



CYSGCOM-09-0018

Luis Peña
Gerente Comercial
Región Centroamérica y el Caribe
Comercio y Suministro

Caracas, Febrero 26 2009

Señores
Guyana Energy Agency
295 Quamina Street,
Georgetown, Guyana
South America
Att.: **Mahender Sharma**

Estimado Sharma,
Por medio del presente se anexan dos (2) originales del contrato a término, detallado en cuadro a continuación, a los fines de que se sirva firmarle respectivamente y se retenga vuestro original.

Contrato N°	Producto	Detalles
SA- 136734 ✓	Varios	BAJO EL CONVENIO DE PETROCARIBE

Se agradece la posterior devolución del original sobrante vía courier, una vez sea visado correspondientemente. A estos efectos suministramos la siguiente dirección:

PDVSA Petróleo, S.A.
Avenida Libertador, Edif. PDVSA,
Torre Oeste, Piso 7,
La Campiña, Caracas 1050 - Venezuela
Att.: Sr. Luis Peña / Srta. Glenda Alvarez
Gerencia General de Comercio Internacional CyS

Atentamente,

Anexos: Dos (2) Originales Del contrato – Contrato SA-136734
Copy to: Srta. Glenda Alvarez/ File Contrato SA-136734

LP/eg

PETROLÉOS DE VENEZUELA, S.A.

Avenida Libertador, Edificio Petróleos de Venezuela, Torre Este, La Campiña. Apartado Postal 169.
Caracas 1010-A, Venezuela

Teléfonos: (58-212) 708 4111 – 708 4552 ~ Fax: (58-212) 708 3589 ~ www.pdvsa.com



SALES CONTRACT N° SA136734
(PETROCARIBE)

Sales Contract No. SA136734 (as amended and supplemented from time to time and together with its Annexes, the "**Contract**"), dated as of January 01 , 2009 between PDVSA Petróleo, S.A., a corporation organized under the laws of the Bolivarian Republic of Venezuela with offices located at Urb. La Campiña, Avda. Libertador, Calle El Empalme, Edificio Petróleos de Venezuela, Torre Oeste, Caracas, Venezuela ("**Seller**" or "**PDVSA**") and Guyana Energy Agency (GEA) a corporation organized under the laws of Guyana with offices located at 295 Quamina Street, P.O. Box 903 Georgetown , Guyana- South America ("**Buyer**").

WHEREAS, on June 29, 2005, the Bolivarian Republic of Venezuela and several Caribbean countries (including the Government of GUYANA) entered into an Energy Cooperation Agreement providing for the establishment of PETROCARIBE (the "**Energy Cooperation Agreement Petrocaribe**");

WHEREAS, in furtherance of the Petrocaribe Cooperation Agreement, on September 6th, 2005, the Bolivarian Republic of Venezuela and the Government of GUYANA entered into an Energy Cooperation Agreement (the "**Petrocaribe Bilateral Agreement**");

WHEREAS, pursuant to Article I of the Petrocaribe Bilateral Agreement, the Bolivarian Republic of Venezuela agreed to supply the Government of GUYANA with crude oil, refined products and LPG up to 5.2 thousand barrels per day, subject to the terms and conditions contemplated thereunder;

WHEREAS, the Bolivarian Republic of Venezuela has instructed PDVSA to supply the products contemplated under the Petrocaribe Bilateral Agreement, subject to the terms and conditions contemplated thereunder;

WHEREAS, the Government of GUYANA has designated Buyer, GUYANA ENERGY AGENCY a state-owned company, as the entity that will purchase the products contemplated under the Petrocaribe Bilateral Agreement;

WHEREAS, In accordance with the Article III of the Bilateral Agreement of Petrocaribe, the Government of GUYANA agreed to sign the prommissory notes destined to warrant the payment of the financed portion of the cargoes lifted under this contract;

WHEREAS, in compliance with the Petrocaribe Bilateral Agreement, Buyer wishes to purchase Oil (as defined below) and PDVSA wishes to sell Oil, subject to the terms and conditions contemplated in the following particular conditions (the "**Particular Conditions**"), the General Conditions (as defined in Clause 25 of these Particular Conditions) and the other Annexes to this Contract.

PARTICULAR CONDITIONS

1. **BUYER :** Guyana Energy Agency (GEA)
2. **SELLER :** PDVSA Petróleo, S.A.



3. TERMS

3.1 Type of Sale: Free On Board (FOB)

3.2 Product Type: Refined Products

3.3 Period: This Contract shall be effective from January 1st, 2009 until December 31st, 2009 or the date of termination of this Contract pursuant to the provisions of Clause 23 of these Particular Conditions.

3.4 Quantity:	Product:	GASOIL
	Volume	2.141 KBD
	Product:	GASOLINE
	Volume	1.947 KBD
	Product:	JET FUEL
	Volume	0.349 KBD
	Product:	FUEL OIL
	Volume	0.484 KBD

Subject to the terms and conditions set forth in this Contract, Seller shall sell and deliver, and Buyer shall purchase and take delivery up to 1.898.000 barrels to be supply quota of five point two thousands barrels per day (5.2 KBD) Barrels per day of Oil, or the lower volume resulting from the adjustments made by the Bolivarian Republic of Venezuela pursuant to the Petrocaribe Bilateral Agreement (as adjusted pursuant to this Contract or the Petrocaribe Bilateral Agreement, the "**Contractual Volume**"). It is understood and accepted for Buyer that any other quantity of energy supplied in any other contract under the Petrocaribe Agreement with GUYANA, shall be included in the total quota of Petrocaribe calculated in terms of equivalent hydrocarbon energy and in any case could not be greater than the amount establish in the article I of the Petrocaribe Energy Co-Operation Agreement.

Delivery of the Contractual Volume by PDVSA shall be subject to the availability of Oil by the Bolivarian Republic of Venezuela and PDVSA, the decisions adopted by the Organization of Petroleum Exporting Countries (OPEC) and any other circumstances that may cause the adjustment of the Contractual Volume, all as contemplated in this Contract or the Petrocaribe Bilateral Agreement.

The Contractual Volume shall be reduced in an amount equal to the Barrels of other crude oil or oil products (refined products and LPG) delivered by PDVSA to Buyer pursuant to other sales contracts entered or to be entered pursuant to the Petrocaribe Bilateral Agreement (the "**Other Sales Contracts**").

3.4.1 Quarterly Lifting Program:

No later than Seventy five (75) days prior to the beginning of each calendar quarter, Buyer shall furnish Seller with a proposed lifting program including number of cargoes, grades and quantities for each month of the quarter.

3.4.2 Monthly Lifting Program:

Not later the tenth (10th) calendar day of the month M, buyer shall tentatively indicate the grade (s), quantities and the number of cargoes will be lifted in the month M +1. Not after a day twenty (20) calendar day of month M, the seller shall must accept or reject the nomination and give a counterproposal. In case of further disagreement, the parties shall endeavor to agree on a mutually acceptable program.

Notwithstanding any agreed volume nomination, Seller may reduce or increase the actual volume of Oil to be delivered in a shipment plus or minus 10% of the agreed volume nomination. Claims will not proceed in opposition to the seller if Seller provides at least the base nomination less 10%

3.5 Quality: The Products delivered pursuant to this Contract shall be of normal export quality and shall comply with the following quality specifications:

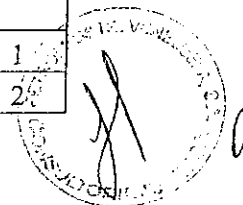
Product Type: GASOIL (LOADING PORT: ISLA)

SPECIFICATION DESCRIPTION	UOM	METHOD	MIN	MAX
ACIDITY, TOTAL	MG KOH/GR	D974		0.5
API GRAVITY @60F(15,5C)	API	D1298	32	40
ASH CONTENT	WT PCT	D482		0.02
CARBON RESIDUE, RAMSB. ON 10PCT BT	WT PCT	D524		0.2
CETANE INDEX		D976	45	
CLOUD POINT	CELSIUS	D2500		10
COLOR, ASTM		D1500		3.5
CORROSION, CU, 3HRS@212F(100C)		D130		1
DISTILLATION 50 PCT RECOVERED	F	D86		
DISTILLATION 90 PCT RECOVERED	F	D86		670
DISTILLATION FBP	F	D86		734
FLASH POINT, PM	CELSIUS	D93	66	
CONTAMINANTS PARTICULATES	MG/L	D6217		10
POUR POINT	CELSIUS	D97		0
WATER AND SEDIMENT	VOL PCT	D2709		1
SULPHUR CONTENT	WT PCT	D2622D4294		0.5
VISCOSITY KINEMATIC @ 40C	CST	D445	2	6

Product Type: GASOLINE 95 RON (LOADING PORT: ISLA)

SPECIFICATION DESCRIPTION	UOM	METHOD	MIN	MAX
API GRAVITY @60F(15,5C)	API	D1298	REPORT	
BENZENE CONTENT	VOL PCT	D3606	REPORT	
COLOR		VISUAL	RED	
CORROSION, CU, 3HRS@122F(50C)		D130		1
DISTILLATION RESIDUE	VOL PCT	D86		2

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DISTILLATION 10 PCT EVAPORATED	CELSIUS	D86		67
DISTILLATION 50 PCT EVAPORATED	CELSIUS	D86	77	121
DISTILLATION 90 PCT EVAPORATED	CELSIUS	D86		190
DISTILLATION FBP	CELSIUS	D86		225
GUM, EXISTENT	MG/100ML	D381		4
LEAD CONTENT	GR/LT	D3237		0.013
OCTANE NUMBER MOTOR	ON	D2700	83	
OCTANE NUMBER RESEARCH	ON	D2699	95	
ODOR			MARKETABLE	
OXIDATION STABILITY	MIN	D525	240	
REID VAPOR PRESSURE @100F(37,8C)	PSIA	D323		10
SULPHUR CONTENT DOCTOR TEST OR		D4952	NEGATIVE	
SULPHUR MERCAPTAN	WT PCT	D3227		0.003
SULPHUR CONTENT	WT PCT	D2622		0.1

Product Type: JET FUEL, Jet's specifications are set based on the rule AFQRJOS24 as of 01/10/08. Meeting Defense Standard 91/91 (Latest Issue) with ASA (Anti-Static Additive), Jet A-1 specifications. Stadis 450 will be provided to buyer and will be included and blended in the cargo at the loading port.

