

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430

Certified Translator
Spanish – English – French

PETROPERU

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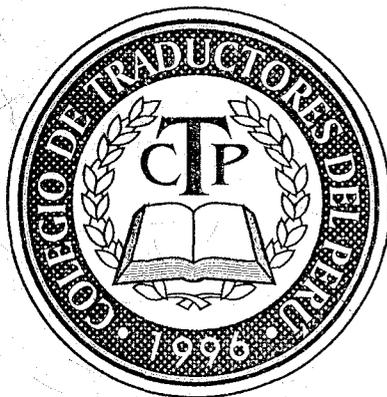


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CERTIFIED TRANSLATION

CT No. 0070-2017

**GENERAL TERMS AND CONDITIONS OF
PETROPERU S.A. FOR FOB EXPORTS AND
CFR/DAP/FOB IMPORTS OF CRUDE OIL,
PETROLEUM PRODUCTS AND BIOFUELS**



Milagros del Rosario Zamora Miranda
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CTP No. 0430

N° 0287385

Valor 3.50 Soles

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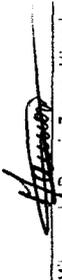
MILAGROS DEL ROSARIO ZAMORA MIRANDA
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CERTIFIED TRANSLATION No. 0070-2017
Page 1 of 40

APPENDIX TO AGREEMENT No. 035-2017-PP

PETROPERU 

**GENERAL TERMS AND CONDITIONS OF PETROPERU S.A. FOR FOB EXPORTS
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CERTIFIED TRANSLATION No. 0070-2017
Page 2 of 40

GENERAL CONDITIONS

1. SCOPE OF APPLICATION

The General Terms and Conditions for FOB Exports and CFR/FOB/DAP Imports of Crude Oil, Petroleum Products and Biofuels, hereinafter referred to as the General Terms and Conditions of PETROPERU S.A., shall govern the operating conditions arising from the International Price Tenders or Direct Negotiations of PETROPERU S.A.

The General Terms and Conditions of PETROPERU S.A. are part of the agreement between PETROPERU S.A. and the Seller or Client, as appropriate. In case of contradictions or conflicts in the International Price Tenders or Direct Negotiations, the Particular Conditions established in the Invitation to Tender and/or Award shall prevail regarding the General Terms and Conditions of PETROPERU S.A., and these latter, at the same time, shall prevail over the INCOTERMS.

2. DEFINITIONS

Contract: Agreement entered into by and between the parties, composed by the following documents: invitation, offer, clarification document of the offer (if applicable), Award and General Terms and Conditions of PETROPERU S.A.

Country of Origin: Place or country where the hydrocarbons or biofuels come from (extracted for crude oil and produced or refined for petroleum products and biofuels).

Hydrocarbons: Crude oil and finished or intermediate petroleum products. For contractual purposes, it includes biofuels.

Biofuels: Any type of fuel derived from Biomass, recently living organisms or their metabolic wastes, and obtained in a renewable manner from biological wastes, hereinafter and for contractual purposes referred to as hydrocarbons.

Seller or Supplier: Agent that provides Hydrocarbons to PETROPERU S.A.

Client or Buyer: Agent to whom PETROPERU S.A. provides hydrocarbons.

Bill of Lading: Document by which the contract of maritime or fluvial transport of goods is represented, and it proves that the shipment of Hydrocarbons was executed.

Bill of Lading Date: The Bill of Lading Date will be considered as the time when a product loading operation finishes with the shutdown of pumps and closing of loading valves.

ETA: Estimated Time of Arrival. Date and time when the vessel is estimated to arrive at the agreed loading/discharge port.

International Trade Operation: Hydrocarbon imports and exports made by PETROPERU S.A. with suppliers and clients.

Laycan

Loading Laycan for FOB Exports (Loading Laycan): Period agreed between the parties, in which the vessel chartered by or property of the Buyer should arrive at the Peruvian loading port.

