

**PETROPERU'S TENDER TERMS AND CONDITIONS FOR FOB EXPORTS AND
CFR/FOB IMPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS**

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External Marketing Department
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PETROPERU'S TENDER TERMS AND CONDITIONS FOR FOB EXPORTS AND CFR/FOB IMPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS

The present Tender Terms and Conditions seek to establish general rules and practices to be followed by Seller and Buyer. In case of contradiction or conflict with the terms and/or conditions indicated in a particular PETROPERU'S Tender Invitation, the latter shall prevail.

1. DEFINITIONS

References hereinafter to "The Contract" shall be understood as the agreement entered into by the Buyer and the Seller, including the Tender Terms and Conditions for Exports and Imports of Crude Oil and Petroleum Products.

Bill of Lading : a Bill of Lading or other document of title as agreed or as is customary to be issued in connection with any shipment.

ETA : Estimated time of arrival. This is the date and hour when the vessel is estimated to arrive.

Laycan :

Loading Laycan : this is the time agreed between the parties in which the tanker, chartered by the Buyer or owned by him, should arrive at the Loading Peruvian Port.

Discharge Laycan : this is the time agreed between the parties in which the tanker, chartered by the Seller or owned by him, should arrive at the Discharge Peruvian Port.

Laytime :

Loading Laytime : This is the time allowed to the Seller to load the tanker at the Loading Port.

Discharge Laytime : This is the time allowed to the Buyer to unload the tanker at the Discharge Port.

This lapse of laytime is established in accordance with item 12.3.

NOR : Means the valid notice of readiness to load or unload as given by the master in conformity with the terms of the Contract.

2. OFFERS

Your offer must be strictly in agreement with all the terms and conditions according to the instructions given in the tender invitation, otherwise it will be void.

All the stipulated trade terms will be according to Incoterms 1990.

3. PRODUCT

For Peruvian customs purposes, the name of the product to be imported must be indicated in the commercial invoice, bill of lading and certificate of origin.

4. VOLUME

As per Tender Invitation.

5. COUNTRY OF ORIGIN

If crude oil or product has been produced and will be loaded in any country belonging to the "Comunidad Andina de Naciones" or other areas with duty advantages, bidder must indicate and guarantee it in its offer.

6. PRICES

Your price offer(s) must be presented taking account of the corresponding following price formulas :

a. Crude Oil

Based upon the average of the mean postings for "WTI " (Cushing) prompt month as published by Platt's Crude Oil Marketwire under spot assessments and to be calculated as per paragraph "k".

b. N° 6 – Talara

Based upon the average of the mean postings for "N°6 1.0%S " as published by Platt's Oilgram U.S. Marketscan under New York-Cargo and to be calculated as per paragraph "k".

c. Virgin Naphtha Talara

Based upon the average of the mean postings for "Naphtha" as published by Platt's Oilgram U.S. Marketscan under Gulf Coast-Waterborne converted into U.S. dollars per barrel and to be calculated as per paragraph "k".

d. Cracked Naphtha Talara

Based upon the average of the mean postings for "UNL 87" as published by Platt's Oilgram U.S. Marketscan under Gulf Coast-Waterborne-first line converted into U.S. dollars per barrel and to be calculated as per paragraph "k".

e. Liquefied Petroleum Gas (LPG)

Based upon the average of the mean postings for "Propane and Normal Butane" as published by Platt's Oilgram U.S. Marketscan under Gas Liquids-Mont Belvieu in the actual ratio of propane and butane by weight (propane and lighter to count as propane, butane and heavier to count as butane), converted into U.S. dollars per barrel and to be calculated as per paragraph "k".

Liquefied Petroleum Gas at ambient temperature (LPG mix at ambient) will be of approximately 60 pct vol. Propane and 40 pct vol. Butane.

f. Aviation Gasoline

Based upon the average of the mean postings for "UNL 93" as published by Platt's Oilgram U.S. Marketscan under Gulf Coast-Waterborne-first line converted into U.S. dollars per barrel and to be calculated as per paragraph "k".

g. High Octane Gasoline Blend Stock

Based upon the average of the mean postings for “UNL 93” as published by Platt’s Oilgram U.S. Marketscan under Gulf Coast-Waterborne-first line converted into U.S. dollars per barrel and to be calculated as per paragraph “k”.

h. Kerosene Type Fuel (Jet A-1 or Kerosene)

Based upon the average of the mean postings for “Jet 54” as published by Platt’s Oilgram U.S. Marketscan under Gulf Coast-Waterborne converted into U.S. dollars per barrel and to be calculated as per paragraph “k”.

i. N°2 Diesel (Gasoil)

Based upon the average of the mean postings for “N°2” as published by Platt’s Oilgram U.S. Marketscan under Gulf Coast-Waterborne converted into U.S. dollars per barrel and to be calculated as per paragraph “k”.

j. N°6 Fuel Oil

Based upon the average of the mean postings for “N°6 3%S” as published by Platt’s Oilgram U.S. Marketscan under Gulf Coast-Waterborne converted into U.S. dollars per barrel and to be calculated as per paragraph “k”.

k. Price Formulas

Sale

For all of the hereinbefore formula prices, the average of the corresponding mean postings will be calculated on the following five days : Day of Lading Date and four days immediately preceding the Bill of Lading Date; plus or minus a fixed amount of U.S. dollars per barrel to be offered by bidder .