Product Type: FUEL OIL 3.0% (LOADING PORT: ISLA)

SPECIFICATION	UOM	METHOD	MIN	MAX
ALUMINUM CONTENT	PPM	IP377		30
API GRAVITY @60F(15,5C)	API	D1298	9.5	
ASH CONTENT	WT PCT	D482		0.15
ASPHALTENES	WT PCT	IP143		15
CARBON CONRADSON	WT PCT	D189		18
FLASH POINT, PM	CELSIUS	D93	66	
POUR POINT	CELSIUS	D97		15
WATER AND SEDIMENT	VOL PCT	D1796		1.0
SILICE CONTENT	PPM	A.A/IP377		50
SODIUM CONTENT	PPM	D5863		100
SULPHUR CONTENT	WT PCT	D4294		3.0
VANADIUM CONTENT	PPM	D5863		600
VISCOSITY @ 122F (50C)	SSF	D2161		350

Such specifications represent the only quality characteristics which the product is required to meet. These specifications constitute the whole of Seller's obligations with respect to the quality of products to be supplied pursuant to this Contract and all statutory or other conditions or warranties with respect to the description, merchantability or quality of the products or its fitness for any purpose are hereby excluded.



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Nevertheless, in case that the Buyer shall require different quality characteristics than the above mentioned, it shall be made in writing by the Buyer at least 60 days prior to the nomination date and Seller shall notify Buyer as to whether or not if it is possible to meet the requirement..

3.6 Loading Ports: The ports of Petróleo de Venezuela S.A. (including without limitation the port of Refinería Isla, Curacao, Netherlands Antilles), or any other port nominated by Seller and accepted by Buyer (each a "**Loading Port**").

3.7 Discharge Ports: The port or ports nominated by Buyer and accepted by Seller for discharge of a shipment of Products (each a "**Discharge Port**"). Buyer shall not change the Discharge Port with respect to a shipment of Products without the prior written consent of Seller.

4. DESTINATION GUYANA.

Seller agrees to enter into this Contract based on Buyer's express and irrevocable undertaking to direct the products purchased under this Contract exclusively to internal consumption within Guyana (the "**Destination**"). Buyer may only change the Destination with Seller's written consent (which consent may be withheld at the sole discretion of Seller. See Clause 15 of the General Conditions). Failure to comply with the provisions of this Clause shall entitle Seller to terminate this Contract. See Clause 23 of these Particular Conditions

For the purpose of verifying the destination of the oil shipment sold hereunder, Buyer shall provide Seller, within thirty (30) calendar days from the B/L, with a Discharge Port Certificate which may consist of:

- (1) An independent inspector's certificate of discharge or
 - (2) The corresponding customs fees receipt or other government documents evidencing the port of discharge and the quantity of oil discharged.
- (See Clause 15 of the PDVSA C& F General Conditions of Sale)

The discharge port certificate shall be sent to:

PDVSA Petróleo S.A
Edif. Petróleo de Venezuela
Torre Oeste, Av. Libertador, Caracas.
Attn. Miguel López and/or Carlos Orellana
Tel: (+58) 212-708-40-56/ (+58) 212-708-40-32
Fax: (+58) 212-708-35-700
E-mail: Lopezmal@pdvsa.com / Orellanac@Pdvsa.com

Both parties agree that in order to verify the final destination and the usage of the products delivered, Seller reserves the right to perform in place, an auditing process, in which Buyer engage to cooperate in all inherent activities to carry out such process, including, entry allowance to the facilities required by Seller and providing Seller with all documents and certificates needed to accomplish such endeavor. The cost of the auditing process (in case of being performed), shall be equally shared between Buyer and Seller (50/50).



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5. FOB PRICE

The "FOB Price per Barrel" applicable to each shipment of products under this Contract shall be the price in U.S. dollars per net Barrel of products (FOB Venezuela) equal to the following mean prices as determinate by reference to Platt's during the pricing period as defined in Clause 6 below.

Gasoil:

Mean of Platt's Gasoil No 2 USGC Waterborne

Gasoline:

Mean of Platt's Gasoline Conventional (non-Supplemental) Unleaded 89 USGC Waterborne (cts/gal)

Jet Fuel:

Mean of Platt's Jet/Kerosene GD54 USGC Waterborne

Fuel Oil:

Mean of Platt's No 6 3.0% USGC Waterborne.

The price shall be indicated in Dollars of the United States of America per barrel. Final price thus established shall be rounded to four (4) decimal places.

The determination of the FOB Price per Barrel and the Price per Barrel shall be subject to revision at any time by the Venezuelan Ministry of Energy and Petroleum.

6. PRICING PERIOD

Refined Products:

The pricing period for the Refined Products and LPG will be the three consecutive effective quotations published around bill of lading date (B/L) (i.e., B/L-1, B/L, B/L+1) (B/L =0).

If B/L date falls on Saturday, then the prior quotation should be considered deemed B/L date, but if B/L date falls on Sunday, holiday or a day that Platt's does not quote, then the next effective quotation should be considered deemed B/L date for price calculation purposes. Always three separate quotations to be used for the pricing.

7. TERMS AND CONDITIONS OF PAYMENT

(a) Open Account:

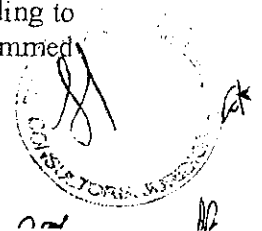
The cargoes lifted under this contract shall be under open account. In case the credit line of the open account is overdrawn five days prior to the loading date of any of the cargoes considered in this contract, Buyer agrees to secure/pay the cargo through stand by letter of credit or prepayment. Either of these instruments must be received by Seller at least three (3) working days before the agreed loading range. Such letter of credit shall be issued according to the following provision:

Payment of the Shipment Value of each shipment shall be guaranteed by Buyer by providing to Seller at least three (3) New York banking days prior to the first day of the Programmed

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Loading Range (as defined in the General Conditions) for such shipment, a stand-by letter of credit, which shall be irrevocable, for an amount equal to 100% of the Shipment Value for such shipment, in favor of Seller and confirmed irrevocably and unconditionally by a first class international bank to be accepted by Seller and shall be for a term of at least 120 days (the "LOC"). The LOC shall meet the requirements set forth in **Annex B** to this Contract. Seller shall not be required to load the shipment if the LOC is not received within the above-mentioned period and Buyer shall be responsible for any demurrage paid by Seller to the owner of the vessel used or nominated to transport the Oil or for any damage caused to Seller if the LOC is not received within such period.

- (b) The value of each shipment of Oil delivered under this Contract (the "**Shipment Value**") shall be equal to the sum of (i) the number of Barrels specified in the bill of lading for such shipment multiplied by the FOB Price per Barrel corresponding to such shipment (the "**FOB Price**").
- (c) Payment of the Shipment Value for each shipment of Oil under this Contract shall be made by Buyer as follows:
- (1) The portion of the FOB Price for such shipment determined in accordance with **Annex A** to this Contract (the "**Cash Portion**") shall be paid no later than ninety (90) calendar days following the Bill of Lading Date of such shipment;
 - (2) The balance of the FOB Price for such shipment (*i.e.* the FOB Price for such shipment less the Cash Portion for such shipment) (as such amount may be increased from time to time to include Capitalized Interest (as defined below) as contemplated hereunder, the "**Financed Portion**") shall be paid as follows:
 - (i) if the FOB Price per Barrel for such shipment is less than US\$40, then the Financed Portion corresponding to such shipment shall be paid in fifteen (15) equal consecutive annual principal installments (each installment consisting of a portion of principal and Capitalized Interest outstanding), payable on each Payment Date (as defined below) commencing with the first Payment Date, provided that the final installment shall be made on the seventeenth (17th) anniversary of the Bill of Lading Date of such shipment; or
 - (ii) if the FOB Price per Barrel for such shipment is equal to or more than US\$40, then the Financed Portion corresponding to such shipment shall be paid by Buyer (or the Government of Guyana) in twenty three (23) equal consecutive annual installments (each installment consisting of a portion of principal and Capitalized Interest outstanding), payable on each Payment Date commencing with the first Payment Date, provided that the final installment shall be made on the twenty-fifth (25th) anniversary of the Bill of Lading Date of such shipment.

"**Payment Date**" means, with respect to the Financed Portion of any shipment of Oil under this Contract (and interest thereon), (i) the third (3rd) anniversary of the Bill of Lading Date of such shipment, and (ii) thereafter, each anniversary of the Bill of Lading Date of such shipment.

- (d) The indebtedness represented by the Financed Portion of each shipment (and interest thereon) shall be documented by a promissory note in the form of **Annex C** to this Contract to be issued by the Government of GUYANA on the Bill of Lading Date of such shipment (each promissory note a "**Note**", and together with each Note delivered in connection with each other shipment of Oil under this Contract, the "**Notes**"). Buyer shall cause the Government of GUYANA



deliver the Note to Seller no later than sixty (60) calendar days following the Bill of Lading Date of such shipment.

- (e) Interest on the Cash Portion of each shipment shall accrue from (and including) the thirty-first (31) calendar day following the Bill of Lading Date until (and including) the date of payment in full of the Cash Portion of such shipment, at a rate of 2% per annum. Interest on the Cash Portion of each shipment shall be paid to Seller on the date on which the Cash Portion of such shipment shall be paid in full (*i.e.* on the ninety (90) calendar day following the Bill of Lading Date of such shipment). No interest on the Cash Portion of any shipment shall accrue during the first thirty (30) calendar days following the Bill of Lading Date of such shipment.
- (f) Interest on the Financed Portion of a shipment shall accrue from (and including) the Bill of Lading Date of such shipment until (and including) the date of payment in full of the Financed Portion of such shipment, at a rate per annum equal to (i) 2% if the FOB Price per Barrel for such shipment is less than US\$40 or (ii) 1% if the FOB Price per Barrel for such shipment is equal to or more than US\$40. Interest on the Financed Portion of a shipment shall be payable to Seller in arrears no later than each Payment Date for such shipment until the Financed Portion shall be paid in full; provided, however, that (a) interest on the Financed Portion of a shipment accrued from (and including) the Bill of Lading Date of such shipment until (but excluding) the first anniversary of the Bill of Lading Date of such shipment shall be capitalized on such date, deemed as a Financed Portion of such shipment as of such date and be subject to all the terms and conditions applicable to the Financed Portion of such shipment, (b) interest on the Financed Portion of a shipment accrued from (and including) the first anniversary of the Bill of Lading Date of such shipment until (but excluding) the second anniversary of the Bill of Lading Date of such shipment shall be capitalized on such date, deemed as a Financed Portion of such shipment as of such date and be subject to all the terms and conditions applicable to the Financed Portion of such shipment (the "**Capitalized Interest**").
- (g) Interest payments shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days. Each determination by Seller of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.
- (h) Any amounts of principal of a Note issued with respect to a shipment duly paid by the Government of GUYANA shall reduce the amounts of principal of the Financed Portion of such shipment, and any amounts of interest on such Note duly paid by the Government of GUYANA shall reduce the amounts of interest on the Financed Portion of such shipment.
- (i) Buyer or the Government of GUYANA shall make all payments under this Contract exclusively in U.S. dollars in immediately available funds by wire transfer into the bank account designated by Seller, free of any charges and without any deduction, discount, set-off, allowance, withholding or counterclaim (including any discount for banking fees, expenses or wire transfers).
- (j) Interest on the Cash Portion and the Financed Portion shall be made free and clear and without withholding or deduction of any Taxes or Other Taxes (as defined in the Notes).
- (k) Except as otherwise provided in this Contract, any fees, rates, charges, duties, taxes and penalties and other payments or contributions to be paid in connection with each shipment of Oil under this Contract (other than the Financed Portion) shall be paid at the same time and in the same manner as the Cash Portion.