Discharge Laycan for CFR/DAP Imports (Discharge Laycan): Period agreed between the parties, in which the vessel chartered by or property of the supplier should arrive at the Peruvian discharge port.

Loading Laycan for FOB imports (Loading Laycan): Time agreed between the parties in which the vessel, chartered by PETROPERU S.A. or owned by it, should arrive at the Loading Port.

Laytime:

Loading Laytime (FOB Export/FOB Import): Period permitted to load the vessel at the loading port. Time is expressed in hours.

Discharge Laytime (CFR/DAP Import): Period permitted to PETROPERU S.A. to discharge the vessel at the discharge port. Time is expressed in hours.

The lapse of Laytime or stay period for the loading/discharge of hydrocarbons is established in item 6.3 of the Operating Conditions (page 20).

Notice of Readiness (NOR): This is the notice given by the Vessel Master indicating that his vessel has arrived at the port and is ready to execute the loading or discharge operations, as applicable. The Notice of Readiness shall be rendered according to the provisions in item 6.2 of the Operating Conditions (page 20).

Combined Cargo: Cargo that includes two or more products to be acquired or sold and shipped in the same vessel.

3. QUANTITY

See item 1 of Operating Conditions (page 14).

4. QUALITY

See item 2 of Operating Conditions (page 14).

5. RESTRICTIONS OF ORIGIN/DESTINATION

Any, except to countries under specific restrictions as eventually determined by the Peruvian government or under the invitation.

6. TAXES APPLICABLE TO IMPORT

Those in force according to the Law.

7. CUSTOM DUTIES

Custom duties are tax benefits granted to goods negotiated, originated in and directly issued from the signatory country of origin according to the provisions of the corresponding International Treaty or Agreement.

a) The negotiated goods are determined by the tariff duty, description and remarks established in the Agreement so that the import benefits from the custom duties.

- b) The origin of the negotiated goods is determined by the Rules and Specific Requirements of Origin of the Agreement, which is accredited by a Certificate of Origin duly issued by an officer authorized by a Governmental Body or Union Entity authorized by the Signatory Country of Origin.
- c) The direct issuance shall be duly accredited by the documents protecting the transport of the negotiated goods originated in the country of origin (Bill of Lading).

For the purpose of tender evaluation, the bidder must indicate and guarantee that hydrocarbons are originated (produced) from a country that has custom duties in Peru, otherwise, the evaluation shall be carried out without considering said custom duties.

PETROPERU S.A. shall not accept any CFR/DAP/FOB offer requiring to share custom duties arising from the change of country of origin. In this case, the offer shall be deemed invalid.

The change of country of origin in the CFR/DAP/FOB purchase, in any case, shall lead to share custom duties arising from this change.

PETROPERU S.A. shall state in the invitations of the Hydrocarbons to be acquired, the surcharges in force depending on its origin, which will be included in the evaluation.

7.1 Certificate of Origin Corresponding to Hydrocarbons that Have Custom Duties

The Rules and Specific Requirements of Origin of the negotiated goods are regulated in the corresponding Treaty or International Agreement and in the supplementary Peruvian regulation (Specific Procedure applicable to the Treaty or Agreement).

- a. For the declaration and certification of origin of these goods with custom duties of the Andean Community (CAN) or the Latin American Integration Association (ALADI), the Form or Format adopted by ALADI will be used.
- b. For goods negotiated under other International Agreements, the Format approved within the legal framework of said Agreements will be used. If the Agreement does not establish a Certificate of Origin or directions for its preparation, a format indicated in the invitation shall be used.

The Certificates of Origin shall not bear erasures, marks or amendments.

Description of the goods included in the Certificate of Origin shall correspond to the negotiated goods classified in NANDINA or NALADISA or in the nomenclature under which the goods were negotiated in the corresponding Agreement, it should as well correspond to the one recorded in the Commercial Invoice that is attached for the customs clearance for import in Peru.

Certification date must coincide with or at a later date of issue of the Commercial Invoice issued to PETROPERU S.A.

