

Den norske stats oljeselskap a.s

CONDITIONS OF SALE
APPLICABLE TO TERMINAL CRUDE OIL SALES
FOB/FIP

Edition of January 1999

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I. Definitions

Except where the context otherwise indicates, the following terms shall have the meaning ascribed to them in this Paragraph I, and shall include plural as well as singular.

- a. "Affiliate" shall mean any company or corporation of Seller or Buyer which owns directly or indirectly fifty (50) percent or more of the shares carrying voting rights of such Party (Parent Company) and any company or corporation other than such Party of which such Parent Company or such Party owns directly or indirectly fifty (50) percent or more of the shares carrying voting rights.
- b. "Agreement" shall mean the Crude Oil Sales/Purchase Agreement of which these Conditions of Sale form a part. Certain specific provisions agreed between Buyer and Seller form Part 1 of the Agreement and the Conditions of Sale form Part 2 of the Agreement.
- c. "Barrel" shall mean a volume of forty-two (42) US gallons corrected for temperature to sixty (60) degrees Fahrenheit.
- d. "Cargo" shall mean any particular quantity of the Oil loaded or to be loaded into Vessel as set out in Part 1 of the Agreement.
- e. "Cargo Manifest" shall mean certificate of quantity, certificate of quality and certificate of origin, issued separately or issued as one (1) certificate containing these three (3) certificates at the Loading Terminal.
- f. "Commencement of Loading" shall, in respect of a Cargo, mean the time and date at which the loading of the Cargo commences, as recorded on the time sheet prepared by Operator.
- g. "Completion of Loading" shall, in respect of a Cargo, mean the time and date at which the operation of loading is completed, as recorded on the time sheet prepared by Operator.
- h. "Day" shall mean a calendar day.
- i. "Dollars" or "USD" or "US dollars" shall mean dollars of the United States of America.
- j. "Grade" shall mean any grade of the Oil specified in Part 1 of the Agreement.

- k. "Laytime" shall have the meaning as that given to it in Paragraph IX of these Conditions of Sale.
- l. "Loading Terminal" shall mean any loading terminal as specified in Part 1 of the Agreement.
- m. "Metric Ton" shall mean the unit of weight equal to one thousand (1000) kilograms.
- n. "Month" shall mean a calendar month.
- o. "Oil" shall mean crude oil specified in Part 1 of the Agreement.
- p. "Operator" shall mean the operator for the time being of the Loading Terminal.
- q. "Party" shall mean either Seller or Buyer.
- r. "Parties" shall mean Seller and Buyer jointly.
- s. "Quarter" shall mean a period of the three (3) consecutive Months commencing on first (1st) January or first (1st) April or first (1st) July or first (1st) October.
- t. "Vessel" shall mean the ship whether owned or chartered or otherwise obtained by Buyer, and nominated by Buyer and accepted by Seller in respect of loading a Cargo under the Agreement.
- u. "Year" shall mean a calendar year commencing on first (1st) January.

II. Delivery

The Oil shall be delivered at the Loading Terminal free on board Vessel.

III. Property and Risk

The property and risk in the Oil shall pass to Buyer as the Oil passes Vessel's first (1st) permanent hose connection upon loading at the Loading Terminal.

IV. Price, Credit Period and Currency

The price to be paid, the applicable credit period and currency in respect of a Cargo shall be as stated in Part 1 of the Agreement.

V. Payment

- a. Payment for each Cargo shall be made with good value in immediately available funds within the due date as set forth in Part 1 of the Agreement by telegraphic transfer to Seller's bank account, as from time to time advised by Seller, on

presentation of Seller's commercial invoice (telex invoice acceptable) and bills of lading and other usual shipping documents or in the absence of such documents upon presentation of Seller's Letter of Indemnity as set out in Paragraph XVI, without deduction, discount, set off or counterclaim or gravity adjustment.

- b. In the event payment due date falls on a Saturday or a New York banking holiday other than a Monday, then payment will be effected on the preceding New York banking day. If the payment due date falls on a Sunday or a Monday which is a banking holiday in New York, then the payment shall be effected on the next New York banking day.
- c. Buyer shall instruct its bank to advise Seller's bank by SWIFT or tested telex quoting the value date of the transfer, the amount, the invoice number and the clearing bank, if any. Such advise is to be sent in due time so as to enable Seller's bank to credit Seller with value on due date.
- d. Interest on overdue payments shall be paid for the period starting on and including the due date for payment as set forth in Part 1 of the Agreement and ending on but excluding the value date of the payment, on the basis of an annual rate corresponding to three (3) Months British Bankers Association Interest Settlement Rates (BBAISR) (or such other interest rate as may be used in replacement thereof) for USD (or if the payment is made in other currency than USD, for that other currency) as published by British Bankers Association (BBA) for the due date plus three (3) percentage points.
- e. Seller may at any time before payment has been received by Seller, require Buyer to provide a stand-by letter of credit or a bank guarantee for payment of the Cargo whichever Seller may request. Each such stand-by letter of credit or bank guarantee shall be irrevocable, in an amount to cover one hundred and ten (110) percent of the estimated value of the Cargo for which it is provided and shall be established in favour of Seller and shall be confirmed irrevocably and unconditionally by a bank or banks to be approved by Seller. The stand-by letter of credit shall be in a form acceptable to Seller and meet the requirements set out below:

Quote

Stand-by letter of credit

At request of (hereinafter referred to as Buyer), we, hereby open our irrevocable stand-by letter of credit no. in favour of Den norske stats oljeselskap a.s, N-4035 Stavanger, Norway (hereinafter referred to as Seller) covering the purchase of

We hereby irrevocably and unconditionally undertake to make payment of up to in favour of Seller's account no. 15013832 with Chase Manhattan Bank, London, upon Seller's first written request and presentation of the following documentation:

- a. A copy of Seller's commercial invoice evidencing the quantity of product purchased by Buyer (telex invoice acceptable).
- b. Seller's signed statement stating that payment of the above mentioned invoice is due and that payment has not been made by Buyer (presentation on telex acceptable).

This stand-by letter of credit shall be valid also in the event that the quantity and/or invoiced amount exceed(s) or is/are less than the quantity and/or amount stated herein.

We hereby agree that request for payment in accordance with the terms stipulated herein will be duly honoured upon presentation of the documentation as set out in (a) and (b) above if presented to our on or before after which date this stand-by letter of credit becomes null and void.

Partial drawing is allowed.

In addition to any payment made according to the above section (a) we will honour claims for interest at the rate of three (3) Months British Bankers Association (BBA) Interest Settlement Rates (BBAISR) for USD published by British Bankers Association (BBA) on the due date plus three (3) percentage points calculated from due date according to invoice to actual date of payment to beneficiary.

All related banking charges and commissions whether of Buyer or Seller shall be for the account of Buyer.

This stand-by letter of credit is subject to the Uniform Customs and Practice for documentary credit (UCP 500 1993 Revision, International Chamber of Commerce, Paris).

This telex is the instrument of utilisation. No mail confirmation follows.

This stand-by letter of credit shall be valid also in the event that the invoiced amount exceeds the amount stated herein.

Unquote

All related banking fees, commissions and expenses whether of Buyer or Seller shall be for the account of Buyer. If a stand-by letter of credit or a bank guarantee has not been provided as outlined herein, Buyer shall be deemed in breach of the Agreement and Seller may without prejudice to any other rights or remedies at any time thereafter terminate the Agreement forthwith. Any cost and loss of income incurred by Seller due to Buyer's failure to provide security of payment as outlined herein, shall be borne by Buyer.

VI. Quality and Quantity

- a. The Grade shall be of normal export quality which is available at the Loading Terminal at the time of loading the Cargo in accordance with Part 1 of the Agreement.
- b. The measurement of the quantity of the Oil and the testing of the quality thereof shall be carried out at the Loading Terminal in accordance with good standard practice followed at the Loading Terminal at the time of loading the Cargo.
- c. The bottom sediment and water in each Cargo shall be measured in accordance with good standard practice followed at the Loading Terminal at the time of loading the Cargo.
- d. Seller shall ensure that the Cargo Manifest is issued in accordance with good standard practice followed at the Loading Terminal at the time of loading the Cargo and that the Cargo Manifest is forthwith delivered to Buyer. Save for fraud or manifest error, the said Cargo Manifest shall be conclusive and binding on both Parties. The figures of the certificate of quantity as stated in such Cargo Manifest shall be used by Seller in the preparation of invoices and Buyer shall be obliged to pay the invoiced amount based on such figures.
- e. If Seller and Buyer mutually agree to use an independent inspector at the Loading Terminal, Buyer shall appoint an independent inspector acceptable to both Parties. The cost for such inspection shall be equally shared between the Parties. If joint agreement on the independent inspector is not reached, either Party may nominate its own independent inspector at its own expense. The independent inspector(s) shall comply with the terms of reference for independent inspectors at the Loading Terminal.
- f. Any claim as to shortage in quantity of the Cargo or defects in quality of the Oil shall be made by written claim to Seller as soon as possible after such apparent shortage and/or defects are discovered, with all details and supportive documentation necessary to evaluate the claim.

In no event shall Seller be liable for any claim as to shortage in the quantity of the Cargo or defects in quality of the Oil, if such written claim is not received by Seller within sixty (60) Days after completion of discharge.