- (l) Any amount due under this Contract not paid when due (other than amounts due under the Notes, which shall be governed by the terms and conditions contemplated thereunder) shall bear interest at a rate equal to 12% per annum plus 6% for administrative handling and collection charges (as contemplated in the General Conditions) from and including the date payment was originally to be made until the date payment is actually made.
- (m) Whenever any payment due date (or last day for payment) under this Contract or the Notes falls on a Saturday, Sunday or a New York banking holiday, then any such payment shall be made on the preceding New York banking day.

8. TAXES, DUTIES AND CHARGES

Seller shall be responsible for the payment of any taxes, duties or other charges arising in the country where the products is loaded. All other imposts, taxes, duties, dues and other charges on the products or the vessel (including bar tolls and consular fees) shall be the responsibility of Buyer.

9. VESSEL NOMINATION

At least ten (10) days prior to the first day of the agreed loading range, Buyer shall notify Seller of the following:

- (a) The name and characteristics of the vessel which it nominates to take delivery of the oil;
- (b) The date of vessel's arrival within the agreed loading range;
- (c) Approximate quantity and quality of products to be loaded consistent with the quantity and quality of oil which lifting has been nominated and accepted pursuant to clause 3.4.2 of this contract .
- (d) The name of the proposed Independent Inspector.

Seller may either reject or accept Buyer's vessel nomination. If Seller rejects the vessel nominated, Buyer shall then take immediate action to nominate another vessel acceptable to Seller.

Buyer shall be entitled to substitute any vessel nominated by another vessel of similar size and characteristics, without prejudice to seller's right to accept or reject such new nomination as provided for in section 6.2 of the PDVSA FOB General Conditions of Sale.

10. LAYTIME

Time allowed to Buyer for charging each cargo under this Contract ("Laytime") shall be thirty-six (36) running hours after the arrival of the vessel at the Loading Port, Sundays and holidays included. Laytime shall commence when the vessel is all fast or when six (6) consecutive hours have expired since the tender of notice of readiness (NOR), whichever occurs first, if the vessel arrives during the accepted three (3) -day Loading Range. See also the General Conditions.

11. BILL OF LADING DATE

The "Bill of Lading Date" with respect to a shipment of Products under this Contract shall be the date when the last hose is disconnected after such shipment has been loaded.



12. DEMURRAGE

In the event that Laytime is exceeded, Seller shall pay to Buyer demurrage in respect of the excess time based on the vessel's charter party demurrage rate per day. See General Conditions.

13. CLAIMS ON QUANTITY OR QUALITY

Any claim as to shortage in quantity or defects in the quality of the products 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 supporting documentation necessary to evaluate the claim. In no event shall Seller be liable for any claim as to shortage in the quantity or defect in the quality of products, if such written claim is not received by Seller within ninety (90) calendar days after the Bill of Lading Date. Buyer agrees not to file any claim for amounts less than US\$30,000.

14. POINT OF DELIVERY; TRANSFER OF TITLE AND RISK

The products purchased pursuant to this contract shall be delivered on board vessels provided or procured by Buyer at the Loading Port. Title and risk of the products purchased pursuant to this contract shall pass from Seller to Buyer as the products passes the vessel's permanent flange connection of the delivery hose at the Loading Port.

15. INSPECTION

The quantity and quality of each shipment of Oil shall be determined in the manner customary at the Loading Port, by an independent petroleum inspector. Such inspector shall be appointed jointly by Seller and Buyer. Inspection cost shall be borne equally between Buyer and Seller. Samples of Oil shall be retained at the Loading Port for a period of ninety (90) calendar days from the Bill of Lading Date. No claims on quality to be accepted by Seller after this 90-day period.

16. MARITIME SECURITY REGULATIONS

- (a) Buyer shall procure that the Ship complies with the requirements of the International Ship and Port Facility Security Code, the relevant amendments to Chapter XI of SOLAS (collectively referred as ISPS Code) and with other laws and regulations relating to maritime security. Any costs or expenses including demurrage, retention, delay or any additional charge, fee or duty levied on the Ship at the Loading Port and actually incurred by Seller resulting directly from the failure of the Ship to comply with the ISPS Code and other maritime security regulations, shall be for the account of Buyer, including any demurrage at the Loading Port resulting directly from the Ship being required by the Port facility authorities to take any action or any special or additional security measures or undergo additional inspections by virtue of the 10 Ship's previous Ports of call as established in the ISPS Code.
- (b) Notwithstanding any prior acceptance of Ship by Seller, if at any time prior to the passing of risk and the tittle, the Ship ceases to comply with the requirements of the ISPS code:
- b.a) Seller shall have the right not to berth such nominated Ship and any demurrage resulting shall not be for the account of the Seller.
- b.b) Buyer shall be obliged to substitute such nominated Ship complying with the requirements of the ISPS Code.



- (c) Ship Agents shall comply with the ISPS Code and other maritime security regulations, in consequence, any delay by failure of compliance will be for the account of Buyer.
- (d) Prior to Loading, Buyer shall provide Seller with a copy of International Ship Security Certificate according with the ISPS Code.
- (e) Seller shall procure that the Loading Port/terminal/installation complies with the requirements of the ISPS Code and other maritime security regulations. Any costs or expenses in respect of the Ship including demurrage, retention, delay or any additional charge, fee or duty levied on the Ship at the Loading Port and actually incurred by Buyer resulting directly from the failure of the Loading Port/terminal/installation to comply with the ISPS Code and other maritime security regulations shall be for the account of the Seller.
- (f) Prior to Loading of the Ship, Seller will provide Buyer with a copy of International Port Security Certificate in accordance to the ISPS Code.
- (g) If the Maritime Security is affected by any event or circumstance, as defined in the ISPS Code, not imputable to any of the parties, and special security measures or actions have to be taken by the Port Authorities or the Ship; any cost or expense for demurrage, retention or delay, may be shared by Buyer and Seller in 50%.

17. RESCHEDULING AND CANCELLATION OF DELIVERIES

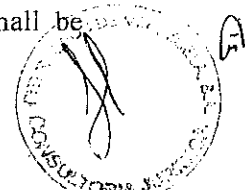
17.1 Buyer may, due to exceptional situations or extraordinary market conditions in GUYANA cancel a shipment of, Products nominated and accepted in accordance with Clauses 3.4.2 and 9 of these Particular Conditions, by providing to Seller a written notice of such cancellation. In such case, buyer shall reimburse seller an amount equal to 0.2% of the referential value of shipment, without prejudice or any other right available under this agreement, beside fees, disbursements and expenses assumed or incurred by Seller in connection with the cancellation of such shipment of Product.

17.2 Buyer may propose to reschedule a shipment of Products nominated in accordance with Clause 9 and 3.4.2 of these Particular Conditions, by tentatively nominating in writing a new Loading Range for such shipment with at least fifteen (15) calendar days before the first day of the Programmed Loading Range for such shipment. Seller shall accept the nomination or reject the nomination and give a counterproposal. In case of further disagreement, the parties shall endeavor to agree on a mutually acceptable program provided that such agreement is confirmed through an exchange of correspondence.

17.3 Any amount due to Seller under this Clause 17 shall be paid by Buyer within 20 (twenty) calendar days after receipt by Buyer of the relevant invoice issued by Seller. Clause 7 (I) of these Particular Conditions shall be applicable in case any amount due under this Clause 17 is not paid when due.

18. ARBITRATION

Any dispute, controversy or claim relating to this Contract or the breach thereof shall be exclusively settled by arbitration conducted in the English and Spanish language by three arbitrators in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce ("ICC"). Each party shall appoint one Arbitrator and the third arbitrator, who shall act as Chairman, shall be



appointed by the two already appointed arbitrators within thirty (30) calendar days counting from the day in which the last arbitrator named by the parties was appointed. If the two arbitrators may not agree on the third one, the third arbitrator shall be appointed by the Court of Arbitration of the ICC. The arbitration shall be conducted in the city of Caracas, Bolivarian Republic of Venezuela, or any other city agreed by Seller and Buyer. The arbitrators shall be fluent in Spanish and English. All notifications, service of process or any other communications related to the arbitration shall be made according to and to the addresses set forth in Clause 26 of these Particular Conditions. Nothing in this Contract shall be construed to prevent any court having jurisdiction, from issuing injunctions, attachment orders or orders for other similar relief in aid of any arbitration commenced (or to be commenced) pursuant to this Clause and which seeks the collection of any moneys owed to Seller pursuant to Clause 7 of these Particular Conditions. The arbitral award may be enforced by any competent court or other authority having jurisdiction.

19. AMENDMENTS; WAIVERS

Except as provided in Clause 25 of these Particular Conditions, no amendments or waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by Seller and Buyer. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

20. APPLICABLE LAW

All matters related to the validity, interpretation or performance of this Contract shall be governed by the laws of the Bolivarian Republic of Venezuela.

21. INSURANCE

The responsibility for securing insurance on any shipment, whether against marine, war or other risks and the costs resulting therefrom shall rest wholly on Buyer.

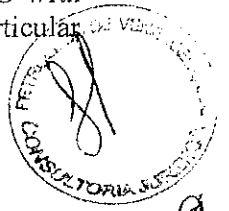
22. LIMITATION OF LIABILITY

Neither party shall be liable for indirect, special or consequential damages, loss of profits or revenues.

23. SUSPENSION AND TERMINATION

Seller may unilaterally and at its own discretion, and in addition to any other legal remedies it may have, forthwith upon giving notice to Buyer either suspend deliveries of Oil under this Contract or terminate the Contract without the need of judicial intervention if one or more of the following events shall have occurred and be continuing:

- (1) Buyer for any reason whatsoever fails to make any payment due to Seller under this Contract within five (5) calendar days after Buyer receives notice that such payment was not made;
- (2) Any Note, all interest thereon and all other amounts payable under such Note shall be declared to be due and payable, prior to the stated maturity thereof ;
- (3) Buyer fails to perform or observe any term, covenant or agreement contained in Clause 4 of these Particular Conditions (Destination) of this Contract, or does not open the LOC with respect to any shipment within the term contemplated in Clause 7 of these Particular



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A handwritten signature or set of initials, possibly "SA", located in the bottom right corner of the page.

