

NNPC Crude Oil CIF Procedure – 2010-11

The conditions and procedures below should be strictly adhered to step by step:

NOTE: These can be achieved within 10 working days, if buyers are prompt in action.

QUANTITY: 6 Million barrels monthly to Europe only.

CONDITIONS: No electronic signature on contract.

Original Sales and Purchase Agreement [SPA, Hard Copies] contract to be signed in United Kingdom or any part of Europe by buyer.

Buyer to issue a Letter of Representation /Power of Attorney to *Seller* to broker this particular CIF transaction, and must be registered in a law court of the buyer's home country.

The letter of Representation OR Power of Attorney must state the position and what comes to *Seller* as commission which is \$1.00. In other words, *Seller* banking co-ordinate will be an integral part of the contract as BROKER. (i.e. *SELLER-BUYER-BROKER*).

Buyer signs MFPA/NCND (Can be registered in a law court in Nigeria) to cover all parties involved. This will be based on the Letter of Representation / Power of Attorney given to *Seller* by the buyer.

Buyer to provide hard copy of his company profile along side with a Letter Of Intent (LOI) addressed to:

**THE COORDINATOR,
NNPC BONNY TERMINAL,
RIVERS STATE
NIGERIA**

Stating the quantity of 6 million barrels monthly and their capability, willingness, readiness, to pay for the quantity of product (BLCO) requested. Thereafter, *Seller* will see to it that the allocation is changed to the buyers name and also create enabling environment for the *Seller* and *Buyer* to meet and sign the contract in hard copies. This is verifiable through Lloyd's/Shell screen London

PROCEDURE 1

6 MILLION BARRELS (Bonny Light Crude Oil) MONTHLY ON CIF TO EUROPE

7.11.

7.11a.) *Seller* and *Buyer* signed sales and purchase contract agreement with broker as witness with banking details.

7.11b). Both parties deposit contract agreement with their respective bank for the commencement of the transaction.

7.11c). Within five banking days the *Seller* through his prime bank issues MT 760 Performance bond (bank guarantee), in amount equivalent to two percent of the two million barrels shipment to buyer bank in favor of the buyer in a manner that is acceptable to the buyer bank.

7.11d). Upon the receipt of the *Seller's* bank MT 760 Performance bond(bank guarantee), the Buyer through his bank issues non transferable, irrevocable, confirmable Standby letter of credit (MT 103/23) Bank Order for the contractual period of the contract agreement in favor of the *Seller*.

7.11e). Upon the receipt of Buyer's SLC/MT 103/23, *Seller* shall charter a vessel and will forward proof of copy of the 'Asbatankvoy' charter party marked freight prepaid to Buyer port of discharge for buyer's

confirmation.

7.11f). Upon the receipt of Buyer notification letter, *Seller* shall programmed the chartered vessel on shell screen and Lloyds London for confirmation.

7.11g). Buyer issues letter of readiness to take delivery, and supply the *Seller* with all necessary information of his discharge port, but not limited to call sign, clearing agent and mooring in conformity with port of discharge.

7.11h). *Seller* load the vessel and his vessel master issues a notice of readiness (NOR) to the Buyer designated port of discharge, these include but not limited to vessel call sign, master's name, and other relevant document and expected time of arrival (ETA) to Buyer port of discharge.

- i). The vessel sails and the vessel Master issues an expected Time of arrival (ETA) and gives daily report of every 24 hours as soon as Vessel is within 120 hours of his designated port of discharge.
- ii) The Vessel arrives at Port of discharge and issues an Authority to Board (ATB) to the Buyer's nominated inspector (SGS and sayboat).
- iii). Buyer, instruct the Inspectorate agent to ascertain Quantity and Quality and issues certificate (Q and Q) being determined. There after satisfied true copy of the Inspection Report shall be provided to Buyer and *Seller*, and same shall be forwarded to the Refinery, such copy shall serve for payment
- iv). Payment: Now therefore the vessel has discharged its cargo at Buyer's designation port of discharge and has received the Post Discharge Q & Q Report from his nominated Inspection agents and all necessary Custom documents have been presented by the *Seller* as required by the Standby Letter of Credit MT103/23 at the Buyer's Bank Counter, Buyer bank shall make payment by KTT MONEY WIRE TRANSFER to *Seller's* Bank nominated in amount equivalent to outturns of barrels discharged, as well as the broker's nominated accounts. Banking costs will be for the account of each party.