- c. For Treaties or Trade Agreements that do not require a Certificate of Origin issued by any authority or union entity, only an affidavit of the exporter or importer will be enough.

7.2 Deadline for Reception by PETROPERU S.A. of the Certificate of Origin

The Supplier shall submit in a timely manner the Certificate of Origin in ALADI Format (goods negotiated in CAN or ALADI) or another format approved by the corresponding International Agreement, so that PETROPERU S.A. may submit it to the Customs of Peru within the legal deadline established by the Rules of Origin of the applicable International Agreement and supplementary Peruvian regulation (Specific Procedure of the respective Treaty).

The maximum term for said delivery shall be ten (10) calendar days, as from the Bill of Lading date or, within the deadline time established by the International Agreement for its submission to the corresponding authorities, in case this term is shorter than the one already stated.

In the event that the Certificate of Origin is not issued within the term established in the paragraph above and the Customs of Peru closes the International Preferential Treatment (TPI) related to the corresponding International Agreement, the payment of taxes, penalties, interests and any other concept that PETROPERU S.A. has to make as a result of such closure shall be borne by the Supplier.

7.3 When PETROPERU Does Not Receive in a Timely Manner the Copy of the Certificate of Origin before Clearance

The specific Peruvian procedures applicable to custom duties on the import of goods concur that if a copy of the Certificate of Origin is not submitted at the time of clearance, the Customs of Peru requires the creation of a guarantee for the amount of the releasable liens or the cancellation thereof, providing the term stated in the applicable International Agreement.

In the event that the Certificate of Origin sustaining any custom duties is not submitted within the term established in the previous item for the custom clearance of goods in Peru, the Supplier shall immediately carry out the following procedures:

- 1) Issue a Letter of Guarantee in the name of PETROPERU S.A. to answer for the differential of taxes corresponding to the discounts in the customs tariffs plus interests until the payment date.
- 2) Send to PETROPERU S.A. by facsimile and/or e-mail, a Letter in Spanish stating the reason of demurrage.

8. DOCUMENTATION REQUIREMENTS

Original documentation:

For FOB/CFR purchases, the Supplier must submit to PETROPERU S.A. the original documents listed below (according to the documentation instructions from PETROPERU S.A.), within ten (10) calendar days as from the Bill of Lading date.

- Commercial Invoice
- 3/3 Bills of Lading
- Cargo Manifest
- Certificate of Origin
- Other documents required by PETROPERU S.A. in the invitation

For DAP purchases, the supplier must submit the documents listed above within five (05) calendar days as from the time discharge is finished.

If as a result of the supplier's failure to deliver the documentation or any of the regulations in the contract, PETROPERU S.A. loses its corresponding tax benefits (due to custom duties and/or anti-dumping and countervailing duties) to Hydrocarbons on the basis of its origin, the supplier shall assume the payment of all taxes, fines, interests and any other concept arising from such breach.

9. DOCUMENTARY REQUIREMENTS

The Customs of Peru requires the compliance with custom formalities, which are regulated in the General Law of Customs and its Regulation and in the Proceeding of Import for consumption and other Applicable Specific Procedures.

- In the Commercial Invoice, Bill of Lading and Certificate of Origin, it should be indicated the name of the Hydrocarbons that will be imported, and their tariff duty for effects of what is required by the Peruvian Custom Authorities.
- The Commercial Invoice in CRF Contracts must show in a breakdown list the FOB values and FREIGHT, indicating the Unit CFR.
- The Commercial Invoice in DAP Contracts must show in a breakdown list the FOB values, FREIGHT and Insurance, indicating the Unit DAP.
- The total amount to be invoiced must be calculated considering the Net Barrels according to the contract. These U.S. net barrels at 60°F are reported and certified by the independent inspector as 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.
- The documentation must not bear erasures or amendments and must be correctly issued with the information required by the Customs of Peru, which will be indicated in the Documentation Instructions of PETROPERU S.A.

Failure to comply with customs formalities leads to customs violations that are punished with fines.