Purchase

For all of the hereinbefore formula prices, the average of the corresponding mean postings will be calculated on the five days immediately preceding the Bill of Lading Date; plus or minus a fixed amount of U.S. dollars per barrel to be offered by bidder. The awarded purchase on CFR basis, also will include FOB prices in order to comply with Peruvian Regulations.

- ❑ For both cases (purchase/sale), if any of the dates referred for price calculations falls on a date coincidental with no Platt’s publication, then the contiguous preceding Platt’s publication should be used, so that five mean postings shall be averaged.
- ❑ The fixed amount of U.S. dollars per barrel, referred on the price formula, must be indicated in numbers and words.
- ❑ Total amount to be invoiced will be based on net Bill of Lading quantity, certified by an Independent Inspector at loading port and payment must be effected by buyer in full, as invoiced, as per contractual agreement.
- ❑ The “Peruvian Ports” for any particular cargo will be informed by Petroperú in the Invitation for spot cargoes or during the nomination process for term contracts.
- ❑ Freight adjustment formulas will not be accepted.

7. QUALITY

Quality of products and methods shall be duly certified by the nominated Independent Inspector according to the following paragraph 8 (Inspection).

When there is no equipment at loading port for performing all contractual analysis, vessel will be authorized to sail; but the acceptance of the product loaded will be subject to results of the missing analysis at discharge port and to corresponding price adjustment claim.

See Annex I for typical quality of products and methods.

8. INSPECTION

An Independent Inspector at loading port will be nominated by Buyer of the cargo for Quantity and Quality determinations. Its report based on shore tank measurements and analysis, unless otherwise agreed, shall be conclusive and binding upon both parties. Expenses will be equally shared between Seller and Buyer (*).

The Independent Inspector nominated by Buyer, shall not be rejected by Seller unless Seller adduces incompetence or lack of reliability. Seller must allow the Independent Inspector to witness all analysis and measurements performed by the former or by the Shippers.

The quantity of product shall be determined by measuring of the shore or storage tanks from which the product shall be delivered. The tanks shall be measured using the latest ASTM API METHODS to obtain the net standard volume at 60F degrees, which will be used for invoicing (see Annex II).

The quality determination shall be made by verification (sampling and testing) in shore and ship tanks at loading port, using the contractual ASTM METHODS which are specified in the Annex II.

Note : (*) according to Peruvian customs regulations (Legislative Decree 659), all imports to Peru are subject to special inspections (including the regular quantity and quality) to be performed at loading port only by the companies authorized by the peruvian customs. In this case, Buyer will pay 100% of the Inspector's fee.

9. PAYMENT TERMS

SALE

The FOB sale will be paid in U.S. dollars at eight days after bill of lading date of the cargo, free of interest or any other expense, guaranteed by Irrevocable and Confirmed Documentary Letter of Credit, in a format as per Annex III to be opened in a first class bank acceptable to Petroperú and confirmed (at least 5 working days before the first day of contractual loading laycan) by a peruvian bank to be nominated by Petroperú.

Payment not received on Due Date shall be subject to a daily interest charge equivalent to the Prime Rate, fixed by the Chase Manhattan Bank of New York, effective on the Due Date of the invoice plus 2.0%.

For particular situations, Petroperú will determine the convenience of considering other periods of payment, previous or later to the Bill of Lading Date; as well as other payment options without guarantee of Documentary Credit.

PURCHASE

Unless otherwise stated in the invitation, bidder may offer one or both of the following options :

Option A : In U.S. dollars by telegraphic transfer at 30 days after B/L date of the cargo, free of interest, guaranteed by Irrevocable and Confirmed Documentary Letter of Credit to be opened and confirmed before loading the cargo, in the usual Petroperú format (See Annex III).

The Letter of Credit may be opened by a bank designated by Petroperú and confirmed by a first class bank designated by the opening bank. It may be opened and also confirmed by a first class bank designated by Petroperú.

In any case, the beneficiary may have the option, at its cost, to request Petroperú that the Confirmed Letter of Credit be additionally advised by a particular bank.

For this option, Petroperú will also evaluate other periods of payment (15, 45, 60, 90, 120 days), free of interests.

Option B : In U.S. dollars by telegraphic transfer at 30 days after B/L date of the cargo, free of interest, in an open line credit basis.

General Instructions :

- If the due date falls on a Saturday or a Bank Holiday in New York or at such other place as may be designated by Seller for payment, it shall be made on the last preceding banking day.
- If the due date falls on a Sunday or a Monday Bank Holiday, payment shall be made on the next banking day.
- Seller shall send Buyer, immediately after finishing loading, via fax, copies of shipping documents, to enable Buyer to order payment opportunely.

10. LOADING PORT AND LOADING LAYCAN

SALE

As per Tender Invitations.

In FOB sale cases, the cargoes must be exported from Peru. It is not permitted to deliver these cargoes to any peruvian port without authorization from Petroperú.