7.11j). Should any amendments to the Standby Letter of Credit be requested, once the same has already been issued; the party requesting the change will be responsible for the payment of the related costs. * All commissions due to Intermediaries / facilitators shall be paid at the same time and by the same method as done to the *Seller*.

PROCEDURE 2

6 MILLION BARRELS (BLCO) MONTHLY ON CIF TO EUROPE

7.11

7.11a). *Seller* and Supplier signed sales and purchase contract agreement with buyer as witness with banking details.

7.11b). Both parties deposit contract agreement with their respective bank for the commencement of the transaction.

7.11c). Within five banking days the *Seller* through his prime bank issues MT 760 Performance bond (bank guarantee), in amount equivalent to two percent of the two million barrels shipment to buyer made divisible to Suppliers bank in favor of the buyer/Supplier in manner that is acceptable to the buyer/ Supplier's banks.

7.11d). Upon the receipt of the *Sellers* bank MT 760 Performance bond bank guarantee, the Buyer through his bank issues non transferable, confirmable Standby letter of credit (MT 103/23) Bank Order for the contractual period of the contract agreement in favor of the *Seller* made divisible to supplier as par the offer of the supplier.

7.11e). Upon the receipt of Buyer's SLC/MT 103/23, *Seller* shall charter a vessel and will forward proof of copy of the apsatankvoy charter party marked freight prepaid to Buyer/ supplier port of discharge for supplier confirmation and notify the *Seller*.

7.11f). Upon the receipt of Buyer/supplier's notification letter, *Seller* shall programmed the chartered vessel on shell screen and Lloyds London for confirmation.

7.11g).Buyer/ Supplier issues letter of readiness to take delivery, and supply the *Seller* with all necessary information of his discharge port, but not limited to call sign and clearing agent and mooring in conformity with port of discharge.

7.11h). *Seller* load the vessel and his vessel master issues a notice of readiness (NOR) to the Buyer/supplier's designated port of discharge, these include but not limited to vessel call sign, master's name, and other relevant document and expected time of arrival (ETA) to Buyer/Supplier port of discharge.

- i). The vessel sails and the vessel Master issues an expected Time of arrival (ETA) and gives daily report of every 24 hours as soon as Vessel is within 120 hours of his designated port of discharge.
- ii) The Vessel arrives at Port of discharge and issues an Authority to Board (ATB) to the Buyer/Supplier nominated inspectors.
- iii). Buyer/Supplier instruct the Inspectorate agent to ascertain Quantity and Quality and issues certificate (Q and Q) being determined. There after satisfied true copy of the Inspection Report shall be provided to both Buyer, Supplier and *Seller* and same shall be forwarded to the Refinery, such copy shall serve for payment
- iv). Payment: Now therefore the vessel has discharged its cargo at Buyer/ supplier's destination port and has received the Post Discharge Q & Q Report from his nominated Inspection agents and all necessary Custom documents have been presented by the *Seller* as required by the Standby Letter of Credit MT103/23 at the Buyer/Supplier's Bank Counter, Buyer bank shall make payment by KTT MONEY WIRE TRANSFER to *Seller's* Bank nominated account made divisible to Supplier's account in amount equivalent to outturns of barrels discharged, as well as the broker's nominated accounts. Banking costs will be for the account of each party.

7.11j). Should any amendments to the Standby Letter of Credit be requested, once the same has already been issued; the party requesting the change will be responsible for the payment of the related costs.

* All commissions due to Intermediaries / facilitators shall be paid at the same time and by the same method as done to the *Seller*.