Conditions, or does not deliver the Note with respect to a shipment within the term contemplated in Clause 7 of these Particular Conditions; or

- (4) Buyer fails to take delivery of the Oil in accordance with the provisions of this Contract and such failure is not excused by any other provision of this Contract; or
- (5) Buyer shall fail to perform or observe any other term, covenant or agreement contained in this Contract if such failure shall remain unremedied for fifteen (15) calendar days after written notice thereof shall have been given to Seller to Buyer; or
- (6) Buyer shall have terminated any Other Sales Contracts pursuant to its terms; or
- (7) Buyer shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Buyer seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization (including delays) or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, síndico or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of ninety (90) calendar days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, síndico, custodian or other similar official for, it or any substantial part of its property) shall occur; or Buyer shall take any corporate action to authorize any of the actions set forth above in this subsection.

In the event of Seller suspending deliveries of products if one or more of the events described above shall have occurred and be continuing, Seller may so long as such event or events continue, and in addition to any other legal remedies it may have, forthwith upon giving notice to Buyer terminate the Contract. Any termination of the Contract shall be without prejudice to the rights and obligations of each party accrued at the date of termination.

This Contract shall also terminate in the event that the Petrocaribe Bilateral Agreement is terminated in accordance with the terms thereof.

This Contract can also be unilaterally terminated by Seller at any time, at its discretion and without the need of judicial intervention, upon giving notice to Buyer in writing with at least six (6) months before the effective date of termination.

24. FORCE MAJEURE

See the General Conditions.

25. GENERAL CONDITIONS

The terms of PDVSA General Conditions FOB (the "**General Conditions**") attached hereto as **Annex D** shall apply to all to the shipments of Oil covered by these Particular Conditions and are incorporated herein by reference. To extent that there is a conflict or inconsistency



between the terms of these Particular Conditions and the terms of General Conditions, the terms of these Particular Conditions shall control.

Seller reserves the right to amend the General Conditions from time to time. Any amendments to the General Conditions shall be notified by Seller to Buyer and once they are notified shall be deemed incorporated by reference to this Contract and shall apply to each shipment of Oil pursuant to this Contract made after such notice, provided that such notice is made no later than forty five (45) calendar days prior to the Bill of Lading Date of such shipment. Buyer shall have the right to terminate this Contract if the amendments to the General Conditions materially adversely affect Buyer and Buyer does not agree with such amendments to the General Conditions, by notice delivered to Seller no later than fifteen (15) calendar days after Seller notified the amendments to the General Conditions to Buyer, it being understood that Buyer shall be deemed to have waived the right to terminate this Contract as contemplated in this Clause if Buyer does not deliver this notice within such 15-calendar day period).

26. NOTICES

Except as otherwise provided in this Contract, all notices to be given under the Contract by either party to the other shall be sufficiently given in writing, by telex, cable or facsimile and delivered to the other party as follows:

If to Seller, to:

A) PDVSA PETROLEO S.A.

Number	Position	Phone	Fax	E-mail
Luis Peña	Commercial Manager Central America & The Caribbean	58-212-7083104	58-212- 7083186	penalf@pdvsa.com
Leonardo Parilli	Trader	58-212-7083197	58-212- 7083562	Parillil@pdvsa.com
Glenda Alvarez	Account Analyst	58-212-7084057	58-212- 7083170	Alvarezgs@pdvsa.com
Miguel Lopez	Contract Administration	58-212-7084056	58-212- 7083186	lopezmalq@pdvsa.com
Victor Delascio	Products Operations Manager	58-212-7083172	58-212- 7083186	delasciov@pdvsa.com

B) GUYANA ENERGY AGENCY

Name	Department	Phone	Fax	E-mail
Mahender Shama	Contract Administration	592-2260394	592-2265227	Msharma@networksgy.com
Delroy O'Neal	Commercial/ Operations	592-2263719	592-2265227	Gnea@Guyana.net.gy
Dr. Ashni Singh	Promisorry Notes	592-2256088	592-2261284	Asingh@Finance.gov.gy

or at such other address or facsimile numbers as a party may specify to the other.

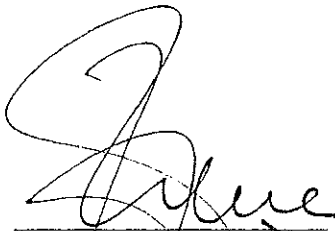


27 ASSIGNMENT

Buyer shall not assign any of its rights or obligations under this Contract, in whole or in part, without the prior written consent of Seller. Buyer 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 this Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PDVSA Petróleo, S.A. (Seller)



Fernando Valera
Executive Director of Commerce & Supply

Guyana Energy Agency (Buyer)



Mr. Mahender Sharma
Chief Executive Officer



Annex A
Cash Portion and Financed Portion

The Cash Portion corresponding to each shipment of Oil delivered under this Contract shall be calculated as follows:

- (a) if the FOB Price per Barrel for such shipment is less than US\$15, the Cash Portion for such shipment shall be equal to 100% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 0% of such FOB Price per Barrel;
- (b) if the FOB Price per Barrel for such shipment is equal to or more than US\$15 but less than US\$20, the Cash Portion for such shipment shall be equal to 95% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 5% of such FOB Price per Barrel;
- (c) if the FOB Price per Barrel for such shipment is equal to or more than US\$20 but less than US\$22, the Cash Portion for such shipment shall be equal to 90% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 10% of such FOB Price per Barrel;
- (d) if the FOB Price per Barrel for such shipment is equal to or more than US\$22 but less than US\$24, the Cash Portion for such shipment shall be equal to 85% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 15% of such FOB Price per Barrel;
- (e) if the FOB Price per Barrel for such shipment is equal to or more than US\$24 but less than US\$30, the Cash Portion for such shipment shall be equal to 80% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 20% of such FOB Price per Barrel;
- (f) if the FOB Price per Barrel for such shipment is equal to or more than US\$30 but less than US\$40, the Cash Portion for such shipment shall be equal to 75% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 25% of such FOB Price per Barrel;
- (g) if the FOB Price per Barrel for such shipment is equal to or more than US\$40 but less than US\$50, the Cash Portion for such shipment shall be equal to 70% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 30% of such FOB Price per Barrel;
- (h) if the FOB Price per Barrel for such shipment is equal to or more than US\$50 but less than US\$80, the Cash Portion for such shipment shall be equal to 60% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 40% of such FOB Price per Barrel;
- (i) if the FOB Price per Barrel for such shipment is equal to or more than US\$80 but less than US\$100, the Cash Portion for such shipment shall be equal to 50% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 50% of such FOB Price per Barrel;
- (j) if the FOB Price per Barrel for such shipment is equal to or more than US\$100 but less than US\$150, the Cash Portion for such shipment shall be equal to 40% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 60% of such FOB Price per Barrel; and
- (k) if the FOB Price per Barrel for such shipment is equal to or more than US\$150, the Cash Portion for such shipment shall be equal to 30% of such FOB Price per Barrel and the Financed Portion for such shipment shall be equal to 70% of such FOB Price per Barrel.

Annex B
"STAND BY" LETTER OF CREDIT

We (name of the bank) hereby issue our irrevocable stand-by letter of credit.

Number: (Number of the letter of credit)

In favor of: (Name and address of the beneficiary)

By order and for account of: (name and address of the client)

Amount: Approximately (amount in US\$)

Covering: Approximately (volume) of (product).

Shipment: From: (name and country of the loading port)
To: (name(s) and country(ies) of the unloading port)
During the period: (Month-Day-Year to Month-Day-Year)

Valid: (expiration date) (BL + 45 days) at the counters of _____.

Available for payment at sight against certificate in the form of letter or tested fax or tested telex, issued by (name of the beneficiary), reading:

Quote

"Certificate"

"We (name of the beneficiary) hereby certify that (name of the client) has failed to pay us on due date the amount of (amount in letters) (US\$) for the shipment of (volume) of (product) from (loading port) to (destination port) shipped on (date of the bill of lading) on vessel (name of the vessel). Therefore, we demand payment of said amount in same day funds via wire transfer in the account number (account number) in (name of the PDVSA Petroleos S.A's bank including location city)."

Unquote

We (name of the bank) engage by this letter of credit to irrevocably and absolutely pay to (name of the beneficiary), within three (3) banking days from the date of delivery to us of the mentioned "certificate" in same day funds, without need for any proof concerning the accuracy of any statement made in said certificate and irrespective of whether (name of the client) has become subject to any bankruptcy, reorganization or insolvency proceeding.

Special conditions

1. All banking charges related to this letter of credit are for the account of our client including correspondent transfer commissions, Beneficiary is to receive full payment as specified in the "certificate".
 2. Should the date of payment of this letter of credit fall on Saturday, Sunday or a bank holiday in the city of New York, United States of America, payment shall be made on the nearest preceding banking day of such city.
 3. The amount to be credited to (name of the beneficiary)'s account is to include delay interest at a rate of 12% per annum plus 6% per annum as administrative and handling charges based on a year of 360 days, to count from the date of the "certificate" issued by (name of the beneficiary), until the date of the actual payment by (name of the bank).
 4. Name of the bank and officer to whom the "certificate" should be addressed: (name of the bank, address and person to contact).
 5. This telex is the operative instrument and no mail confirming will follow.
 6. Confirming or advising bank must effect no changes or additions to the content of this letter of credit.
 7. Full payment of this letter of credit shall only be deposited into the account designated in the "certificate". If (name of the bank) is instructed to deposit the payment into an account whose beneficiary is different than (name of the beneficiary), (name of the bank) shall notify (name of the beneficiary) before making such deposit.
 8. If during the validity of this letter of credit, any interruption of the issuing bank's business occurs due to an event of Force Majeure (article 17 Uniform Customs And Practice For Documentary Credits, revision of 1995), we will fully honor the credit upon resumption of our business activities and, therefore, will pay, within the following five (5) business days after said resumption of our business, all amounts and claims covered by this letter of credit which were originated during the above mentioned interruption.
7. This letter of credit is not transferable.

This credit is subject to the Uniform Custom and Practice (UCP) for Documentary Credits 1993 revision of the International Chamber of Commerce Publication 500.

Any matters not covered by the UCP shall be governed by and construed in accordance to the laws of the State of New York, United States of America.

Bank: shall mean the issuing bank if no confirming bank exists, or the confirming bank should it exists.