FOB PURCHASE

- Loading Laycan shall be consistent with delivery periods indicated on Tender Invitations.
- Firm nomination of real loadport must be clearly stated.

11. DISPORTS AND DISCHARGE LAYCAN

CFR PURCHASE

As per Tender Invitations.

12. TRANSPORTATION TERMS

12.1. VESSEL'S NOMINATION AND DISCHARGE/LOADING PROCEDURES

CFR Purchase :

- Seller must propose to Buyer the intended vessel to be used for dispatching the cargo, sufficiently in advance of the unloading laycan specified in the award (at least ten days before the first day of the contractual loading laycan).
- Vessel's name, flag, characteristics, limitations, restrictions, etc, must be informed to Buyer (Petroperú: Unidad Abastecimiento/External Marketing Department) prior to closing the vessel.
- The proposed vessel must conform to all laws and regulations applicable for the unloading terminal(s) and shall fulfill all requirements of ASBATANKVOY Type Contract.
- The vessel proposed by Seller will be subject to acceptance/rejection by Buyer.
- Buyer shall notify Seller not later than five (5) days after receipt of the vessel's proposal whether Buyer accepts or rejects the vessel.
- Seller may substitute the vessel previously accepted by Buyer for another vessel in respect of which size, capacity, loading quantity and loading laycan are equivalent to those of the vessel originally nominated, subject to Buyer's previous acceptance.
- Seller must inform Buyer as soon as the loading of the full cargo is completed, as well as the vessel's ETA to peruvian disport.
- Seller shall arrange for the vessel to report Buyer by fax, telex or radio, the ETA to peruvian disport at seventy-two (72), forty-eight (48) and twenty-four (24) hours before arrival of the vessel.
- It is of Seller's obligation to be familiar with, and to ensure that Vessel Master is familiar with all applicable laws, rules, regulations and port restrictions, including pollution regulations in force in the unloading port. Should vessel does not conform to said rules, laws, regulations, restrictions, Buyer may refuse to berth the vessel for unloading until the required conditions are met, and any resulting delays or expenses shall not be for Buyer's account.

FOB Sale :

- Buyer must propose to Seller, at least eight (8) days before the first day of the contractual laycan, the vessel to perform the lifting of the cargo.
- Vessel's name, flag, characteristics, limitations, restrictions and ETA loading port must be informed to Seller before closing the vessel.
- The nominated vessel must fulfill all requirements of ASBATANKVOY type contract.
- The vessel will be subject to acceptance / rejection by Seller.
- Seller shall have the right to reject the nomination of a ship, if he considers it does not fulfill the specific regulations of the loading port. In this case, Buyer must propose ASAP an alternative vessel for Seller's prompt acceptance / rejection.
- Buyer may, if necessary, substitute the vessel, subject to prior acceptance from Seller.
- Not later than five (5) days before the beginning of the contractual laycan, Buyer must update the expected time of arrival of the vessel and nominate an agent in Perú for the vessel.

- Vessel Master or Agent must report to Seller the updated ETA for lifting the cargo at seventy-two (72), forty-eight (48) and twenty-four (24) hours before arrival.
- Seller shall not be responsible for demurrages, deadfreight charges or any other costs involved in loading delays which can be attributed to the failure of Buyer or Vessel Master to notify the estimated date and time of arrival within the periods mentioned above.

Any failure to the above mentioned procedures will be considered a material unfulfillment of the contract.

Under this situation, Petroperú reserves the right to require an indemnity from the Buyer or Seller for any and all costs, damages or expenses incurred by Petroperú as a result of winner's failure to fulfill its contractual obligations.

12.2. NOTICE OF READINESS

Upon arrival at the designated port(s), the Vessel Master shall give notice that his vessel has arrived and is ready to effect the loading or discharge of the cargo as per is the case :

The notice of readiness can be notified when :

- The tanker is anchored at the place indicated by the loading/discharge port's operator and is ready to load or unload the cargo.
- The immigration procedures have been accomplished.
- Authorization has been received from the customs authorities or the port authorities.
- The tanker is ready to load or unload in all other respects.

12.3. ALLOWED LAYTIME

Allowed laytime shall be of seventy – two (72) hours for the total task, distributed : thirty – six (36) consecutive hours to complete the loading and thirty – six (36) consecutive hours to complete the unloading of the volume of crude oil or petroleum products, including sundays and holidays.

If vessel tenders a NOR within the agreed Laycan, laytime shall begin to count after six (6) hours of such tender or when the vessel is all fast/moored at the hose of loading/unloading, whichever occurs first. Allowed laytime will end at the time of disconnecting the last commercial hose.

When the Seller freights the vessel by Spot Voyage, the obligation of the Buyer to pay demurrages will not exceed under any reason the total amount that Seller must pay pursuant to the terms of the freightage contract by Voyage.

When the Seller freights the vessel by Spot Voyage and the allowed laytime is of eighty – four (84) hours, this time will be distributed in forty two (42) hours to the loading operation and forty two (42) hours to the unloading operation.