VII. Safe Berth and Utilisation

- a. Seller shall provide or cause to be provided, free of charge, a berth or berths which Vessel can safely reach and leave and at which Vessel can lie and load always safely afloat.
- b. Seller or Operator may require a Vessel to shift berth or to move anchorage in which case Buyer shall ensure that Vessel shall forthwith comply and the costs of shifting berth shall be for the account of Seller. Time consumed on account of

shifting shall count as used Laytime or time on demurrage.

- c. In the event Vessel is required to vacate or shift berth due to reasons attributable to Vessel, then all and any loss, damage, charge or penalty incurred by Seller shall be for the account of Buyer, and all the time consumed as a result of such vacating or shifting shall not count as used Laytime or time on demurrage.
- d. Buyer warrants that Vessel shall comply with all applicable rules, regulations and directions of governmental, local authorities and of the Loading Terminal. Further, Buyer warrants that Vessel shall have on board all certificates, records and other documents required. Buyer shall reimburse Seller for any loss, costs or damages incurred by Seller due to any failure to comply with such warranties. Seller will, at Buyer's request, provide Buyer with relevant Loading Terminal information, and applicable harbour safety regulations.
- e. Buyer shall ensure that Vessel complies with loading instructions issued by Operator including the use of all cargo load lines on board Vessel for different grades in the loading operation and Buyer will indemnify Seller/Operator from any liability and claims arising as a consequence of such handling or admixture of the Oil following the passing of title and risk of the Oil.

VIII. Nomination Procedures

- a. The nomination procedures to be followed by the Parties for the delivery and lifting of the Oil shall be as specified in Appendix I.
- b. In the event that there shall be any change in the nomination procedures applicable to the Loading Terminal as laid down from time to time, Seller shall promptly notify Buyer thereof.
- c. Vessel shall be subject to acceptance by Seller and/or Operator. When Buyer nominates a vessel, such nomination shall include answers to Seller's questionnaire for crude oil tankers available upon request. If any answer to Seller's questionnaire as provided by or on behalf of Buyer proves to be incorrect, Seller shall be entitled to reject Vessel forthwith and Buyer shall indemnify Seller against any losses and costs incurred by Seller as a direct consequence of such incorrect information.
- d. Provided that Vessel arrives at the Loading Terminal and tenders notice of readiness to load before or within the loading date range nominated in accordance with this Paragraph VIII, then Seller shall be obliged to effect delivery and Buyer shall be obliged to take delivery of the Cargo as soon as reasonably practicable having regard to the requirements and procedures of the Loading Terminal even if loading of such Cargo is commenced or completed outside the applicable loading date range.
- e. In the event that:

- i. Buyer fails to nominate a vessel by the time specified in Appendix I) hereto (or, if applicable, elsewhere in the Agreement); or
- ii. Vessel fails to tender notice of readiness to load before or within the loading date range; or
- iii. vessel nominated by Buyer has been rejected by Seller or Operator pursuant to the provisions of the Agreement (unless a vessel substituted for it has not been so rejected and has tendered notice of readiness to load before or within the loading date range);

then Seller shall, by giving written notice to Buyer, be entitled, in its absolute discretion and without prejudice to Seller's other rights and remedies, to treat the Agreement with regard to the Cargo in question as repudiated by Buyer. If Seller does not give such notice to Buyer, then the provisions of sub-Paragraph VIII (d) shall apply mutatis mutandis.

- f. In the event that Buyer fails to meet its obligations to lift the Oil, Seller shall have the right to dispose of the Oil and any costs and losses incurred by Seller thereby shall be borne by Buyer.

IX. Loading Conditions and Demurrage

- a. Subject to the provisions of this Paragraph IX, the Laytime allowed to Seller for loading a Cargo, shall be thirty-six (36) running hours, weather permitting, Sundays and holidays included.
- b. Vessel's master shall tender notice of readiness to Operator or its representatives (as the case may be) upon arrival at the customary anchorage or upon arrival at the pilot station at the Loading Terminal, whichever is applicable. Such notice of readiness shall be formally acknowledged by Operator.
- c. For Vessel tendering notice of readiness within the loading date range, Laytime shall commence berth or no berth six (6) hours after notice of readiness is tendered or the time when Vessel is securely moored at the berth whichever is the earlier.

For Vessel tendering notice of readiness prior to the first Day of the loading date range, Laytime shall commence at six (0600) hours on the first (1st) Day of the said date range, or on Commencement of Loading whichever is the earlier.

For Vessel tendering notice of readiness after the last Day of the loading date range, Laytime shall commence on Commencement of Loading.

- d. Laytime for loading a Cargo shall be deemed to be completed upon disconnection of hoses.