**Annex C
Form of Note**

PAGARE N°: _____

FECHA EMISIÓN:
FECHA DE VENCIMIENTO:
MONTO:

XXX, a través de la **NOMBRE DE LA COMPAÑÍA** (en adelante “EL EMISOR”), representada en este acto por el ciudadano _____, en su carácter de _____, según consta en la _____, declara que conforme al Artículo IV del Acuerdo de Cooperación Energética Petrocaribe celebrado entre la República Bolivariana de Venezuela (en adelante “LA REPUBLICA”) y XXX en fecha (día) de mes de dos mil cinco (2005) (en lo adelante “EL ACUERDO”), mi representada debe y pagará por valor recibido, sin necesidad de AVISO NI PROTESTO, a la orden de PDVSA Petróleo, o a la orden del legítimo tenedor de este pagaré, el día _____ (colocar la fecha aniversario de la fecha del conocimiento de embarque del cargamento correspondiente), la cantidad de _____ dólares de los Estados Unidos de América (US\$ _____) por concepto de amortización de capital, incluyendo los intereses calculados al uno por ciento (1%), devengados durante el período de dos (2) años de gracia y prorrateados entre veintitres (23) vencimientos anuales de capital, conforme a lo establecido en el Artículo IV del “ACUERDO”.

Los intereses antes mencionados han sido devengados desde el día _____ (colocar la fecha del conocimiento de embarque de cada cargamento), hasta la fecha de vencimiento del presente pagaré. Los intereses serán calculados sobre la base del número de días efectivamente transcurridos, sobre un (1) año de trescientos sesenta (360) días. Si la fecha de vencimiento de este pagaré no es un día hábil en la ciudad de Caracas, Venezuela, el pago se efectuará el día hábil anterior.

De no llegarse a efectuar ningún pago indicado en este pagaré, por cualquier causa que ello ocurra, en la fecha de su vencimiento, en el lugar y la forma que indique, PDVSA Petróleo, o el legítimo tenedor de este pagaré, “EL EMISOR” pagará hasta su definitiva cancelación, intereses de mora a la tasa del uno por ciento (1%) mensual sobre el monto adecuado, hasta la fecha en que efectivamente “EL EMISOR” realice el pago. La expresión mensual se refiere a cada período de treinta (30) días continuos.

En caso de que PDVSA Petróleo, S.A. o el legítimo tenedor de este pagaré, tuviese que pagar algún impuesto, tasa, derecho o contribución que imponga, aplique, recaude o establezca en cualquier oportunidad XXX, o cualquier subdivisión política o autoridad fiscal de XXX, “EL EMISOR” se compromete a reembolsar dicho pago a PDVSA Petróleo o al legítimo tenedor de este pagaré, de inmediato.

El presente pagaré podrá ser cedido en cualquier momento por PDVSA Petróleo, S.A., o a cualquiera de sus filiales, así como a cualquier otra entidad, organismo, institución o persona jurídica de carácter público o privado. La mencionada cesión deberá ser notificada por PDVSA Petróleo, S.A. a “EL EMISOR” por escrito, por lo menos con treinta (30) días de anticipación a la fecha en que se efectúe algún pago.

Este pagaré es el número _____, de quince (15) pagarés a que se refiere el Contrato de Compraventa de _____ Nro. _____, de fecha _____, entre PDVSA Petróleo, S.A. y la NOMBRE DE LA COMPAÑÍA.

Para cualquier efecto relacionado con este pagaré se elige como domicilio especial y excluyente a la ciudad de Caracas, República Bolivariana de Venezuela, a cuyas leyes y tribunales las partes involucradas en este pagaré declaran someterse.

POR "EL EMISOR"

Firma: _____

Nombre: _____

Cargo: _____

Annex D

**PDVSA PETROLEO Y GAS, S.A.
CONTRACT FOR THE SALE OF CRUDE OIL
AND OR PETROLEUM PRODUCTS
GENERAL CONDITIONS FOB**

The provisions of these General Conditions shall be subordinate to the provisions of the Particular Conditions to the extent that there is any inconsistency.

CLAUSE 1. DEFINITIONS

PARTICULAR CONDITIONS OF SALE: Are the terms and conditions negotiated and stipulated in the telex agreement and which together with these General Conditions form the Contract of Sale.

GALLON: A unit of volume equivalent to 231 cubic inches or 3.78541 liters or 0.003785 cubic meters, all measured at 60 F°. (Degrees Fahrenheit).

BARREL: A unit of volume equivalent to 42 gallons or 9,702 cubic inches or 158.987 liters or 0.1590 cubic meters, all measured at 60°F.

METRIC TON: A measure of weight equivalent to 1,000 kilograms or 2,204.62 avoirdupois pounds.

THE BILL OF LADING DATE; The date on which the last cargo hose is disconnected, after loading, without prejudice to the provisions of the Particular Conditions of Sale.

OIL: The crude oil and/or petroleum products purchased and sold hereunder.

RECON: Reconstituted crude. A mixture of crude oil and petroleum products.

DAY: Calendar day.

MONTH: Calendar month.

CALENDAR QUARTER: Period of three (3) consecutive months commencing on January 1st, April 1st, July 1st or October 1st.

API: American Petroleum Institute.

ASTM: American Society for Testing and Materials.

S&W: Sediment and Water. A material, coexisting with yet foreign to a petroleum liquid, that requires a separate measurement for reasons that include sales accounting. This foreign material may include free water and sediment and emulsified or suspended water and sediment. The method for determining the S&W content of crude oil is stipulated in the Particular Conditions of Sale.

OBQ: Onboard Quantity. Refers to materials present in a vessel's cargo tanks, void spaces, and/or pipelines before the vessel is loaded. It includes a combination of water, oil, slops, oil residue, oil/water emulsions, sludge and sediment.

ROB: Remaining Onboard. Refers to material remaining in a vessel's cargo tanks, void spaces, and/or pipelines after the cargo is discharged. ROB includes any combination of water, oil, slops, oil residue, oil water emulsions, sludge and sediment.

TCV: Total Calculated Volume. The total volume of all petroleum liquids and sediment and water, corrected by the appropriate volume correction factor for the observed temperature and API gravity, relative density, or density to a standard temperature such as 60°F or 15°C and also corrected by the applicable pressure correction factor and meter factor, plus all free water measured at observed temperature and pressure.

VEF: Vessel Experience Factor. A compilation of the history of the TCV vessel measurements, adjusted for OBQ or ROB, to the TCV shore measurements. Separate VEF's should be developed for both load and discharge terminals. Preferably, information used in calculating a VEF should be based on documents that follow accepted industry standards and practices, such as inspection company reports. Procedure for calculating vessel experience factors is contained in Chapter 17 of the API Manual of Petroleum Measurement Standards.

API/ASTM STANDARDS:

API and ASTM Standards referenced in this Contract are those in effect as of the date of January 1st, 1998. In the event that such Standards are revised or modified or new Standards are issued, the new revised or modified Standards or any amendments thereto shall become applicable after three (3) months from the date on which they were issued, unless either party advises the other of its disagreement within that time.

AGREED LOADING RANGE:

Shall mean a three (3) day period within which the parties agree to have a vessel arrive at the loading port to take delivery of a quantity of Oil which lifting has been nominated and accepted pursuant to Section 5.4 hereof, including any amendment thereto.

CLAUSE 2. QUANTITY AND QUALITY DETERMINATION

- 2.1 The quantity and quality of each shipment of Oil shall be determined by Seller at the loading port. Buyer may at its expense witness the quality and quantity determination of each shipment after previous notice in writing to Seller. Moreover, either party shall be entitled to require an independent inspector, mutually acceptable to both parties to witness Seller's quality and quantity determination. The costs of such independent inspector shall be borne equally between Buyer and Seller.
- 2.2 The quantity of Oil shall be determined by meters in the delivery lines, where meters are available, or by taking the temperature and measuring the content of the shore tanks from which delivery is made, immediately before and immediately after delivery. If delivery meters are used, temperature compensators, when available, shall be employed. Quantity determination shall be in accordance with approved methods as published by the API in the Manual of Petroleum Measurement Standards (hereinafter "API Manual"). The quantity shall be adjusted to an equivalent volume at 60° F in accordance with provisions of the API Manual. In the determination of the quantity of crude oil, full deduction of sediment and water shall be made. Where the Oil is a RECON, deduction for sediment and water shall be made only to the crude oil component of the RECON.
- 2.3 Samples of the Oil, sufficient for testing, shall be taken from the delivery lines by the use of automatic flow proportional line sampling devices. When these devices are not available, representative samples shall be taken from the shore tanks from which delivery is made (both before and after loading in the case of

crude oil). Sampling and testing shall be in accordance with approved methods as published in the API Manual. Qualities for which the API Manual does not specify a test method shall be determined using standard test methods available in the official publications of ASTM. From samples taken, representative portions shall be retained at the loading terminal for a period of at least ninety (90) days after the Bill of Lading Date and corresponding portions shall be placed aboard the vessel in sealed receptacles for delivery to Buyer.

2.4 The independent inspector or Seller (if no independent inspector is designated) shall issue a certificate stating the quantity and quality of each shipment of Oil determined as per the previous provisions of this Clause. Such certificate shall be binding and conclusive between the parties and shall serve as the basis for preparing the relevant shipment's Bill of Lading and price invoice.

2.5 Notwithstanding the foregoing, either party may submit to the other a claim for the quality of the Oil delivered or for the adjustment of the quantity included in the aforesaid certificate provided that such claim complies with the following conditions:

- (a) The claim is submitted in writing as soon as it becomes known and, in no event later than ninety (90) days from the Bill of Lading Date.
- (b) The claim is accompanied by documentary evidence showing the basis of the claim and its full particulars, and;
- (c) In the case of quantity determination, the existence of an alleged shore/vessel quantity discrepancy at loading port determined by the independent inspector, or Seller, provided that:

'Case A' (vessel with VEF): The discrepancy between (i) the shore TCV and (ii) the vessel's TCV after subtracting the vessel's OBQ and corrected by the vessel's VEF, is higher than 0.30% of the shore TCV.

'Case B' (vessel without VEF): The discrepancy between (i) the shore TCV and (ii) the vessel's TCV after subtracting the vessel's OBQ, is higher than 0.50% of the shore TCV.

Any claim failing to meet the foregoing conditions shall be barred from recognition and shall be deemed waived and of no effect.

2.6. The parties agree to the following special claims handling procedures:

- (a) Where a claim is made concerning the quantity of Oil included in the certificate, and the claim falls under the circumstances described in

Section 2.5(c) Case A above, either party shall be entitled to require an independent inspector acceptable to both parties to determine the measurements at the discharge port. Additionally, Seller may require Buyer to furnish Seller with any reports, data or documentation as it may canvass from discharge port agents, inspectors or terminal operators and as may be useful to ascertain the TCV quantity measurements of the vessel at the discharge port. The cost of such independent inspector shall be borne equally between Buyer and Seller.

Moreover, Seller shall be entitled to designate one or more persons to witness or participate (at Seller's cost) in the vessel's discharge port measurements and to canvass and collect whatever information is pertinent to establish the volume of Oil carried on board the vessel.