If the vessel arrives at the port after the agreed loading/discharge range has elapsed, it shall wait its turn to load or discharge, which will be programmed by Petroperú and the allowed laytime shall begin to be counted when the vessel is all fast/moored at its respective Loading/Discharge Terminal.

12.4. EXCEPTIONS TO LAYTIME

In addition to what is stipulated about this matter on the Freightment Contract of ASBATANKVOY type, shall not be considered as allowed laytime :

- Time spent by the vessel shifting from customary mooring location of the port to the designated berth or discharge buoy or anchorage place, calculated since anchors were weighed until the vessel is all anchored/moored at the designate place.
- Any delay or curtailment of the operations attributable to the vessel's agents, master, officers, crew, vessel's owner or operator where are included delays arising from breakdown or incapacity of vessel's facilities.
- Delay due to vessel's bunkering operations where is included the time to connect and disconnect the bunkering hoses, unless the operation is accomplished concurrently with the discharge operations so that said operation does not delay, hinder or prevent the discharge operation.
- After tending Notice of Readiness, delay to the vessel in securing the discharge barge alongside, or in its berthing or mooring operation due to bad weather or sea conditions, shall be calculated at one-half (1/2) the demurrage rate.
- Delays to enter to the dock and berthing for loading or discharging and any delays incurred upon leaving of the dock due to weather conditions, which shall be calculated as half of the agreed rate.

12.5. DEMURRAGE

Buyer shall pay Seller demurrage in dollars of the United States of America for the demurrage time resulting when the used laytime exceeds the laytime allowed to Buyer as per the respective contract.

In the event that, the allowed laytime at the peruvian port exceeds of thirty-six (36) or forty-two (42) hours agreed on the Closing Telex or Freightage Contract, Petroperú shall pay the respective demurrages according to the stipulated rate on the Closing Telex or nominated vessel's Freightage Contract.

Demurrage claims, if any, must be submitted to Petroperú within 90 calendar days after disconnecting the commercial hoses at the discharge port, and must include a reasonable detailed written statement fully supported of the claim's specific basis as well as the necessary documentation, otherwise claims shall not be accepted.

Petroperú requires the following documentation for the analysis of the demurrages :

- Copy of the Charter Party and/or Closing Telex.
- Calculation of Demurrages
- Notice of Readiness
- Report of Laytime at Port (Time Report)

The claim may be presented either by courier service or facsimile transmission. On the other hand, Petroperú shall confirm receipt of the claim by either telex or facsimile.

If Petroperú does not receive the demurrage claims duly sustained within 90 stipulated days, it will remain free of any responsibility, being considered said claims as outside of time (Time Barred) and as not presented.

In case that Seller have a vessel freighted under the modality "TIME CHARTER" to transport any shipment, the daily cost to calculate the demurrages will be, the resulting of converting the monthly total cost of the "Time Charter" rent of the vessel to the equivalent daily rate.

12.6. PUMPING

Seller warrants that the vessel is capable of discharging the bulk cargo in twenty-four (24) hours or can maintain an average pressure of 100 psig at the vessel's manifold during the discharge, provided shore facilities permit.

Buyers warrants that it will not impede the vessel's performance, either restricting the discharge pressure at a level less than 100 psig at the manifold and/or supplying the vessel with less than a sufficient quantity of hoses of adequate diameter to comply with the discharge warranty herein.

12.7. VESSEL'S LIGHTERING

The expenses of any lighterage shall be at the account, risk and peril of the buyer. For effects of the laytime, the times of lightering operations will be considered as if they had been incurred at a port or terminal.

12.8. PORT COSTS, SHIFTING COST, SHIFTING TIME

Buyer shall have the right of shifting the vessel within a discharge port from one safe berth, sea discharge buoy or lighterage place to another on payment of all towage and pilotage for shifting to another safe berth, sea discharge buoy or lighterage place, as well as charges for running lines on arrival at and leaving that safe berth, sea discharge buoy or barge, and such other additional vessel agency charges and expenses, customs overtime and fees, and any other extra port charges or port expenses incurred by reason of using more than one safe berth, sea discharge buoy or lighterage place. After completing discharge at one safe berth, sea discharge buoy or lighterage place, all time awaiting to shift and all time consumed due to shifting to another shall count as used laytime or demurrage time, if the vessel is on demurrage time, and neither laytime or demurrage time, as applicable, shall be suspended nor cease to count until the whole cargo on board the vessel has been discharged and the last cargo hose has been disconnected.

12.9. PERUVIAN PORTS AND RESTRICTIONS

	DRAFT (Ft)	LOA (Ft)	DWT (TM)
- Talara – Muelle 1	35	623	35,000
- Talara. (Submarine Line)	35	750	55,000

- Callao	35	750	55,000
- Conchán	60	600	35,000
- Mollendo	40	700	35,000
- Ilo	40	650	35,000
- Iquitos (Dec. Through May)	30-39	164	5,000
(Jun. through Nov)	10-20	164	3,500

12.10. EXCLUSIVE CARGOES

In CFR cases, the cargoes will be exclusively for Petroperú. This means that Seller must not load in the same vessel any additional volume for other consignee in Perú. Part cargoes for other customers are only permitted in case of Aviation Gasoline or Chemical Products.

