td>
<td>SAMPLING POINT</td>
<td>BINDING</td>
</tr>
<tr>
<td>MERCURY</td>
<td>GOLD AMALGAM METHOD OR OTHER</td>
<td>SHORE TANK AT THE LOAD PORT AND AT THE END OF THE SHORE LINE</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>COMPARABLE METHOD OR OTHER</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MEASURING MERCURY CONTENT OF 1 PPB OR LESS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPECIFICATION</td>
<td>METHOD</td>
<td>SAMPLING POINT</td>
<td>BINDING</td>
</tr>
<tr>
<td>CARBON DISULPHIDE</td>
<td>METHOD CAPABLE OF</td>
<td>SHORE TANK AT THE LOAD PORT AND AT THE END OF THE SHORE LINE</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>MEASURING CS2 CONTENT OF 3 PPM OR LESS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THE FIRST SELLER IN THE CHAIN WILL BE RESPONSIBLE FOR USING HIS BEST ENDEAVOURS TO OBTAIN A SHORE TANK AND END OF SHORELINE SAMPLE. THE SIZE OF THE SAMPLE IN EACH CASE IS TO BE ONE GALLON EQUIVALENT.

IF NO SHORE TANK AND END OF SHORE LINE SAMPLE IS AVAILABLE, THEN THE FIRST SELLER WILL ARRANGE FOR A COMPOSITE SAMPLE TO BE TAKEN FROM EACH TANK ONBOARD THE CARRYING VESSEL. THE SAMPLE SIZE IS AGAIN TO BE ONE GALLON EQUIVALENT. THE OBTAINING OF THE SHIP'S COMPOSITE SAMPLE IS AGAIN TO BE DONE ON A BEST ENDEAVOURS BASIS AND IF NO SAMPLES ARE OBTAINABLE, IT IS EXPRESSLY AGREED THAT THE RECEIVER WILL NOT USE THAT AS GROUNDS FOR REJECTING THE NOMINATION OF A CARGO.
SCHEDULE 2
SHIP-TO-SHIP TRANSFERS OF OPEN-SPEC NAPHTHA CARGOES

The purpose of this schedule is to set out the terms for permitting ship-to-ship transfers (STS) of Open-Spec Naphtha cargoes (product) in accordance with OSN 2017 as amended by the terms of this schedule.

DEFINITIONS.

MOTHER VESSEL or DISCHARGING SHIP in an OSN STS operation
The ship containing product for transfer to the Receiving Ship

DAUGHTER VESSEL or RECEIVING SHIP in an OSN STS operation
The ship to which product is transferred from the Discharging Ship.

SHIP-TO-SHIP (STS) TRANSFER OPERATION:
An operation where product is transferred between seagoing ships moored alongside each other. Such operations may take place when one ship is at anchor or when both are underway. The expression includes the approach maneuver, berthing, mooring, hose connecting, safe procedures for product transfer, hose disconnecting, unmooring and departure maneuver.

TERMS UNDER WHICH STS TRANSFERS ARE PERMITTED

1. The number of STS operations shall be limited to one STS operation for a Cargo.

2. Nominations shall be in accordance with clause 7 of OSN 2017.

3. The particulars provided under clause 7.2 of OSN 2017 shall include the details of any STS operation.

4. The Specification of any Cargo which is subject to an STS operation shall be in accordance with the Specification set out in clause 2.1 (A), 2.1 (B) and 2.1 (C) as applicable.

5. An STS Cargo must be homogenous, i.e. all individual Vessel tanks will meet the Specifications set out in clause 2.

6. Three sets of samples shall be taken from the Receiving Ship:
   I. One set for testing in Singapore;
   II. One set for testing by the receiving terminal(s);
   III. One set shall be retained for testing should any quality issues arise.

7. Samples shall be taken by an independent inspector in accordance with The American Petroleum Institute’s recommended procedure, Chapter 17 (API RP 17).

8. The test results of a composite sample of the cargo prepared by sampling each of the tanks loaded with a Cargo on the Receiving Ship shall be final and binding save for fraud or manifest error.