- (b) In claims falling under Section 2.5(c) Case A, the claimant shall be recognized the portion of its claim which exceeds 0.30% of the quantity certified to have been delivered pursuant to Section 2.4 to the extent it can demonstrate both: (i) that its claim satisfies the conditions specified in Section 2.5 and; (ii) that the difference between the vessel's TCV at the discharge port (as certified by an independent inspector approved by both parties) and the vessel's TCV at loading port is found not to exceed 0.20% of the vessel's TCV at loading port.
 - (c) Claims falling under Section 2.5(c) Case B and those claims falling under Section 2.5(c) Case A which fail to satisfy the condition stipulated in Section 2.6(b)(ii) above, may be considered by the party receiving such claim at its sole discretion, subject to an overall analysis of the evidence which supports such claims, including the relevant voyage analysis of the vessel.
 - (d) If a claim is recognized by a party, the payment made by that party shall only include the portion of such claim in excess of 0.30% of the volume certified to have been delivered pursuant to Section 2.4.
 - (e) Where a claim is made concerning the quality of the Oil indicated in the certificate such claim shall be settled by reference to the results of certain quality tests to be performed on the Oil samples referred to in Section 2.3 of this Clause. In such event either party may propose the appointment of an independent inspector acceptable to both parties to conduct or witness the said quality tests. The cost of such independent inspector shall be borne equally between Buyer and Seller.
- 2.7 It is understood and agreed that presentation of a claim pursuant to this Clause shall in no way alter or affect the validity of the quality and quantity certificate issued pursuant to Section 2.4 hereof or release Buyer from its obligation to honour and pay the full amount of the price invoice which Seller issues to Buyer in respect of any Oil shipment.

The foregoing shall not preclude the parties from separately agreeing on the settlement of quality and quantity claims submitted in accordance with the provisions of this Clause.

Where the parties agree to settle a claim made pursuant to this Clause the terms of such settlement shall be put in writing or confirmed by exchange of correspondence and any payment to be made as a result thereof shall be covered either by an amended invoice or a credit/debit note without, in any way, affecting, delaying or hindering the full and timely payment of the price invoice tendered by Seller covering the quantity/quality certificate specified in Section 2.4 above.

- 2.8 There are no guarantees or warranties expressed or implied of merchantability, fitness or suitability of the Oil for any particular purpose or use or otherwise, which extend beyond the description of the Oil contained in the Particular Conditions of Sale within this Contract and any Attachments thereto.

CLAUSE 3. PRICE

Buyer shall pay Seller the amount that results from applying the Price specified in the Particular Conditions of Sale to the quantity of Oil certified have been delivered pursuant to Section 2.4.

CLAUSE 4. PAYMENT-CREDIT TERMS

Except as otherwise expressly agreed between Seller and Buyer in the Particular Conditions of Sale, payment of any Oil sold and delivered hereunder shall be made by Buyer pursuant to the following provisions:

- 4.1 . Payment shall be made through an irrevocable documentary letter of credit meeting the requirements specified in Attachment "A" hereto. Such letter of credit must be opened and/or confirmed by a first class international bank acceptable to Seller.

The letter of credit must be received by Seller at least three (3) working days before the first day of the Agreed Loading Range defined in accordance with Section 5.4 below.

- 4.2 Payment (whether made directly by Buyer or through a documentary letter of credit) must be made in dollars of the United States of America, without any discount, allowance, retention or deduction (including any discount for banking fees or wire transfers) in immediately available funds, into Seller's account in a bank to be designated by Seller.
- 4.3 Payment must be made within thirty (30) days from the Bill of Lading Date of each shipment.

Whenever a due date falls on a Saturday, Sunday or bank holiday in the city of New York, U.S.A. payment shall be made on the last preceding working day.

The foregoing shall be without prejudice to Seller's right to withhold delivery of any Oil and require prepayment of its price pursuant to the provisions of Section 4.5 below.

Any payment not received by Seller on its due date shall draw interest at the rate of twelve percent (12%) per annum. Furthermore, there shall be an additional administrative handling and collection charge amount of six percent (6%) per annum. All the above shall be calculated on a year of three hundred sixty (360) days. Said interest and charges can be adjusted unilaterally by Seller at any time for deliveries not yet effected.

These interest charges shall be additional to any remedies or claims that Seller may be entitled to pursuant to the provisions of Clause 14.

4.4 In no event shall Buyer be entitled to reduce or postpone payment of the full amount of the price invoice tendered by Seller on the grounds that a dispute exists concerning the quality or quantity of the Oil which the applicable certificate indicates has been delivered or for any other reason or claim.

4.5 In addition to the actions and remedies stipulated in Clause 14 Seller shall be entitled to suspend deliveries of Oil under this Contract or to condition said deliveries to prepayment of the Oil if:

(a) Buyer fails to make full and timely payment of any Oil sold and delivered hereunder or;

(b) The financial capability of Buyer or its Parent Company or the bank through which it opens or confirms any letters of credit used in its payments to Seller becomes or is likely to become in the judgment of Seller unsatisfactory or impaired, except that in such event Seller may agree with Buyer to reinstate such deliveries subject to Buyer tendering for each shipment a guarantee acceptable to Seller.

4.6 The foregoing provisions of this Clause shall apply, to the extent they are pertinent, to the payment of other moneys which Buyer may be bound to pay Seller under the Contract (demurrage, terminal charges, etc.), unless Seller expressly waives its application for a particular case according to established international oil industry practice.

4.7 Seller's invoice to Buyer may be sent by telex or facsimile. Buyer shall make the corresponding payment in due time.

CLAUSE 5. DELIVERY - PASSING OF TITLE AND RISK - OIL VOLUME
NOMINATION

- 5.1 Deliveries of Oil pursuant to this Contract, shall be made Free On Board (FOB) vessels owned or chartered by Buyer, at Seller's terminal identified in the Particular Conditions of Sale hereof or at any other terminal indicated by Seller.
- 5.2 Title and risk in the Oil shall pass from Seller to Buyer:
- (a) If the Oil is sold in bulk, as it passes the vessel's permanent flange connection of the delivery hose at the loading port.
 - (b) If the Oil is sold in containers, as it passes the vessel's rail at the loading port.

Hence, no liability shall attach to Seller for any loss, damage or contamination affecting the Oil after title and risk thereof have passed to Buyer pursuant to the preceding provisions of this Clause.

- 5.3 Unless otherwise stipulated in the Particular Conditions of Sale, deliveries of Oil shall be evenly distributed throughout the Contract term. If during any period of time for which Buyer has an obligation to lift a given quantity of Oil, Buyer lifts a quantity less than the quantity it had nominated for such period, Seller, in addition to other remedies available under this Contract, shall not be obliged to supply such shortfall during any subsequent period.

- 5.3 The procedure for nomination shall be the following:

- (a) In case of crude oil, Buyer shall notify Seller prior to the tenth (10th) day of each month:
 - (i) The quantity of crude oil Buyer proposes to lift during the subsequent month and an estimate of the quantities Buyer proposes to lift during the next three (3) months.
 - (ii) The three (3) day loading range within which Buyer proposes to lift the crude oil.
 - (iii) Seller shall have until the fifteenth (15th) day of the same month, to accept the nomination or to reject it and give a counterproposal. The parties shall thereafter endeavor to agree on a nomination program for the following month acceptable to both.

(c) In case of petroleum products, Buyer shall notify Seller prior to the tenth (10th) day of each month:

(i) The quantity of petroleum products Buyer proposes to lift during the subsequent month and an estimate of the quantities Buyer proposes to lift during the next three (3) months.

(ii) The three (3) day loading range within which Buyer proposes to lift the petroleum products.

(iii) Seller shall have until the twentieth (20th) day of the same month, to accept the nomination or to reject it and give a counterproposal.

The parties shall thereafter endeavor to agree on a nomination program for the following month acceptable to both.

5.5 The Agreed Loading Range resulting from the procedure set out in the preceding provisions of this Clause may be modified by the express agreement of both Seller and Buyer provided that such agreement is recorded by an exchange of correspondence.

5.6 Except for the provisions of Sections 5.1 and 5.2 above the preceding provisions of this Clause shall not apply to Oil shipments sold on a spot basis.

5.7 Notwithstanding any agreed volume nomination Seller may for operational reasons reduce the actual volume of Oil to be delivered to a particular vessel by up to 10% of the said agreed volume nomination.

CLAUSE 6. VESSEL NOMINATION

6.1 At least ten (10) days prior to the first day of the Agreed Loading Range, Buyer shall notify Seller of the following:

(a) The name and characteristics of the vessel which it nominates to take delivery of the Oil;

(b) The date of vessel's arrival within the Agreed Loading Range;

(c) Approximate quantity and quality of Oil to be loaded consistent with the quantity and quality of Oil which lifting has been nominated and accepted pursuant to Section 5.4; and

(d) The name of the proposed independent inspector (if any). Where the Oil to be delivered consists of a spot purchase made less than ten (10) days before the first day of the Agreed Loading Range, Buyer's notice to Seller shall be made promptly after the purchase is agreed to.

- 6.2 Seller may either reject or accept Buyer's vessel nomination. If seller rejects the vessel nominated, Buyer shall then take immediate action to nominate another vessel acceptable to Seller.
- 6.3 Buyer shall be entitled to substitute any vessel nominated according to Section 6.1 by another vessel of similar size and characteristics, without prejudice to Seller's right to accept or reject such new nomination as provided for in Section 6.2 above.
- 6.4 Any deadweight incurred due to the nomination by Buyer of a vessel whose dimensions are larger than those required to transport the respective cargo shall be for the sole account of Buyer, irrespective of whether the vessel's nomination is accepted by Seller.
- 6.5 Buyer warrants:
- (a) That all vessels used by Buyer to lift the Oil at the loading port mentioned in the Particular Conditions of Sale shall be owned or demised chartered by a member of the International Tanker Owners Pollution Federation Limited (ITOPF), and that each one of said vessels shall carry on board a certificate of insurance, of the kind provided for in the Civil Liability Convention for Oil Pollution Damages, (CLC certificate) issued to it by a signatory state; and
 - (b) That said vessel shall be covered by insurance for liability for oil pollution, in the maximum amount per incident as there shall be then available through any P&I club in the international group of P&I clubs, including but not limited to such excess pollution liability insurance, in the maximum amount per incident, as there shall be then available.

CLAUSE 7. LAYTIME

- 7.1 Seller shall provide the vessel nominated and accepted pursuant to Section 6.1 a safeberth or safe loading buoy with sufficient depth to allow it to approach, depart and lie always safely afloat. However, Seller does not make any representations express or implied concerning navigational conditions in public channels or waterways which vessel must use in order to reach or depart the said safeberth or safe loading buoy and which may require the exercise of special precautions or safety measures.

The vessel's Owner/Operator is understood to have made a thorough check of any navigational conditions as are likely to exist at the approaches of the loading port about the time of its arrival so as to prevent and avoid any hazards or controllable risks.