- e. If the Cargo is not loaded within the time allowed in accordance with (a)-(d) above, Seller shall, subject to the provisions of this Paragraph IX, pay to Buyer demurrage in respect of the excess time at the appropriate rate per Day as provided for in (h) below.
- f. Notwithstanding anything elsewhere contained in this Paragraph IX, time shall not count against time allowed or, if Vessel is on demurrage, for demurrage, when spent or lost:
 - i. on an inward passage, including awaiting pilot, or daylight, or tugs and moving from anchorage, until Vessel is securely moored at the berth or other loading place; or
 - ii. in berthing of Vessel due to bad weather including fog; or
 - iii. due to breakdown, inefficiency or any other cause attributable to Vessel, owner, master, officers, crew or agents including but not limited to the inability of Vessel to comply with the minimum loading or deballasting rate as laid down by the Loading Terminal and the inability of Vessel to load the Cargo within the time allowed under sub-Paragraph IX (a) above; or
 - iv. discharging of ballast and/or slops to the extent that this is not concurrent with loading; or
 - v. in loading on to Vessel any oil which is not being sold pursuant to the Agreement; or
 - vi. in cleaning and inspection of Vessel's cargo tanks; or
 - vii. any other delay attributable to Vessel, owner and/or vessel operator, master, officers, crew or agent, or to Buyer.
 - viii. due to Operator or port authority prohibiting or restricting loading due to weather conditions.

For avoidance of doubt Paragraph XIX shall not apply to this Paragraph IX.

- g. If by reason of her own deficiencies Vessel cannot maintain the appropriate average loading rate per hour as defined in the appropriate harbour regulations available upon request from the time of Commencement of Loading, or if loading was prohibited and/or interrupted and/or limited due to circumstances for which Vessel's master, owner or charterer is responsible or in order to comply with restrictions set by the local harbour authority then such time shall also be deducted in calculating the time (if any) in respect of which Seller is liable for demurrage as provided under (h) below. Ref. Appendix I (k).
- h. In the event that the allowed Laytime is exceeded, the rate of demurrage for Vessel payable by Seller to Buyer shall be based on Vessel's charter party rate, or in the absence thereof, on Worldscale at the Average Freight Rate Assessment

(AFRA) appropriate to the size of Vessel as provided by the London Tanker Brokers Panel and current on the date of Commencement of Loading.

If, however, demurrage is incurred as a result of fire, explosion, strike, lockout, stoppage or restraint of labour or of the breakdown of machinery or equipment at the Loading Terminal, the rate of demurrage shall be reduced by one half for the period of such delay.

- i. If Vessel is loaded at the Loading Terminal by or on behalf of Seller and one or more other suppliers of crude oil, Seller's liability for any excess time used shall be for such proportion of the excess time used as the Cargo bears to the total volume of the crude oil loaded on Vessel at the Loading Terminal.
- j. In no event shall Seller be liable for demurrage, if a demurrage claim is not received by Seller within ninety (90) Days of the date on which Vessel sailed from the Loading Terminal. Each demurrage claim shall be in writing and shall be supported by evidence available to Buyer and any supporting documentation which is not at that time available to Buyer shall be submitted to Seller as soon as documentation is available to Buyer.
- k. In the event that there is any delay in loading Vessel for any reason whatsoever, the rights of Buyer against Seller in respect of such delay, however the same may arise, shall be limited to a claim for demurrage in accordance with the provisions of this Paragraph IX.
- l. Vessel's master shall consult Operator prior to the loading commences to determine the estimated loading time and the time required for the normal deballasting. Upon Completion of Loading, Vessel shall clear the berth subject to considerations of safety. Fresh water, stores and provisions loading, if required, shall, if possible, take place during loading of the Cargo.

X. Excess Berth Occupancy

- a. When allowed berth time as per Appendix II) is exceeded under circumstances which Seller reasonably considers exceptional then Seller has the right to require Vessel to vacate the berth. Any losses and costs incurred by Seller shall be borne by Buyer.

In the event that allowed berth time is exceeded by more than four (4) hours as per Appendix II), attached hereto, Buyer shall pay to Seller for berth occupancy exceeding the time referred to in Appendix II) at Vessel's charter-party rate or in absence thereof at USD twenty-four thousand (24,000) per Day or pro rata of a Day.

- b. Berth occupancy hours shall commence when Vessel has her first rope ashore and shall end when the last rope ashore is cast off. If the loading is prohibited and, or interrupted and/or limited by Operator or by request of the port authority, the number of hours that the loading was prohibited and/ or interrupted and/or

limited shall not count as hours used (including in the reasonable opinion of Operator or port authority bad weather interrupting loading or delaying departure from the berth), unless such prohibition and/or interruption and/or limitation is due to circumstances for which Vessel's master, officers, owner and/or Vessel operator, crew or agents are responsible.

- c. Excess berth occupancy payments pursuant to (a) above shall be made by Buyer to Seller no later than thirty (30) Days after receipt of Seller's invoice and supporting document, or in the event of dispute not later than fifteen (15) Days after agreement.