13. RESTRICTIONS OF DESTINATION

None, except to countries under specific restrictions according to that eventually determined by the peruvian government.

14. SPECIAL CIRCUNSTANCES

14.1. Partial Loadings

1. Be it understood as "partial loading" the shipping of the cargo of one purchase order (one product) on board one vessel from two or more Terminals or from a combination of Terminal (s) and Floating Storage Vessel (s).
2. Partial Loading of the same product will be accepted "only" under force major situations, and after Petroperú's written acceptance, duly signed by authorized officer.
3. Inspection charges for the first parcel will be 100% for Petroperú account. All inspection charges for the additional parcel(s) shall be to Seller's total account. Notwithstanding, Seller shall authorize Independent Inspector in order to inform Buyer via fax or telex, immediately after loading, full cargo details of all the parcels.
4. Invoicing of the whole cargo for the same product shall be based on the lower Bill of Lading unit price of the cargo parcels.

14.2. Partial Shipments

Be it understood as "partial shipment" the shipping of the cargo of one purchase order (one product) on board two or more vessels, which is not permitted.

14.3. Purchase from a Floating Storage Vessel

If product purchased is loaded from one Floating Storage Vessel, the Bill of Lading figures shall be equal to the quantity delivered by the Floating Storage Vessel after application of her experience factor.

Bill of Lading showing the Carrier Vessel's ullage figures, are not acceptable.

The Bill of Lading shall be dated with the date the Carrier Vessel finished loading from the Floating Storage Vessel.

14.4. Purchase of a "Shipped Cargo On Board"

In the event of " a shipped cargo on board", that is, a product that was already loaded on board the vessel that will carry out the product to the destination port, the purchase will be subject to Petroperú's written acceptance and will be performed under the "Delivery ExShip" basis (Incoterms 1990).

The Bill of Lading date, for the purpose of contractual price calculations, shall be determined as follows:

First day of the Laycan at discharge port, as stated in PETROPERU's Tender Invitation, less eight-calendar days.

Quantity figures for invoicing as well as quality of the cargo shall be determined at discharge port as per vessel's tank ullages after applying the corresponding experience and analysis shall be performed or witnessed by and Independent Inspector nominated by Buyer.

Discharge will be subject to Buyer's acceptance of the quality. Demurrage, if any, resulting from the times taken for the performance of both determinations, will be exclusively for Seller's account. Inspection expenses at discharge port will be equally shared between Seller and Buyer.

15. DOCUMENTATION REQUIREMENTS

- ◆ Seller must send Buyer, via air-courier the original documents listed below, within 15 working days from Bill of Lading Date, as instructed by Buyer :
 - ❖ Commercial Invoice
 - ❖ 3/3 Bills of Lading
 - ❖ Certificate of Origin
 - ❖ Cargo Manifest
- ◆ For customs purposes the nationalization of the crude oil and/or petroleum products, Seller shall send Buyer via fax, as soon as the loading is finished and not later than four days before the date of the arrival of the vessel to the first discharge port; copies of the above mentioned documents. it does not liberate Seller of the obligation to make formal delivery of the originals within the period of time stated. The copies must be legible and must be obtained only from the originals.
- ◆ In the event that, Seller did not send Buyer the copies of the shipping documents within the established time, and the ship arrives to the discharge port before the presentation of this documents to the customs authorities, PETROPERU must hold the product immobilized in ship tanks until the presentation of the originals of such documents to the Peruvian authorities. In this case, PETROPERU shall not be

responsible for demurrages and costs in which it can incur as a result of the Seller's failure to deliver on time the shipping documents.

- ◆ The Commercial Invoice in CFR contracts must show separately the FOB and Freight values.
- ◆ The total amount to be invoiced shall be based upon the net barrels shown in the corresponding Bill of Lading, which must be equal to the net U.S. barrels at 60°F reported and certified by the Independent Inspector as per shore tank measurements at loading port, unless otherwise agreed.
- ◆ Four decimals must be used for the calculations of the unit price to be invoiced and two decimals for the total amount of the invoice.
- ◆ In order that Buyer effects the payment of the shipment, Seller shall take account of the following :

Payment Option A.- The letter of credit, besides other regular shipping documents will call for : 2 non negotiable copies of B/L, copy of commercial invoice, copy of certificate of origin and copy of PETROPERU's fax addressed to beneficiary certifying that 3/3 original bills of lading, original commercial invoice and original certificate of origin issued on ALADI format (if product is from Latin American origin) have been received by PETROPERU S.A. within fifteen calendar days after B/L date.

Payment Option B.- Seller is committed to send to PETROPERU via special courier 3/3 original B/L, original commercial invoice and original certificate of origin (issued on ALADI format if product is from Latin American origin), within ten calendar days after B/L date.

16. DOCUMENTATIONS INSTRUCTIONS

As soon as possible, Buyer shall send Seller well in advance before cargo loading, full detailed written instructions regarding the preparation and disposition of commercial invoice, bills of lading and other shipping documents reasonably required.