Buyer shall ensure the vessel upon its arrival at the loading port is in cargoworthy condition and fully equipped to effect loading operations from the terminal facilities both safely and with prompt dispatch and efficiency.

Any risks relating to vessel's failure to be in cargoworthy condition at the time of loading, shall vest entirely on the Buyer, regardless of whether Seller has inspected or not the vessel or whether Seller has given or failed to give Buyer or the vessel any advise concerning the cargoworthy condition of the vessel at the time of loading.

- 7.2 Seller shall have the right to change the vessel's locations or to request Buyer to do so from one safe berth or safe loading buoy to another at loading port or to anchorage.

Time consumed shifting between berths or to anchorage, at Seller's request, shall be computed as used laytime and Seller shall pay all specific expenses incurred directly as result of such shifts.

- 7.3 Buyer shall cause the vessel to observe and comply with all applicable regulations in force at the loading port from its arrival at said port, during loading, and until its departure therefrom.

Buyer shall cause the vessel to vacate the mooring berth or loading buoy as soon as loading operations are completed. Buyer shall compensate Seller for the costs of any demurrage, inefficiency or third party claims incurred by Seller as a result of vessel's failure to promptly vacate the berth or loading buoy as aforesaid (including those costs originating from delays in the docking of others vessels awaiting their loading turns), except where such failure is the result of an event beyond the control of vessel.

- 7.4 Buyer shall notify Seller (directly by the vessel or through its port agents) approximately 72, 48 and 24 hours in advance, of the vessel's estimated time of arrival (ETA) at the loading port. Buyer shall be relieved of the obligation to notify Seller of the vessel's ETA 72/48 and 24 hours in advance to the extent that at the time the vessel nomination is agreed the vessel is so close to the loading port and to the Agreed Loading Range that vessel is unable to give Seller all ETA notices referred to above.

After the vessel has arrived at the customary anchorage at the loading port and is ready to load, Buyer shall give Seller notice of the vessel's readiness to receive the Oil at the loading port. Any notice of readiness (NOR) tendered from a location other than the customary anchorage point shall be deemed invalid and of no effect.

- 7.5 Except as otherwise agreed in the Particular Conditions of Sale and regardless of the volume of Oil loaded, Seller shall have an allowed laytime of thirty six (36) hours to complete the loading of the quantity of Oil nominated and

accepted. If Seller supplies Oil to the same vessel at more than one (1) port, the allowed laytime shall be increased twelve (12) hours per each additional port. The laytime shall be increased two (2) hours for each additional grade of Oil loaded.

7.6 Laytime shall begin to count in accordance with the following rules:

- a) Where the vessel arrives at the loading port prior to the first day of the Agreed Loading Range and tenders a NOR to Seller prior to such date, laytime shall begin to count on the sixth hour (06:00) of the first day of the Agreed Loading Range or when the vessel is all fast at its assigned berth and ready in all material respects to begin loading operations, whichever occurs first.
- b) Where the vessel tenders a NOR to Seller within the Agreed Loading Range, laytime shall begin to count after six (6) hours of such tender or when the vessel is all fast at its assigned berth and ready in all respects to commence loading operations, whichever occurs first.
- c) Where the vessel tenders a NOR within seven (7) days after the Agreed Loading Range has lapsed, it shall be allowed to load at Seller's convenience and laytime shall begin when the vessel is all fast at its assigned berth and ready in all material respects to commence loading operations.
- d) Where the vessel arrives at the loading port more than seven (7) days after the Agreed Loading Range has lapsed, Seller shall not be bound to load the vessel, unless Seller, at its discretion, expressly agrees to do so and laytime shall begin when the vessel is all fast at its assigned berth and ready in all material respects to commence loading operations. If Seller decides not to load the vessel, then the quantity of Oil which the vessel failed to lift may, at Seller's discretion, be deducted from any Oil quantity which Seller has agreed to sell and deliver to Buyer under the Contract.
- (e) If vessel tenders NOR at a place other than the customary anchorage of the loading port and fails to tender NOR upon arrival at such customary anchorage or if vessel fails to give Seller the 72/48 and 24 hours ETA notices, the vessel shall be allowed to load at Seller's convenience and laytime shall begin when the vessel is all fast and ready in all material respects to begin loading operations.

7.7 Laytime or, if the vessel is on demurrage, time on demurrage shall end at each loading port when cargo hoses have been disconnected. Time spent up to four (4) hours after cargo hoses have been disconnected while waiting for cargo papers at each loading port shall not count as used laytime or demurrage if vessel is on demurrage. However, that time in excess of four (4) hours waiting

for cargo papers after cargo hoses have been disconnected shall count as used laytime, or demurrage if vessel is on demurrage, provided that during this time no operations for the account of the vessel are being carried out.

- 7.7 Notwithstanding any other provision hereunder, any time spent for the following purposes or reasons shall not count as used laytime or as demurrage if the vessel is on demurrage:
- (a) Time spent by the vessel moving from anchorage to the designated berth or loading buoy after it tenders its NOR, including without limitation any time spent on mooring operations and/or waiting for the port pilot or an additional tug boat.
 - (b) Time lost inspecting the vessel or as a result of vessel's preparing to load or for its failure to load the Oil with prompt dispatch and efficiency including delays arising from any breakdown or incapacity of vessel's facilities.
 - (c) Any delay or curtailment of the loading operations attributable to the vessel's agents, master, officers, crew, Buyer, vessel's owner or operator.
 - (d) Time spent lining up or discharging ballast or slops.
 - (e) Time spent waiting for Practique including any customs, immigration or sanitary clearance.
 - (f) Time spent awaiting receipt and approval by Seller of letter of credit that Buyer is required to furnish under the Contract.
 - (g) Delay due to vessel's bunkering if it is not accomplished concurrently with loading operations.
 - (h) Prohibition of night time loading or berthing due to Buyer or vessel owner instructions or port and terminal regulations.
- 7.9 Laytime consumed or demurrage, if the vessel is on demurrage, due to accidental breakdown or failure of the terminal's loading facilities or equipment shall be reduced by one half.
- 7.10 Lightering services, if any, shall be for account and risk of Buyer, but if the aforementioned services should be required solely because of Seller's failure to provide a berth as specified in Section 7.1 above, such services shall be for the account and risk of Seller.

- 7.11 All fees, rates, charges and duties on the vessel and cargo, and all freight charges incurred within the territory of the country where the loading port is located, including but not limited to customs' overtime, port charges and bar tolls shall be for the account of Buyer. However, no special charge shall be made to the vessel for using the berth or loading buoy designated by the loading port terminal.

CLAUSES. DEMURRAGE

- 8.1 Seller shall pay Buyer demurrage in dollars of the United States of America for the demurrage resulting when the used laytime exceeds the laytime allowed to Seller hereunder.
- 8.2 The demurrage shall be calculated by applying the rate specified in the Particular Conditions of Sale for every hour (or pro rata for part thereof) by which the used laytime exceeds the laytime allowed to Seller pursuant to Clause 7 hereof.

If the Particular Conditions of Sale do not specified any rate, the demurrage rate shall be:

- (a) The vessel's charter party demurrage rate if the vessel is under a voyage charter. However, Seller shall in no event be bound to pay Buyer more demurrage than the amount of demurrage Buyer can demonstrate has actually been paid to the owner in accordance with the terms of the charter party; or
- (b) The arithmetic average of the demurrage assessments made by two recognized New York brokers, for the nominated quantity and route utilized, if the vessel is owned by Buyer (or by one of its affiliates) or is under a time charter. Said brokers shall be chosen by mutual agreement, one to be proposed by Buyer and the other by Seller. The rate used by the brokers for the assessment shall be that of the first day of the Agreed Loading Range for the particular vessel.
- 8.3 No demurrage shall be paid for the time during which Seller cannot deliver or is delayed in the delivery of all or part of the Oil for reasons which fall under the provisions of Section 7.8 or 9.1 or where such demurrage is incurred as a result of a fault attributable to the vessel or if the loading is suspended for the vessel's purposes.
- 8.4 No claim for demurrage shall be allowed unless it is submitted in writing to Seller together with all pertinent supporting documentation within ninety (90) days of the Bill of Lading Date and is accompanied by Buyer's calculation of demurrage, amount claimed in dollars of the United States of America and copy of the supporting documents of the discharge ports which shall include, among other documents that may be requested: the charter party or fixture

telex showing demurrage rate, claim invoice presented by the owner of the vessel, time log/statement of facts issued by independent inspector, copies of ETA notices sent to Seller, letter of protest and NOR at load and discharge ports, pumping log at discharge ports signed by master or chief engineer and a terminal representative or the independent inspector.

Failure by Buyer to submit a demurrage claim as required by this Section shall bar such claim from consideration and shall be construed as a waiver of such claim by Buyer.

CLAUSE 9. LIABILITY EXEMPTIONS

9.1 Neither Seller nor Buyer shall be liable for failure to perform any or all of the stipulations of this Contract if their performance has been materially delayed, hindered or prevented by any cause beyond the reasonable control of Seller or Buyer, as the case may be, despite the due diligence of the affected party.

The expression "cause beyond the reasonable control of Seller or Buyer" or "Force Majeure" shall be deemed to include, for example: wars, hostilities, public enemy or belligerent's actions, sabotage, boycott, blockade, revolutions, insurrections, riots or commotions, acts of God, fires, frost or ice, earthquakes, storms, lightning, weather or sea conditions, tidal wave or perils of the sea, navigational accidents, vessel damages or breakdowns, loss of tanker due to sinking, belligerents or governmental confiscation, with or without formal requisition; accidents or closing of ports, docks, dams, channels, river-beds and other maritime or navigational aids; epidemics and quarantines; strikes or agreements among workers, lockouts or other labor disturbances; explosions or accidents caused by fire or other causes to: wells, pipelines, storage deposits, refinery facilities, machinery and other facilities; faults or omissions caused or due to: expropriation, requisition, confiscation or nationalization; embargoes; export or import restrictions, or restrictions of production, rationing or allocation of same, whether imposed by law, decree or regulation, or by insistence, request or instructions of any governmental authority, or organization owned or controlled by any government, or by any person purporting to represent a government; to the interference, restriction or onerous regulations, imposed by any government authority, to whose jurisdiction any of the parties is subject to, whether civil or military, legal or de facto, or which purports to act under any Constitution, Decree, Act or otherwise.

Notwithstanding the above, Buyer shall not be released from its obligation to make payments for Oil delivered hereunder.

9.2 No reduction or suspension in the deliveries or receipt of Oil due to any of the reasons set forth above, shall extend the term of this Contract or terminate same; however, any of the parties may terminate this Contract by written notice to the other, if any of the aforementioned circumstances persist during ninety (90) consecutive days.