XI. Warranties

Seller warrants that the Oil shall conform to the description stated in Part 1 of the Agreement, that Seller has title thereto, and that the Oil is free from royalties, load port taxes, liens and encumbrances. Otherwise, there are no other guarantees or warranties expressed or implied, of merchantability, fitness, or suitability of the Oil for any particular purpose. Seller shall not be responsible in any respect whatsoever for any loss, damage or injury resulting from any hazard inherent in the nature of the Oil.

XII. IMO Requirements

Buyer warrants that Vessel shall be fitted according to the measures and procedures agreed to at the IMO (International Maritime Organisation) conference of Tanker Safety and Pollution Prevention as and when these become effective at the Loading Terminal, and that Vessel complies with the International Safety Management Code (ISM).

XIII. Pollution

Buyer warrants that Vessel is owned or demise chartered by a member of The International Tanker Owners Pollution Federation Ltd. (ITOPF).

Buyer shall exercise reasonable efforts to ensure that Vessel carries on board a certificate of insurance as described in the Civil Liability Convention for oil pollution damage and Vessel has in place insurance cover for oil pollution no less in scope and amounts than under the rules of P&I clubs entered into the international group of P&I clubs.

XIV. Agent

Buyer to appoint Vessel's agents at the Loading Terminal.

XV. ITF Clause

Buyer will arrange and warrants that the minimum terms and conditions of employment of the crew of Vessel will on arrival at Loading Terminal be covered by an ITF (International Transport Workers' Federation) agreement or a bona fide trade union agreement on terms equivalent to ITF terms. Buyer shall reimburse Seller of any cost, loss or damages incurred by Seller due to failure to comply with such warranty.

XVI. Documents

- a. Seller shall provide bills of lading and other usual shipping documents in accordance with instructions to be given in due time by Buyer (ref. Appendix I (d) (iv)).
- b. If such documents are not available to Buyer when Buyer shall pay for the Cargo, Seller shall indemnify Buyer in accordance with the following:

Quote

LETTER OF INDEMNITY

We refer to a cargo of Barrels of crude oil (Cargo) loaded on board Vessel at the port of on

Although we have sold and transferred title to the said Cargo to you, we have been unable to provide you with the original bills of lading, Cargo Manifest and time sheet for the above Cargo.

In consideration of your paying to us USD being the full purchase price of the above Cargo, we hereby expressly warrant that we have marketable title to such crude oil and that we have full right and authority to transfer such title to you and to effect delivery of the said crude oil.

We agree to protect, indemnify and hold you harmless from and against any and all damages, costs, legal fees and other expenses which you may suffer from any breach of above warranties or from the fact that you are paying us the purchase price of the above Cargo without having in hand such original bills of lading and other shipping documents, including but not limited to, any claims or demands which may be made by any holder or transferee of any of the original bills of lading and other shipping documents or by any other third party claiming an interest in or lien on the Cargo or proceeds thereof.

We will make all reasonable efforts to obtain and surrender to you, as soon as possible, the original bills of lading and the other shipping documents referred to above and this Letter of Indemnity shall become null and void upon our tendering these documents to you.

Our obligation to indemnify you is subject to the condition that you give us prompt notice of the assertion of any claims and full opportunity to conduct the defence thereof, and that you do not settle any such claim(s) without our approval.

This Letter of Indemnity shall be governed by and construed in accordance with Norwegian law and any disputes hereunder that cannot be settled by mutual agreement between the Parties shall be subject to the exclusive jurisdiction of the Norwegian Courts.

Unquote

XVII. Disposal

Buyer shall not under any circumstances refine or dispose of the Oil to countries with which the Norwegian Government has decided not to have trade relations. Without diminution of such obligation on Buyer, Seller undertakes to inform Buyer as soon as practicable of any changes in laws, regulations, rules or guidelines which become known to Seller. Buyer acknowledges that at the date hereof it is informed of all such laws, regulations, rules and guidelines relevant to its undertakings under this Paragraph XVII.

In the event the Oil is disposed of to a third party, Buyer shall ensure that the end user abides by the restrictions set forth herein and without delay provide Seller with all relevant information as Seller may require related to such alternative disposal including name of end user, discharge port and name of refinery.

XVIII. Taxes, Duties and Charges

All dues including harbour dues and other charges on each Vessel shall be the responsibility of Buyer. Buyer shall likewise be responsible for payment of any taxes, duties, imposts, fees, charges and dues of every description on the Oil in respect of any stage after the property and risk of the Oil has passed to Buyer according to Paragraph III herein.