17. CLAIMS

FOB sale :

- Any claim under this contract should be notified by the Buyer to the Seller in accordance with the following terms:
 - ✓ Within forty five (45) calendar days following the date of the bill of lading, when dealing with claims regarding the quality and quantity of the product.
 - ✓ Within forty-five (45) calendar days following the date on which the event, which is the subject of the claim, took place, as long as it related to contract performance.

The Seller shall not be responsible if the Buyer's claims are not notified within the terms described above.

CFR Purchase :

- Claims for leakage and/or shortages in respect of the figures shown in the bill of lading shall be subject to an allowance of one half of one percent (1/2%). This percentage shall be deemed to include an acceptable loss.

18. LAW AND JURISDICTION

This Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the Republic of Perú.

All disputes that may arise from the purchase and sale contract shall be finally resolved by binding arbitration governed by the International Chamber of Commerce in compliance with what is stipulated on clause 23 of this Agreement.

19. NEW OR CHANGED REGULATIONS

It is understood that Buyer and Seller are entering into this agreement in reliance on the laws, rules, regulations, decrees, agreements, concessions and arrangements with the government or governmental instrumentalities from which the refined product sold under the agreement are produced, supplied and/or delivered (hereinafter called "regulations") in effect on the date of this agreement with respect to or directly or indirectly affecting the refined products sold under the agreement, including, without limitation, production, processing, storage, loading, transportation, sale and delivery thereof, insofar as said regulations affect either party or its suppliers.

In the event that, at any time or from time to time during the term of this agreement, any of said "regulations" are announced to be changed or are changed or new regulations become effective, whether by law, decree or regulation or by response to the insistence or request of any governmental authority or person purporting to act therefore, and the effect of such changed or new "regulation" (A) is not covered by any other provision of this agreement, and (B) has an adverse economic effect upon either party or its supplier(s), the party affected thereby shall have the option to request renegotiations of the prices and other pertinent terms provided for in this agreement. Said option may be exercised by such party at any time after such changed or new regulation is promulgated by giving written notice of the desire to renegotiate, such notice should contain the new prices and terms desired by the affected party. If the parties do not agree upon new prices and terms satisfactory to both within thirty (30) days after such notice is given, the affected party shall have the right to terminate this agreement at the end of said thirty (30) days. Any refined product lifted during such thirty (30) days period shall be sold and purchased at the price and on the terms applying under the agreement without any adjustment in respect to the new or changed "regulations" concerned.

20. FORCE MAJEURE

Neither Seller nor Buyer shall be obligated to sell or deliver/to purchase or receive, to the extent that any one or more of the following events prevent, restrict or delay the production, transportation, sale, delivery or receipt of crude oil or petroleum products from which the oil would primarily be manufactured in accordance with the general practices of the petroleum Industry, whether the event affects Seller or Buyer directly or affects Seller indirectly by affecting Seller's supplier :

- Compliance, voluntary or involuntary, with a direction or request of any government or person purporting to act with governmental authority, including without limitation acquiescence in and voluntary agreement to a change in the present relationships with any government resulting from the initiative of such government or a person purporting to act for such government, such acquiescence or agreement including, for example and not by way limitation, direct or indirect government participation by agreement in any form in ownership (in whole or in part) of any direct or indirect rights to crude oil production, any requirement or agreement for the purchase of crude oil from a government or a third party designated by a government, or any restriction on crude oil production or exports agreed to or acquiesced in by the person having direct or indirect rights to the production;
- Total or partial expropriation, nationalization, confiscation, requisitioning or abrogation or breach of a government contract or concession;
- The election of the producing country government to take royalty oil in kind;
- Closing or restriction on the use of a port or pipeline;
- Maritime peril, storm, earthquake, flood;
- Accident, fire, explosion;
- Hostilities or war (declared or undeclared), embargo, blockade, riot, civil unrest, sabotage, revolution, insurrection;
- Strike or other labour difficulty (whomever's employees are involved), even though the strike or other labour difficulty could be settled by acceding to the demands of a labour group;
- Loss or shortage of producing, delivery or transportation facilities to Seller or to Seller's supplier, equipment, labour or material caused by circumstances beyond the reasonable control of the party affected;
- Any event reasonable beyond the control of the party affected; whether or not similar to those listed above, including without limitation any failure of Seller's supplier to deliver oil or crude oil.

Seller or Buyer shall inform PETROPERU S.A. on the situation of force majeure not later than twenty-four hours after the fact has happened; otherwise Petroperú will not consider as force majeure such event.

Likewise, if the situation of force majeure lasts for a period of four days, affecting Petroperú, it shall have the right to terminate the contract immediately.

21. LIMITATION OF REMEDIES

"Neither seller nor buyer shall be liable for lost profits or any other indirect or consequential damages in any way connected with the performance, the failure to perform or the termination of this agreement.

This stipulation does not preclude any of the parties rights in order to get compensation in case of damages caused by gross negligence or willfull misconduct. In these cases

the seller shall not be liable for more than the difference between the prevailing market price and the contract price with respect to the products to be delivered.”

22. WARRANTIES

“Seller makes no representation or warranty with respect to the products sold to buyer, other than such products will conform to the specifications expressly provided herein.”