9. The Seller is obliged to provide a certificate of origin and a certificate of quality of the Cargo from the original shore storage tanks.
10. The first Seller in a Chain shall use its best endeavours to deliver the samples directly to the receiving terminal(s). In circumstances where the receiving terminal is not known, the samples shall be held by the first Seller or its agent pending instructions from the last Buyer in a Chain.

11. The Seller must use its best endeavours to avoid co-mingling of Product and a Cargo and co-mingling of any Product or a Cargo is permitted only if it is strictly necessary and kept to a minimum. Any co-mingled tank on the Receiving Ship to be delivered to one Buyer only and cannot be split between two or more Buyers.

12. Quantity shall be the measured quantity (outturn) at the receiving terminal(s). Quantity shall be measured by an independent inspector agreed upon by the Buyer and Seller using API RP 17.

13. Pro rating discharge port shortages shall be by an independent inspector agreed between the Buyer and Seller. The Bill of Lading for such an adjustment shall be the Receiving Ship’s arrival figures as ascertained by the agreed Independent Inspector using API Chapter 17 guidelines, adjusted by the Vessel’s Experience Factor only if the full cargo is to be discharged. In the case of multi-port discharges, the overall loss will be pro-rated and shared with all receivers again utilising Independent Inspectors’ figures.

14. Subject to the provisions of Clauses 12.3 and 12.4 of the OSN contract, Risk in the product shall pass to the Buyer when the product passes the Receiving Vessel’s permanent flange connection during the STS transfer operation or when the Nomination of quantity, origin, Receiving Ship and estimated time of arrival is deemed to have been received in accordance with clause 7 of this Agreement, whichever occurs later.

15. The governing bill of lading shall be the Receiving Ship’s original Bill of Lading which shall be the governing Bill of Lading for the purpose of Payment. Payment can be made on a provisional basis subject to claims for an appropriate fair and independent adjustment.

16. All parties shall use their best endeavours to ensure that payment on quantity adjustments and miscellaneous costs shall be made promptly.

17. The Seller shall, if requested, provide a copy of the Discharging Ship’s Bill(s) of Lading but this shall be for the purposes of information only.

18. The Japanese and Korean end-users will monitor STS cargoes and report at next year’s OSN meeting.
SCHEDULE 3
AN EXPLANATION OF CLAUSE 7 WITH EXAMPLES OF LAYTIME CALCULATION IN ACCORDANCE WITH CLAUSE 10.

When is a nomination valid and how is this calculated?

Clause 7 defines when a nomination is deemed to be valid. This is different from the time the nomination is actually received. The formula in this clause was introduced to eliminate the unfairness caused when a buyer received a nomination just before close of business at 18.00 hrs. In the original contract, any nomination passed on after 18.00 hrs was only valid from 10.00 hrs on the next business day. The company holding the nomination at 18.00 hrs could be liable for one day’s demurrage or for three days if it happened to be a Friday. The current contract formula avoids this unfairness by spreading the responsibility for demurrage for each day between the companies holding the nomination from 10.00 hrs to 18.00 hrs on Mondays to Thursdays and for the weekend between companies holding the nomination during working hours on a Friday.

The formula "V = 1000 hrs plus (T times Y times 3)" works as follows:

Take, for example, a nomination which is received at 12.00 hrs on Thursday 27/06. It is actually valid (V), according to this formula at 16.00 hrs on that day. The calculation is:

\[ T = 12.00 - 10.00 = 2.00 \] (the time between 10.00 hrs on the day of nomination and the time the nomination is actually received).

\[ Y = 1 \] (which is the number of calendar days between 10.00 hrs on the day of nomination and 10.00 hrs on the next working day).

The nomination is valid, i.e. “V” in the formula, at 10.00 + (2.00 x 1 x 3) = 16.00 hrs on 27/06.

If the nomination has been received at 12.00 hrs Friday, 28/06, “T” would still be 2.00 but “Y” would be 3, since the next working day would be Monday, 01/07. The nomination would therefore be valid, “V”, at 10.00 + (2.00 x 3 x 3) = 04.00 hrs on 29/06.