XIX. Force Majeure

- a. Neither Seller nor Buyer shall be responsible for any failure to fulfil their respective obligations under the Agreement if fulfilment has been prevented, delayed, hindered or curtailed by:
 - i. any circumstances whatsoever which are beyond the reasonable control of Seller or Buyer, as the case may be, or
 - ii. compliance with any order, demand or request of any government or of any 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

iii. any strike, lockout or labour dispute;

provided always that nothing contained herein shall relieve Buyer of any of its obligations to make payments due to Seller under the Agreement by the due dates for payment according to the provisions of Paragraph V which obligations are absolute.

- b. The Party seeking relief under (a) of this Paragraph XIX shall advise the other Party as soon as practicable of the circumstances causing the failure to fulfil its obligations and shall thereafter provide such information as is available regarding the progress and possible cessation of those circumstances. Subject to the provisions of Paragraph XX, performance of obligations under the Agreement shall be resumed as soon as reasonably possible after such circumstances have ceased. The time of Seller to make, or Buyer to receive delivery hereunder shall be extended during any period in which delivery shall be delayed or prevented by reason of any of the foregoing causes up to a period of thirty (30) Days. If any delivery hereunder shall be so delayed or prevented for more than thirty (30) Days, either Party may terminate the Agreement with respect to such delivery upon giving written notice.

XX. Change in Seller's Supplies of Crude Oil

- a. In the event that the production forecast for or the availability from any of Seller's or Seller's suppliers', sources of supply of crude oil, whether deliverable under the Agreement or not, or the normal means of transport or delivery of such Oil, is delayed, hindered, interfered with, curtailed or prevented, Seller has the right to withhold, reduce, suspend or terminate deliveries of the Oil to be made available to Buyer to the extent that Seller's actions are based on information provided by or through the International Energy Agency (IEA) and/or in reasonable expectation by the Seller of a request or requirement of or made by or through the IEA or as a result of the Seller's compliance with a request or requirement of or made by or through the IEA.

In such event Seller shall be free to allocate its remaining availability as Seller may in its absolute discretion think fit and Buyer shall be obliged to accept and pay for any Oil tendered for delivery even if less than the full contractual quantity. Seller shall not be bound to purchase or otherwise make good shortages resulting from such causes.

In the event of such curtailment or interference, any additional crude oil made available to Seller from outside sources may be disposed of by Seller in its absolute discretion and need not be taken into account in the determination whether or not, for the purpose of this sub-Paragraph XX (a), the curtailment or interference in question continues to subsist.

- b. If Seller is seeking relief under this Paragraph XX Seller shall advise Buyer as soon as practicable of the circumstances in question and the remedies implemented or to be implemented by Seller. No curtailment, suspension or termination of deliveries or receipt of the Oil pursuant to this Paragraph XX shall operate to extend the duration of the Agreement. All Oil, the timely delivery or receipt of which does not take place for reasons stated in this Paragraph XX shall, unless otherwise agreed, be deducted from the volume of the Oil required to be delivered and received hereunder.

XXI. Suspension and Termination

- a. Seller may at its sole discretion, and in addition to any other legal remedies it may have, forthwith upon giving notice to Buyer either suspend deliveries of the Oil or terminate the Agreement if:
 - i. Buyer for any reason whatsoever fails to make any payment due to Seller under the Agreement by the due date for payment or otherwise is in substantial breach of any of its obligations under the Agreement; or
 - ii. Buyer fails to take delivery of the Oil in accordance with the provisions of the Agreement and such failure is not excused by any other provision of the Agreement; or
 - iii. a petition is filed with a court having jurisdiction or an order is made or an effective resolution is passed for the dissolution, liquidation or winding up of Buyer or its Parent Company; or
 - iv. there is a major change in the direct or indirect ownership of Buyer; or
 - v. Buyer or its Parent Company becomes insolvent or is adjudged bankrupt or makes an assignment for the benefit of its creditors or does not pay or is in Seller's reasonable opinion expected to be unable or unwilling to pay its debts as the same become due; or
 - vi. a receiver is appointed or an encumbrance takes possession of the whole or a significant part of the assets or undertaking of Buyer or its Parent Company; or
 - vii. Buyer or its Parent Company ceases or threatens to cease to carry on its business or a major part thereof or a distress, execution or other process is levied or enforced or sued out upon or against any significant part of the property of Buyer or its parent company and is not discharged within fourteen (14) Days.

In the event of Seller suspending deliveries of the Oil in any of the circumstances referred to in (i) - (vii) of this sub-Paragraph XXI (a) Seller may so long as the event continues, and in addition to any other legal remedies it may have,

forthwith upon giving notice to Buyer terminate the Agreement.

- b. If, pursuant to the provisions of this Paragraph XXI Seller withholds, reduces or suspends deliveries of the Oil, then Seller shall be under no obligation to make up any quantity of the Oil which would have been delivered to Buyer but for such withholding, reduction or suspension.
- c. Any termination of the Agreement shall be without prejudice to the rights and obligations of each Party as accrued at the date of termination.