23. ARBITRATION

“ Any dispute arising out or in connection with this Agreement, including any question regarding its existence, validity or termination shall be referred to and finally resolved by binding arbitration governed by the International Chamber of Commerce (CCI). The arbitration will be conducted –for everything not expressly agreed in this clause- in accordance to the Regulation of the International Chamber of Commerce and to the General Law of Arbitration N° 26572 from Perú, when applicable.

Arbitrators will be three, each party having the right to appoint one arbitrator, who shall together then appoint a third neutral arbitrator within 30 days. In case of not getting an agreement in matter to the third arbitrator, parties will request CCI to appoint the third arbitrator.

The place of arbitration will be Lima, Perú. In case the amount involved in the arbitration exceeded the amount of US\$ 100,000.00, any of the parties will be entitled to request the other one to carry out the arbitration in a different place. If the parties do not reach an agreement in fifteen (15) days, the CCI will decide the place of arbitration.

The parties hereby expressly waive any right of appeal to any court having jurisdiction on any question of fact or law.

It is expressly agreed that the arbitrators shall have no authority to award attorneys fees or consequential, special indirect, treble, exemplary or punitive damages of any type under any circumstances regardless of whether such damages may be available under Peruvian law.”

24. RESERVATION

Should special circumstances arise, PETROPERU will hold the right to request improvement of the offers and to award or not to award the Tender according to PETROPERU'S interests, without giving it cause to the bidders to claim for any concept.

25. TERMINATION

PETROPERU shall have the right, without being liable for any indemnity to seller, to terminate the contract immediately upon written notice to seller in the event that seller fails to deliver crude oil and/or petroleum products as agreed in the corresponding contract.

26. COMMUNICATIONS WITH PETROPERU S.A.

Attention : External Marketing Department.

Address : 3361 Paseo de la República,
Lima 27, Perú.

P.O .Box : 3126 or 1081,
Lima 100, Perú.

Facsimile : (511) 442 5427

Telephone: (511) 442 5000 and 442 5033, Extension 3540.

C) AVIATION GASOLINE 100LL

	Min	Max	ASTM Method
Knock Rating Lean Mixture Aviation Rating Octane Nr.	100	-	D-2700
Knock Rating Rich Mixture Supercharge Method Perf Nr.	130	-	D-909
Tetraethyl Lead ml tel/gal	-	2.00	D-3341/D-2599
Color	B L U E		D-2392
Dyes, mg/l. Blue	0.80	1.51	
Heat Value Net BTU/LB	18,700	-	D-1405/D-2382
Or Aniline Grav. Product	7,500	-	D-611 and D-1298
Density at 15 CD, KG/M3	R E P O R T		D-1298
Distillation	R E P O R T		D-86
Initial Boiling Point, CD	R E P O R T		
Evaporat. at 75 CD pct/vol	10	40	
Evaporat. at 105 CD pct/vol	50	-	
Evaporat. at 135 CD pct/vol	90	-	
Final Boiling Point CD	-	170	
Sum of 10+50 pct evap. CD.	135	-	
Recovery, pct/vol 97	97	-	
Residue, pct/vol	-	1.5	
Loss, pct/vol	-	1.5	
Reid Vapour Pressure psig	6.0	7.0	D-323/D-2551
Freezing Point CD		-60	D-2386
Sulphur, pct mass.	-	0.05	D-1266
Corrosion Copper Classification (2h at 100 CD), Nr.	-	1	D-130
Existent Gum, mg/100 ml	-	3	D-381
Oxidation Stability (16/h)			D-873
Potential Gum, mg/100 ml	-	6	
Lead Precipitate, mg/100 ml	-	2	
Water reaction			D-1094
Interface Rating, Nr.	-	2	
Separation Rating, Nr.	-	2	
Volume Change, ml	-	2	
Additives Antioxidant, mg/l	-	24	
Appearance	Clear, bright and visually free from solid Matter and undissolved water at normal ambient temperature.		

ANNEX II

PETROPERU'S TERMS FOR INDEPENDENT INSPECTORS IN IMPORTS OF CRUDE OIL AND PETROLEUM PRODUCTS

A. QUANTITY AND QUALITY DETERMINATION

1. The quantity and quality determination shall be made by verification (sampling and testing) and measurement of products, in shore and ship tanks, at loading port conducted by Seller under the supervision of Independent Inspector nominated by PETROPERU and accepted by Seller.
2. Independent Inspector shall issue a Report (Certificate) to be final and binding for both Parties, which must provide all data required by PETROPERU.
3. Any verification and measurement under Clause E.1 shall be conducted in accordance with methods at the time approved and accepted by the American Society for Testing and Materials (ASTM), or if none are so approved and accepted, those of the American Petroleum-Institute (API).

B. NOMINATION

To be effected by PETROPERU and accepted or denied by Independent Inspector within two working days from PETROPERU's advice.

C. SPECIFICATIONS

Under Independent Inspector's responsibility, products to be loaded must fulfill contractual specifications herewith attached, before loading is allowed.

