

Terms for Oil and Gas

1. PROCEDURE ON INCOTERM “FOB”

- 1.1 Buyer issues ICPO with banking details, corporate profile & registration certificate, customer information summary (CIS), passport copy of authorised representative, and proof of fund.
 - 1.2 Seller issues Commercial Invoice (CI) for Buyer’s acceptance and endorsement.
 - 1.3 Buyer signs/seals CI and returns with Letter of Acceptance (LOA) accompanied with Tank Storage Agreement (TSA) within fifty (50) hours.
 - 1.4 Seller verifies Buyer’s proposed “Tank Farm” before consenting to proceed.
 - 1.5 Upon approval, Seller shall subsidise three (3) days while Buyer pays five (5) days of “storage tank” rental collectively to secure eight (8) days’ leasing. Buyer shall extend the Tank Storage Receipt (TSR) and Authorisation-to-Inject (ATI) to Seller for follow-up.
 - 1.6 Within twenty-four (24) hours, Seller shall issue a set of partial proof of product (PPOP) documents to Buyer as listed below:
 - Notice of Readiness
 - Injection Schedule
 - Authorisation to Sell and Collect
 - Commitment to Supply
 - Statement of Product Availability
 - 1.7 The Seller commence injection of the first month shipment quantity from the Refinery Storage Reservoir through the pipeline into the Storage Tank(s) in the Port of Loading or Tank-to-Tank.
- NB: Should “injection process” exceeds eight (8) days, Buyer shall be responsible for lease extension to enable the conclusion of the injection (this usually depends on the tank location).***
- 1.8 Upon completion of injection, Seller issues Dip-Test Authorisation (DTA) to Buyer for Buyer’s Supercargo to inspect product with SGS Agents.
 - 1.9 Upon successful completion of Q&Q dip-test, Buyer immediately makes payment for the “Total Value” of the product that has been injected into the Tank(s) via SWIFT (MT103) Telegraphic Transfer.
 - 1.10 Upon receipt of the full product payment from Buyer; Seller issues to Buyer the Title Ownership of the product and export documents.
 - 1.11 Seller pays all intermediaries involved in the transaction and continues with second delivery as per contract or thereafter offers a SPA to Buyer for subsequent one-year monthly shipment for continuation as per Terms & Condition stipulated in the Sales & Purchase Agreement.

2. PROCEDURE ON INCOTERM “CIF” [SPOT – TANKER TAKE-OVER (TTO)]

- 2.1 Buyer issues ICPO with banking details, corporate profile & registration certificate, customer information summary (CIS), passport copy of authorized representative and proof of fund.
- 2.2 Seller issues draft contract (SPA) for Buyer to countersign upon acceptance of the terms and conditions which shall be returned immediately.
- 2.3 Upon receipt of SPA from Buyer, Seller issues the Charter Party Agreement (CPA) addendum to Buyer for review and endorsement by all parties.
- 2.4 Within five (5) days after formalizing the CPA addendum, Seller issues POP and shipping documents listed

as follows:

- Bill of Lading
- Vessel tanker details
- Product Passport (product analysis report)
- Certificate of Product Origin/Conformity
- Performa invoice
- Cargo manifest
- Authorisation-to-Sell & Collect (ATSC)
- Particulars of Local Shipping Agent

- 2.5 Within five (5) days upon receipt of the above documents, Buyer makes payment for taking over vessel ownership by signing Charter Party Agreement (CPA) and immediately transfer ownership certificate of vessel to Buyer, as per CPA terms and conditions to Buyer's name. After which, Buyer shall immediately re-route the vessel to the discharging port. *All original POP and relevant shipping documents would be held back by the Vessel Master which shall be handed over to Buyer when the vessel comes alongside discharging port.
- 2.6 Upon vessel's arrival at port of discharge, Seller shall issue ATV / DTA for the Buyer or Buyer's representative to board vessel to conduct DIP-TEST which cost of DIP-TEST to be borne by Buyer; a copy of Q&Q, SGS/CIQ report is to be submitted to Seller for verification and acknowledgement.
- 2.7 Upon successful dip-test, Buyer immediately makes full payment by Telegraphic Transfer (MT103) to Seller's NOMINATED BANK ACCOUNT.
- 2.8 Upon receipt of full payment from Buyer, the Seller shall then transfer the cargo title ownership to Buyer which shall include all original POP and relevant shipping documents through the VESSEL MASTER.
- 2.9 Transaction completed and both parties may negotiate and finalize for rolls and extension contract.

3. PROCEDURE ON INCOTERM "CIF" [Term Contract]

- 3.1 Buyer issues ICPO with banking details, corporate profile & registration certificate, customer information summary (CIS), passport copy of authorised representative and proof of fund.
- 3.2 Seller issues draft contract for Buyer to countersign upon acceptance of the terms and conditions which shall be returned immediately.
- 3.3 Within five (5) days, Buyer triggers Pre-Advice/Proof of Fund (MT199/799 – from a top 100 banks of the world) to Seller's fiduciary bank which shall be acknowledged by return RWA (MT199/799).
- 3.4 Within five (5) days upon receipt of PA/POF, Seller provides partial proof of product (PPOP) to Buyer for verification.
- Product Passport (dip-test report)
 - Authorisation-to-Sell & Collect (ATSC)
 - Statement of Product Availability
 - Refinery Commitment to Supply Product
 - Certificate of Product Origin
- 3.5 Upon successful verification of PPOP, Buyer then issues a Bank Guarantee / Stand-By Letter of Credit (BG/SBLC – MT760 from a top 100 banks of the world) to Seller's nominated bank account within five (05) days as guarantee for the product. In the event of default in the issuance of BG/SBLC within the grace

period, Buyer shall be liable for charges of Storage Tank(s).

- 3.6 Within five (5) days upon receipt of payment guarantee, Seller shall respond with a 2% Performance Bond (PB) and proceed with the Act of Transfer (Change of Ownership Title) from Seller's name to Buyer's name as legal titleholder of the product with the Ministry of Energy.
- 3.7 Simultaneously, Seller appoints and executes Charter Party Agreement (CPA) with the shipping company and send full proof of product (POP) and shipping documents to Buyer via Bank-to-Bank.
 - Approval to Export (issued by the Ministry of Justice)
 - Tank Storage Receipt
 - Certificate of Conformity
 - Full set of Bill of Lading (03 original copies)
 - Vessel Notice of Readiness (NOR)
 - Vessel Estimated Time of Arrival (ETA)
 - Marine Insurance Certificate
 - Material Safety Data Sheet (MSDS)
 - Vessel Q88 Document
 - Vessel details
 - Ullage Report
 - Cargo Manifest
 - Corporate Invoice
- 3.8 Upon arrival of cargo and after successful SGS/CIQ at discharge port, Buyer makes payment for product delivery as reflected in corporate invoice to Seller's Bank via SWIFT Telegraphic Transfer (MT103) within fifty (50) hours.
- 3.9 Seller pays commission to intermediaries as per IMFPA within fifty (50) hours after receiving the remittance (MT103).