- 9.3 All deliveries or receipts of Oil which do not take place by reasons stated in Section 9.1, shall, unless otherwise agreed, be deducted from the volumes hereunder required to be delivered and received.
- 9.4 A party affected by a Force Majeure event shall notify the other party as soon as practicable of its occurrence. As soon as a party affected by a Force Majeure event ceases to be so affected and is no longer so prevented from complying with its obligations hereunder, such party shall notify the other party accordingly.

CLAUSE 10. SUPPLY SHORTAGES

- 10.1 If, by reason of any of the causes described in Clause 9, or by reason of the refusal or failure of a government or public authority to grant any production permits, whether or not the foregoing occurs at a source of supply named in this Contract, there should occur a shortage of Oil as a consequence of which the quantity of Oil available to Seller decreases so that Seller is unable to fulfill its obligations in effect at such time, Seller may freely withhold, suspend or reduce deliveries under this Contract at its sole judgment, although Seller shall endeavor to arrange an equitable distribution of supplies originating from its own production. Seller shall not be required to purchase Oil, or use Oil acquired, to compensate for shortages resulting from any of the hereinabove mentioned causes.
- 10.2 In all cases, Seller shall not be required to deliver the shortfalls for the corresponding period, unless both parties mutually agree otherwise in writing.

CLAUSE 11. INTERPRETATION

- 11.1 Failure by either party to take action against the other in case of the other party's noncompliance with obligations or conditions set forth in this Contract, shall not be interpreted as a waiver to take action for a subsequent noncompliance of the same or other obligations or conditions.
- 11.2 Except as provided in the second paragraph of Section 7.3 of these General Conditions, claims between the parties for indirect, incidental or consequential damages shall not be allowed.

CLAUSE 12. APPLICABLE LAW

All matters related to the validity, interpretation or performance of this Contract shall be governed by the laws of the Republic of Venezuela.

CLAUSE 13. ARBITRATION

Any controversy or claim relating to this Agreement or the breach thereof shall be settled by arbitration conducted in the English Language by three arbitrators in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce (ICC). Each party shall appoint one Arbitrator and the

third arbitrator, who shall act as a Chairman, shall be appointed by the two already appointed arbitrators within 30 days counting from the day in which the last arbitrator named by the parties was appointed. If the two arbitrators do not agree on the third one, the third arbitrator shall be appointed by the Court of Arbitration of the ICC. Nothing in this Agreement shall be construed to prevent any court having jurisdiction, from issuing injunctions, attachment orders or orders for other similar relief in aid of any arbitration commenced (or to be commenced) pursuant to this Clause and which seeks the collection of any moneys owed to Seller pursuant to Clause 3. Judgment upon the award rendered by the Arbitrators may be entered in any Court having jurisdiction hereof. Unless otherwise specified in the Particular Conditions of Sale or otherwise agreed between the parties such arbitration shall be conducted in the city of Paris, France.

CLAUSE 14. BREACH

Subject to Clause 9 hereof, in case of failure of Seller or Buyer to comply with any obligation assumed under this Contract, the other party may, without prejudice to any other rights or recourses available to it, consider such failure as a breach of this Contract and terminate same, or unilaterally suspend its performance until such failure is corrected, and in both cases, may claim direct damages caused by the breach.

CLAUSE 15. DESTINATION

Seller agrees to enter into this Contract based on Buyer's express undertaking to give the Oil the use and destination stipulated in the Particular Conditions of Sale. Buyer warrants therefore that the Oil shall be given the use and destination stipulated in the Particular Conditions of Sale.

Buyer may only change the above mentioned use or destination with Seller's written consent. Such consent, unless otherwise agreed by Seller, must be given prior to the loading date and, in any case prior to any change in the use or destination of the Oil.

Any change in the warranted use or destination of the Oil shall entitle Seller to require Buyer to pay the price differential between the Contract price and the price which Seller would have charged, in accordance with its commercial practices for Oil sold to the new destination.

Such right shall accrue regardless of whether Seller has granted or denied Buyer its consent for a change in the use and destination of the Oil.

Seller reserves the right to request from Buyer a discharge certificate for the purpose of verifying the destination of the Oil. For the purposes of this Clause a discharge certificate may consist of: (i) an independent inspector's certificate of discharge, or (ii) the corresponding customs fees receipt or other government document evidencing the port in which the Oil was discharged or

(iii) the exemption from customs fees at the port of discharge or (iv) any other document that Seller deems an appropriate substitute thereof.

Buyer's failure to comply with any of the provisions of this Clause shall entitle Seller (without prejudice to any other rights and remedies it may have under the Contract) to cancel the Contract, suspend further deliveries of Oil under the Contract or dispose of any undelivered Oil as it deems fit.

CLAUSE 16. SPECIAL CONDITIONS

Neither party shall allow its agents, representatives or personnel to grant or offer the agents, representatives or personnel of the other, either directly or indirectly, any gifts, loans, gratifications, commissions or fees, personally benefiting the said agents, representatives or personnel or any member of their families,, or any company in which they hold a substantial interest, except for such small scale institutional gifts as are customary and admissible as per standard oil industry practice.

Breach of this obligation shall entail the immediate cancellation of the Contract without prejudice to any other remedies or actions as may be prescribed by law.

Where either party receives any requests from the agents, representatives or personnel of the other party (or from third parties purporting to sot on their behalf) for the granting of any gifts, loans, gratification, commissions or fees precluded by the preceding provisions of this paragraph, it shall promptly notify the other of such request together with such other information as may be required to investigate these circumstances.

CLAUSE 17. ASSIGNMENT

Seller may at any time assign this Contract or its total or partial performance hereof to any other company that assumes the obligations of Seller under the terms of the assignment. Formal notice of the assignment shall be rendered to Buyer, expressly indicating thereon the assignee's address. Buyer may assign this Contract or its performance totally or partially, with Seller's prior written consent.

An assignment made in breach of this provision shall be deemed void and shall not release the party effecting such assignment from its responsibilities under the Contract.

Unless otherwise expressly agreed the party assigning all or part of this Contract shall remain bound as guarantor for its assignees' due and timely performance of the assigned Contract obligations.

CLAUSE 18. NOTICE

Except as otherwise provided, all notices, statements and other communications to be given hereunder by one party to the other, shall be deemed to have been sufficiently given if in writing, or delivered by hand, or sent by telex or facsimile to the address of such other party specified in the Particular Conditions of Sale hereof. Any change of address shall be advised to the other party in writing, with at least fifteen (15) days prior notice.

CLAUSE 19. EXCEPTIONAL CIRCUMSTANCES

Where exceptional, supervening and unforeseeable market circumstances cause a sustained change in the prevalent market price of the Oil or in oils which are commercially comparable to it in use and specifications and such market price materially diverges from the price which applies under the Contract, the party affected by such changes may request the other to agree to a change in the Contract price so as to put it in alignment with the said prevalent market price during the remaining period of the Contract. Such request shall be made in writing and shall be accompanied by verifiable evidence showing conclusively that the said change in circumstances has occurred. Where such request has been made, the party receiving such request shall begin negotiations to seek an amendment to the Contract price that aligns the Contract price with prevalent market prices. If such negotiations fail to cause an amendment to the Contract within 60 calendar days after the request has been made, the party making the request shall be entitled to suspend purchases or deliveries under the Contract until such time as an agreement is reached or until the Contract expires. Once an agreement is reached the price amendment shall apply to any deliveries made after the date in which the request was tendered. The Contract price shall be deemed to differ materially from the prevalent market price if it diverges by more than 10% from the applicable Contract price at least for a period of three (3) consecutive months. Alternatively where the parties cannot agree that the market conditions do in fact allow for the aforesaid request to be made pursuant to this Clause, either party may require the issue to be submitted to a conflict resolution procedure involving the use of jointly appointed commercial arbitrators, as more specifically provided in Clause 13 of this Contract.

CLAUSE 20. GENERAL

The present Contract is composed of the Particular Conditions of Sale and the General Conditions of Sale and its attachment "A".

ATTACHMENT "A"

DOCUMENTARY LETTER OF CREDIT

We (name of the bank) hereby issue our irrevocable documentary letter of credit

Number: **(number of the letter of credit)**

In favor of: **PDVSA Petróleo y Gas, S.A.**
División Corporativa de Manufactura y
Mercadeo Edif. PDVSA, Torre Oeste Av.
Libertador, La Campiña
Caracas - Venezuela
Attn. _____
Phone: (582) 708-
Fax: (582) 708-

By order and for the account of:

(name and address of the client).

Amount:

Approximately **(amount in U.S.\$)**

Covering:

Approximately _____ **(volume)** of
(product).

Shipment:

from _____ **(name and country of
loading port)** and/or **(name and
country of loading port)** during
the period: _____ **(mm/dd/yy)**
(mm/dd/yy)
to: **(name and country discharging
port)** and/or **(name and country of
discharging port)**

Valid:

(expiration date) at the counters

Of _____

available by deferred payment via wire transfer in same day funds, 30 days after the date of the bill of lading, against presentation of the following documents:

Full set 3/3 original clean on board ocean Bills of Lading issued or endorsed to the order of **(name of the consignee).**

- Commercial invoice.
- Beneficiary's statement certifying that all other documents have been sent directly to applicant.

Special conditions:

1. All banking charges related to this letter of credit are for the account of our client including correspondent transfer commissions. Beneficiary is to receive full payment as invoiced.
2. Bar-Toll charges, if applicable, are covered by this letter of credit.
3. Documents presented later than twenty one (21) days from the bill of lading date but still within documentary credit validity are acceptable.
4. Should the date of payment of this letter of credit fall on Saturday, Sunday or a bank holiday in the city of New York, United States of America, payment shall be made on the nearest preceding banking day of such city.
5. Originals and/or photocopies of documents are acceptable. Documents presented to us via fax are acceptable.
6. Documents showing quantity in barrels or metric tons are acceptable.
7. Charter party bills of lading are acceptable.
8. Transshipments are prohibited.
9. If during the validity of this letter of credit, any interruption of the issuing bank's business occurs due to an event of force majeure (article 17 uniform customs and practice for documentary credits, revision of 1993), we will fully honor the credit upon resumption of our business activities and therefore will pay, within the following five (5) business days after said resumption of our business, all amounts and claims covered by this letter of credit which were originated during the above mentioned interruption.
10. Name of the bank and officer to whom the documents should be addressed:
(name and address of the bank and person to contact)
11. The present telex is the original operative instrument and will not be followed by any written confirmation.
12. This letter of credit is transferable.

This credit is subject to the Uniform Customs and Practice (UCP) for Documentary Credits 1993 revision of the International Chamber of Commerce Publication 500.

Any matters not covered by the UCP shall be governed by and construed in accordance to the laws of the State of New York, United States of America.

Bank: shall mean the issuing bank if no confirming bank exists, or the confirming bank if it exists.