XXII. Liability

Except as expressly provided in the Agreement, neither Seller nor Buyer shall be liable for any indirect or consequential losses which may be suffered or alleged to have been suffered by the other Party.

XXIII. Assignment

Neither Party shall assign any of its rights and obligations under the Agreement, in whole or in part, without the prior written consent of the other Party. The assigning Party shall remain jointly and severally liable for the full performance by the assignee(s) or any subsequent assignee(s) of its/their obligations with regard to the Agreement.

XXIV. Applicable Law, Litigation and Arbitration

- a. The Agreement shall be governed by and construed in accordance with the laws of Norway.
- b. Except as provided for in (c) below, the Parties hereto accept Stavanger City Court as the proper legal venue for the settlement of any controversy or dispute that may arise in connection with, or as a result of, the Agreement which the Parties are unable to resolve by mutual agreement.
- c. Any controversy or dispute that may arise in connection with or as a result of Paragraph IX, Loading Conditions and Demurrage, where amount in dispute does not exceed a sum of USD one hundred thousand (100,000) or any other controversy or dispute that may arise in connection with or as a result of the Agreement, where the amount in dispute does not exceed a sum of USD twenty-five thousand (25,000) which the Parties are unable to resolve by mutual agreement, shall be referred to and finally resolved by arbitration in Oslo conducted by one (1) arbitrator in accordance with the rules for Alternative Dispute Resolution Chapter III Fast Track Arbitration, of the Oslo Chamber of Commerce.

The arbitration proceedings shall be conducted in the English language.

Any arbitral award shall be enforceable in accordance with the rules of the New York convention of 1958 on the recognition and enforcement of foreign arbitral awards. Judgement upon the awards rendered may be entered in any court or other authority having jurisdiction or application may be made to said courts or other authority for a judicial acceptance of the award and an order of enforcement, as the case may be.

XXV. General Provisions

- a. The failure of Seller or Buyer at any time to require performance by the other Party of any provisions hereof shall in no way affect the right of a Party to request any performance which may be due thereafter pursuant to such provision. Nor shall the waiver by Seller or Buyer of any breach of any provision of the Agreement be taken or held to be a waiver of any subsequent breach of such provision.
- b. The Agreement and all information obtained by one Party from the other Party shall be treated as confidential.
- c. The headings appearing in the Agreement are for convenience only.
- d. Any modification of and addition to the Agreement shall be made in writing.
- e. The provisions of Part 1 of the Agreement shall prevail over the provisions of Part 2 of the Agreement to the extent there is any inconsistency.

XXVI. Appendices

The following Appendices are hereby made part of these Conditions of Sale:

Appendix I) Nomination Procedures
Appendix II) Berth Time Standards

Further, relevant harbour regulations available on request according to the contact persons/adresses informed by Part 1 of the Agreement.

XXVII. Notices

Unless otherwise agreed in writing, any notices, statements, requests or other communications to be given to either Party pursuant to the Agreement shall be sufficiently made if sent by post (by airmail if airmail is possible) postage paid, or by telegraph, telex, facsimiles transmission or other means of data transmission to the address of the other Party specified for this purpose in the Agreement.

XXVIII. Free into Pipeline (FIP)

- a. Delivery; the Oil shall be delivered at the Loading Terminal free into pipeline.
- b. Property and Risk; The property and risk in the Oil shall pass to Buyer as the Oil passes the Loading Terminal's first permanent metering station of the relevant pipeline used for the transfer.

Otherwise the relevant terms and conditions of these Conditions of Sale shall apply for sales FIP to the extent applicable.

APPENDIX I
TO
CONDITIONS OF SALE
APPLICABLE TO TERMINAL CRUDE OIL SALES
FOB/FIP
NOMINATION PROCEDURES

General North Sea Terminals

- a. No later than the twenty-fifth (25th) Day of Month A, Seller will tentatively nominate the Grade and quantity of Oil to be delivered in Month C.
- b. No later than the fifth (5th) Day of Month B, Buyer shall advise Seller for each Cargo to be delivered in Month C the following details:
 - i. preferred Grade and quantity.
 - ii. preferred loading date.
- c. No later than the fifteenth (15th) Day of Month B, Seller will advise Buyer for each Cargo to be delivered in Month C:
 - i. Grade and preliminary quantity.
 - ii. final loading date. Vessel has a loading range of twenty-four (24) hours either side of such date.
- d. No later than eight (8) Days prior to the first (1st) Day of the three (3) Day loading date range, Buyer will send a final nomination notice to Seller specifying:
 - i. quantity (in Barrels) and Grade to be loaded. The actual quantity loaded must not vary more than plus or minus five (5) percent from the quantity confirmed in accordance with (c) (i) above.
 - ii. estimated time of arrival (ETA) at the subject terminal.
 - iii. discharge port or ports.
 - iv. documentation instructions.
 - v. name of vessel.
 - vi. vessel's deadweight tonnage.
- e. In the event that vessel's ETA should fall outside the loading date range in accordance with (c) (ii) above, then Buyer shall advise Seller of this fact immediately.