D. SAMPLES AT LOADING PORT

According to international practice, one-gallon composite shore tank sample and one-gallon ship tank sample, duly sealed, must be placed at loading port for delivery by Master at port(s) of destination.

E. DOCUMENTATION AND REQUIREMENTS

Following documents – in original plus copies to be required opportunely for each cargo --, to be issued/ counter-signed by Independent Inspector / Master:

	Crudes	Refined Products	Chemical Products
Quantity Report	x	x	x
Quality Report	x	x	x
Time Report	x	x	x
Ship's Ullage Report	x	x	x

Master's Receipt for Samples.	X	(a)	X
Tank Cleanliness Report	x	x	X
Ship's Tank History Report	x	x	X
Calculation of Vessel's			
Experience Factor (b)	x	x	X
Bunker Inspection Report.	-	(c)	-
O.B.Q. – R.O.B. Report	x	(d)	-
Letter of Protest, if any (e)	X	x	X

NOTES:

- (a) Except for LPG.
- (b) For full cargoes only.
- (c) For Diesel (Gasoil) and Fuel Oil cargoes only.
- (d) For Fuel Oil cargoes only.
- (e) To be issued if necessary (contamination, demurrages, others), and always if difference existent between shore and ship figures exceeds 0.2 percent, after application of Vessel's Experience Factor.

F. DISTRIBUTION OF DOCUMENTS

Independent Inspector's Report and Invoice for 100% of services rendered, to be sent via Air Courier, immediately after finishing loading, to PETROPERU 's address.

G. DATA REQUIRED ON SHIP'S LOADING

To be provided opportunely by Independent Inspector to PETROPERU, via telex or facsimile, and including the following:

1. BEFORE LOADING

- Composite shore tanks sample quality (to be within contractual specifications).
- Estimated time for start loading.
- Remarks, if any.

2. DURING LOADING

- Commencement of cargo loading (date and time).

3. AFTER LOADING

- Composite ship tank sample of quality (to be within contractual specifications).
- Shore and ship's figures.
- Time Report (including date/time of departure from loading port and ETA unloading port).
- Bunkers upon ship's arrival and departure (for gasoline, diesel and fuel oils).
- Arrival and sailing drafts.
- Remarks, if any.

H. INSPECTION CHARGES

1. Independent Inspector's expenses will be fully paid by PETROPERU S.A.
2. Invoicing (in original and four copies) to be paid by PETROPERU after receiving the cargo accordingly.

ANNEX III

LETTER OF CREDIT FORMAT

To : Opening Bank

Please open an Irrevocable, Confirmed, Documentary Letter of Credit by order and for account of (Buyer's name and address) in favor of (Seller's name and address) available at (contractual payment term) for an amount of U.S. Dollars covering the FOB (or the applicable trade term) value of approx. (quantity) barrels of (name of product) to be loaded at (port's name/country).

If applicable: for delivery by sea at (port's name/country) during the period (contractual delivery range), against presentation of the documents as listed below:

- a) 3/3 full set Clean on Board Ocean Bills of Lading plus 2 NN copies issued or endorsed to the order of (name of Opening Bank or Buyer/City/Country).
- b) Duly signed and numbered Commercial Invoice plus three copies describing the goods and showing the following written statement: "We, (Seller's name) hereby certify that the values shown in this commercial invoice are correct based on the clauses as outlined in the Letter of Credit (L/C number and Bank's name)".
- c) Origin Certificate.
- d) Quantity Certificate, issued or countersigned by the nominated Independent Inspector at loadport.

Note:

If the L/C calls only for copies of documents, the following facsimile or telex purportedly signed by Seller's authorized officer will also be required for presentation:

"We, (Seller's name and address) hereby certify that 3/3 full set of original Clean on Board Ocean Bills of Lading issued (or endorsed) to the order of (as requested in the L/C), plus originals of Commercial Invoice, Certificate of Origin and all other original shipping documents corresponding to the cargo of (quantity) barrels of (name of product) to be paid under the Letter of Credit (L/C number and Bank's name) have been dispatched by special air-courier on (date) for immediate delivery to (Buyer's name and address and name of person in charge)."

Special conditions:

- FOB (or the applicable trade term) price calculated in U.S.Dollars per barrel shall be equal to the average of the mean postings as published by (name of the publication and contractual price formula).
- Present estimated FOB (or the applicable trade term) price is U.S. Dollars per barrel.
- All opening and confirming bank charges are for Opener's account.
- Charter Party Bills of Lading, are acceptable.
- Transshipments and/or partial shipments are not allowed.
- Documents presented in English and/or Spanish are acceptable.

- Documents presented later than 21 days from B/L date but within validity of this L/C are acceptable.
- Documents similar in content but dissimilar in title are acceptable.
- Combined documents are acceptable.
- If the due date falls on a Bank Holiday or a Saturday in (city/country – designated by Beneficiary for payment), payment shall be made on the last preceding banking day. If the due date falls on a Sunday or a Monday Bank Holiday, payment shall be made on the next banking day.
- This credit is valid until (expiration date at least fifteen days after maturity date).
- This credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision) International Chamber of Commerce – Publication 400.