The “x3” in the formula is included because responsibility for each 24 hours is spread over nominations held during the 8 hour working day from 10.00 hrs to 18.00. The effect is that every minute the nomination is held during working hours from Mondays to Thursdays carries responsibility, potentially, for demurrage for 3 minutes. On a Friday this increases to 9 minutes.

Deemed NOR

The “Deemed NOR” is the time of the expiration of the Notice Period, counting from the time nomination is deemed valid according to the formula in clause 7.

The notice period in clause 7.1 for delivery to Japan is 240 hours or 360 hours depending on the origin of the cargo. For delivery to Korea the notice period is adjusted by plus or minus 48 hours depending on whether the cargo is coming from a load port to the east or west of Korea. For the sake of simplicity, a notice period of 240 hours has been used in the following examples.

The deemed NOR is calculated as the expiry of the contractual notice period, e.g. 240 hours, from the time the nomination is deemed valid. Taking the above example where the nomination actually received at Friday, 28/06 12.00 hrs is valid according to the contract at 29/06 04.00 hrs, the Deemed NOR would be 09/07 04.00 hrs.
Commencement of Laytime

See clause 10. This states that laytime will commence 6 hours after the vessel tenders NOR at the discharge port or 6 hours after the expiry of the Deemed NOR whichever is later, or on berthing, if earlier.

There are therefore three possibilities. Taking the last example where the Deemed NOR was 09/07 04.00 hrs, the alternatives are:

(1) If the vessel has tendered NOR before the Deemed NOR, laytime will not commence until 6 hours after the Deemed NOR, 09/07 04.00 hrs, i.e., at 09/07 10.00 hrs.

(2) If the vessel tenders its NOR after the time of the Deemed NOR, laytime will not commence until 6 hours after the vessel’s NOR.

Laytime will commence upon berthing if this occurs before (1) or (2), i.e., before the Deemed NOR or before the expiry of 6 hours from the vessel’s actual NOR.

Summary of examples

<table>
<thead>
<tr>
<th>Nomination actually received</th>
<th>Nomination deemed valid</th>
<th>Deemed NOR</th>
<th>Laytime commenced*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday 27/06 1200hrs</td>
<td>27/06 1600hrs</td>
<td>07/07 1600hrs</td>
<td>07/07 2200hrs</td>
</tr>
<tr>
<td>Friday 28/06 1200hrs</td>
<td>29/06 0400hrs</td>
<td>09/07 0400hrs</td>
<td>09/07 1000hrs</td>
</tr>
</tbody>
</table>

*Provided vessel tendered its NOR before this time but has not already berthed. If the vessel tendered its NOR after this time, laytime will not commence until 6 hours after the actual NOR of the vessel or on berthing if this occurs earlier.
**SCHEDULE 4**
**THE DEFINITION AND MEANING OF TERMS USED IN THIS AGREEMENT**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act</td>
<td>Late Payment of Commercial Debts (Interest) Act 1998.</td>
</tr>
<tr>
<td>AFRA</td>
<td>The Average Freight Market Assessment Scale published monthly by the London Tanker Brokers Panel.</td>
</tr>
<tr>
<td>Arbitrage Cargoes</td>
<td>Cargoes of Product which are produced or originate West of Suez including the USA.</td>
</tr>
<tr>
<td>Banking Day</td>
<td>Any day on which banks in New York City, USA., are open for making Payment under clause 8.</td>
</tr>
<tr>
<td>Bookout Agreement</td>
<td>When the first Seller and last Buyer in a Chain are the same party and all the Agreements in a Chain form a Circle a Bookout Agreement is agreed to cancel all the outstanding Agreements between the parties involved, through cash settlement of the difference between the price specified in the Agreement and an acceptable reference price. The parties who have the same contract terms agree to mutually settle the contract by way of a Bookout Agreement with no movement of goods. All the positions in such a Chain are settled without the Nomination or delivery of any Product with each Buyer paying to its Seller a cancellation fee equal to 25,000 metric tons (unless otherwise agreed by all parties to the Bookout Agreement) multiplied by the amount, if any, by which the sale Price exceeds the Bookout Price. If the purchase Price is less than the Bookout Price the Buyer receives from its Seller a cancellation fee equal to 25,000 metric tons (unless otherwise agreed) multiplied by the difference between the two prices.</td>
</tr>
<tr>
<td>Buyer</td>
<td>The Buyer of the Product.</td>
</tr>
<tr>
<td>Cargo</td>
<td>A quantity of Product between 22,500 metric tons and 27,500 metric tons (both inclusive) in one lot as a full or part cargo.</td>
</tr>
<tr>
<td>CFR</td>
<td>CFR means “Cost and Freight” and requires the seller to arrange for the carriage of the Product by sea to the discharge port and provide the buyer with the documents necessary to obtain delivery of the Product from the vessel carrying the Product. Under a CFR contract the Seller does not have to procure marine insurance against the risk of loss or damage to the goods during the voyage. The expression CFR is defined in accordance with INCOTERMS 2010 plus latest applicable amendments unless they are inconsistent with the express terms of this Agreement.</td>
</tr>
<tr>
<td>Circle</td>
<td>When a party appears more than once in the same Chain as a Seller and then a Buyer of the Product in that Chain, the Agreements from that party’s position as a Seller and to its position as a Buyer form a Circle.</td>
</tr>
</tbody>
</table>
**Circleout/Circle Settlement**