Provided that this notification is given to Seller not less than five (5) Days prior the first (1st) Day of the loading date range Buyer may request Seller's acceptance of one of the following options:

- i. provide a substitute vessel of a similar size to load in the same loading date range,
 - ii. maintain vessel subject to Seller's acceptance of loading in a new loading date range.
 - iii. maintain vessel to load against its previously agreed loading date range even if Vessel is due to arrive earlier than the first (1st) Day of such range, or later than such range, subject to Seller's acceptance.
- f. Any modifications in the quantity of Oil, date ranges or loading date range arising from production changes, weather, operational matters or any circumstances beyond Seller's reasonable influence, shall be notified Buyer without delay and such changed notification shall be deemed to be accepted by Buyer and any modified quantity and/or date ranges shall replace the quantity and/or date ranges respectively as nominated.
- g. Buyer may subject to Seller's acceptance replace a properly nominated Vessel with another vessel of similar size at any time, but no later than five (5) Days prior to the first (1st) Day of the loading date range, provided that the date of loading and quantity to be loaded shall fall within the limitations laid down in (c) above. Such replacement must be notified to the Seller immediately.
- h. Notwithstanding anything to the contrary expressed or implied elsewhere in the Agreement, Seller shall have the right to refuse, on any ground which Seller considers reasonable, to accept for loading any Vessel nominated in accordance with (d) or substituted in accordance with (e) or (g) hereof. Seller shall not be liable for any loss or damage, directly or indirectly, which Buyer may suffer as a result of Seller exercising such right. Seller shall advise Buyer of such refusal as soon as possible.
- i. Buyer shall ensure that Vessel shall report to Operator, subject terminal, seventy-two (72), forty-eight (48), twenty-four (24) hours before anticipated arrival.
- j. Minimum cargo size shall not be less than sixty-five thousand (65,000) Metric Tons in general. Smaller quantities available at some terminals by mutual agreement.
- k. Buyer may only nominate vessels which are capable of accepting a minimum bulk loading rate per hour as given below:

Up to 89,999 DWT	7.5 percent of SDWT per hour,
90,000 to 179,999 DWT	6.6 percent of SDWT per hour,
over 180,000 DWT	5.8 percent of SDWT per hour.

At the time of nominating a firm vessel Buyer must confirm that the nominated vessel is capable of loading at the required loading rate. In order to improve vessel turnaround times, it is requested that where practicable and to the extent possible, vessel loading Part Cargoes retain dirty ballast on board rather than discharge ashore.

- l. Buyer warrants that the ship owners, charterers and the master of Vessel (irrespective of whether such Vessel is owned by Buyer or chartered) loading Cargo at the subject terminal (irrespective of whether the original ownership of such Cargo has changed), comply with the subject terminal safety regulations and information from time to time in effect.
- m. Where a particular date is specified in the Agreement for receipt of nominations and this date falls on a Saturday, or a Sunday, or on a public holiday specifically affecting Seller, such nominations must be received by Seller by the last working Day prior to the date specified. Furthermore, a nomination may be considered as invalid for all the purposes thereof if it is not received by Seller by three (3) p.m. local time on the Day or date specified in the Agreement for receipt of such nomination. Seller shall not be liable for any loss or damage, direct or indirect, which Buyer may suffer as a result of Seller regarding a nomination to be invalid.
- n. The above nomination procedure is general and is always subject to the harbour regulations/lifting agreement at the specific terminals. These are available upon request.

APPENDIX II
TO
CONDITIONS OF SALE
APPLICABLE TO TERMINAL CRUDE OIL SALES
FOB/FIP
BERTH TIME STANDARDS

Mongstad Terminal and Sture Terminal (Oseberg)

Stabilised crude oil Vessel

<u>Cargo Size</u>	<u>Time (hours)</u>
Up to 90,000 metric tons	24
90,001 to 180,000 metric tons	30
Greater than 180,000 metric tons	36

Seal Sands Terminal (Ekofisk) and Sullom Voe Terminal (Brent Blend)

Stabilised crude oil Vessel (Summer, DWT, full cargo)

<u>Vessel Size</u>	<u>Time (hours)</u>
Up to 159,999 DWT	24
160,000 to 234,999 DWT	28
235,000 to 269,999 DWT	32
Greater than 269,999 DWT	36

For Vessel loading part cargoes the berth times will be reduced prorate to Vessel's size subject to a minimum of twenty-four (24) hours.