When a party appears more than once in the same Chain as a Seller and then a Buyer of the Product in that Chain, the Agreements in between that party’s positions form a Circle and payment of the Price for all the positions in that Circle are settled by each Buyer paying to its Seller a settlement fee equal to the Quantity multiplied by the amount, if any, by which the Price per metric ton exceeds an agreed base price. If the Price is less than the agreed base price the Buyer shall receive from its Seller a settlement fee equal to the Quantity multiplied by the difference between the two prices. A Circleout/Circle settlement is in respect of price only and does not settle other claims such as demurrage, deviation or other additional costs.

**Chain**

A series of sale and purchase contracts for a Cargo of Product on the same terms and conditions as those contained in this Agreement.

**CSIG**


**Date(s)/Time(s)**

Unless otherwise stated all references to dates and times in this Agreement are references to dates and times of day in Tokyo, Japan.

**Day**

The expression Day shall, unless stated otherwise, be an ordinary calendar day.

**Deemed NOR**

A Buyer’s Deemed NOR is the time of the expiration of the Notice Period, as defined in clause 7.1, counting from the time the nomination is Deemed Received according to the formula in clause 7.2.

**Deemed Received**

The date and time at which a Nomination made by the Seller becomes effective and starts the Notice Period in accordance with the provisions and formula in clause 7.2.

**Delivery**

Delivery of a Cargo takes place upon arrival of the Cargo at the nominated discharge port.

**Delivery Period**

The period agreed for the Delivery of the Product in accordance with clause 5.2.

**DWT**

DWT means the deadweight tonnage of a vessel which is the total weights of cargo, fuel, fresh water, ballast water, provisions and crew the ship is able to carry safely.

**Early Arrival**

Early Arrival occurs when a nominated vessel arrives before the expiry of the Buyer’s Notice Period.

**ETA**

Estimated time of arrival.

**Excepcted Product**

Naphtha or Condensate from the following named suppliers: A-180/Saudi Arabia, B-220/Bahrain, Pentane Plus/U.A.E., Pentane Plus/Iran. All products that originate from Saudi Arabia, Kuwait,
Far East Origin  
Product which is loaded in a direction/bearing to the West of the International Dateline up to and including Indonesia.

Incoterms 2010  
A series of pre-defined commercial terms published by the International Chamber of Commerce (ICC).

ISM Code  
The International Safety Management Code published by the International Maritime Organisation (IMO) as updated and amended from time to time.

ISPS Code  
The International Ship and Port Facility Security Code as amended from time to time.

Independent Commercial Tank  
A tank used as a storage facility for the storage of Product which is not owned by or controlled by a Refinery which produced all the Product in the tank.

Late Arrival  
A Late Arrival occurs when the vessel arrives after the Delivery Period has expired or when the vessel is unable to arrive within the Delivery Period, and a physical Chain of Agreements has been established.

Late Nomination  
A Nomination that is Deemed Received after the expiry of the Nomination Deadline and which does not provide the Buyer with the Notice Period required by the terms of this Agreement.

Law  
The word “law” includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, request or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of companies to whom the directive, regulation, request or requirement is addressed).

LOA  
The maximum overall length of a vessel.

Net Demurrage Liability  
A Buyer or Seller in a Chain may have a net liability for part of the total amount of demurrage incurred if there is a difference between the times of the Deemed NOR a Buyer in the Chain receives from its Seller and the time of the Deemed NOR it gives to its Buyer. Net Demurrage Liability is the difference (if any) between the demurrage claim a party should receive from its Seller and the demurrage claim it can pass on to its Buyer.

New Refinery  
A newly constructed refinery specifically excluding expansions of, and new constructions at an existing refinery.
Nominated Quantity
The quantity of Product nominated under clause 3.1.

Nomination
The nomination of the Product and the vessel carrying that Product made pursuant to clause 7.

Nomination Deadline
The last date and time for the deemed receipt of a Nomination with the Notice Period required by the terms of clause 7.1 or clause 7.2 of this Agreement.

Non-Far East Origin
Product which is loaded in a direction/bearing which is East of the International Dateline up to but excluding Indonesia.

NOR
The nominated vessel’s Notice of Readiness.

Notice Period
The period of notice to be given by the Seller to the Buyer prior to the arrival of the vessel at the discharge port.

Oxygenated Products
Examples of Oxygenated Products include MTBE (Methyl tert-butyl ether) and/or ETBE (Ethyl tert-butyl ether) and/or Ethanol and/or Methanol. Clause 2.1 (a) states 50 PPM maximum in total for all Oxygenated Products

Payment Period
The time in which the Buyer must pay for the product calculated in accordance with the provisions of clause 8

Price
The price for the Product agreed in accordance with clause 4.1.

Product
Naphtha or condensate which must be tested in accordance with clause 13.2 and schedule 1 and conform to the specifications in Clause 2

Product Stream
Product from a refinery

Quantity
The quantity of the Product nominated by the Seller under clause 3.1.

Refinery
An industrial process plant where [crude oil] is processed and refined into products such as petroleum naphtha, gasoline, diesel fuel, asphalt base, heating oil, kerosene, and liquefied petroleum gas.

Relying Party
The Relying Party is either the Seller or the Buyer who claims protection from any liability for a failure to perform any of its obligations under this Agreement insofar as that party proves that the failure was due to an impediment beyond its control according to the force majeure provisions of clause 15.

Running Hours

Seller

The Seller of Product.

Ship to Ship Transfer
A ship to ship transfer (STS) of Product in accordance with the provisions of Schedule 2.
**Time(s)/Dates**

All references to dates and times in this Agreement are references to dates and times of day in Tokyo, Japan.

**Trade restrictions**

Any Laws, regulations, decrees, ordinances, orders, demands, requests, rules or requirements of the European Union, any EU member state, the United Nations or the United States of America applicable to the parties relating to trade sanctions, foreign trade controls, export controls, non-proliferation and anti-terrorism.

**US OPA**

The United States of America Oil Pollution Act of 1990 and any modification or re-enactment thereof from time to time.

**USGC Tanks**

The United States Gulf Coast (USGC) is the coastline along which the Southern United States of America meets the Gulf of Mexico. The coastal states of Texas, Louisiana, Mississippi, Alabama, and Florida, and are known as the Gulf States. Tanks located in these coastal states are defined in this Agreement as United States Gulf Coast Tanks (“USGC Tanks”).

**Valid Nomination**

A Nomination which provides the Buyer with the minimum Notice Period prior to the arrival of the vessel at the discharge port calculated in accordance with the provisions of clause 7.1.

**Vessel Regulations**

The conditions that the vessel nominated to carry the Product shall comply with as set out in clause 6.1.

**Working Day**

A “Working Day” means the continuous period from and including 10:00 hours until and including 18:00 hours Monday to Friday inclusive, except for the following dates 30th and 31st of December 2nd and 3rd of January, and any other public holiday in Japan unless expressly stated otherwise.

**Working Hours**

10:00 up to and including 18:00 hours on Working Days.