Payment of taxes, fines, interest or other, made by PETROPERU S.A. due to the incorrect declaration before the Customs of Peru, induced or caused by the information and/or documentation provided by the seller, will be undertaken by the latter.

9.1 To Render Custom Formalities of Import in Peru:

In the event of CFR/FOB purchases, the custom procedures of import of hydrocarbons in bulk are carried out under the method of Urgent Clearance, which allows to initiate the procedure before the arrival of the transportation means or until 7 calendar days after the finishing date of discharge, with original documentation submitted or received by any physical or electronic means.

Immediately after finishing the load of Hydrocarbons, the Seller must physically and electronically send to PETROPERU S.A. (Buyer) the Bill of Lading. Likewise, once the values of the markers that will form the price of product are known, the Commercial Invoice must also be sent, physically and electronically, to PETROPERU S.A., as well as any other shipment document necessary for the customs clearance of the load and payments of it, to the customs authorities of Peru. Any delay of the Tanker for lack of necessary documents and that prevents the discharge of the Hydrocarbon or Biofuel will be at the expense of the Seller (Supplier).

In the event of DAP purchases, immediately after the discharge is initiated and before the discharge of Hydrocarbons is finished, the Seller must electronically submit to PETROPERU S.A. (Buyer) the Commercial Invoice, Bill of Lading, Certificate of Origin and any other required documents.

9.2 First Reception of Shipment Documents for Nationalization Proceeding:

In the case of CFR/FOB purchases, in order to render the customs proceedings of nationalization of Hydrocarbons before the Customs of Peru, the seller must physically and electronically send to PETROPERU S.A., two (2) working days in Peru before the arrival of the vessel at the first discharge port, the documents mentioned in item 8 as well as the Certificate of Quality.

When the voyage is less than three (3) days, the documentation referred to in item 8 must be physically and electronically sent when loading is finished and before the arrival of the vessel at the first discharge port.

In the case of DAP purchases, immediately after starting the discharge and before finishing the discharge of the hydrocarbons, the Seller must electronically send to PETROPERU S.A. (Buyer) the Commercial Invoice, Bill of Lading, Certificate of Origin and any other required documents.

The submitted documentation (by physical or electronic means) shall be legible and obtained from the original documents.

The first delivery of the shipment documentation does not release the seller from its duties to formally submit the originals of the referred documents and other additional requested by the Customs of Peru within the agreed term.

In case the seller fails to send to PETROPERU S.A. the documentation (sent by electronic and physical means) correctly issued within the agreed term, and the vessel arrives at the Peruvian discharge port, PETROPERU S.A. shall keep the Hydrocarbons immobilized in the vessel tanks until the delivery of all the documentation required by the Peruvian customs authorities. Once the term of 7 days referred to in item 9.1 is due, it can no longer invoke the Urgent Clearance and therefore, the documentation must be delivered in original documents to the Customs of Peru.

In these cases, PETROPERU S.A. will not be responsible for demurrages, costs and expenses incurred as a result of supplier's failure to deliver the shipment documents on time.

PETROPERU S.A. may only authorize the discharge of Hydrocarbons under responsibility of the seller, guaranteed by a Letter of Indemnity (LOI) in PETROPERU S.A. format. The seller shall be responsible for all inherent costs and risks generated by the Customs Authorities or third companies.

10. PAYMENT TERMS

In case of imports made by PETROPERU S.A., the supplier must send to PETROPERU S.A. via courier the original shipping documents of the cargo within the period determined in the contract in order to execute the shipment payment. The shipping documents to be submitted are the following:

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

CERTIFIED TRANSLATION No. 0070-2017
Page 9 of 40

- 3/3 Original Bill of Lading, consigned to the order of Petróleos del Perú – PETROPERU S.A. or endorsed to it.
- Original Commercial Invoice.
- Original simple Certificate of Origin or issued on CAN or ALADI format or other format approved by the International Agreement as appropriate.

If PETROPERU S.A. does not receive the original shipment documents, payment may be only authorized under responsibility of the seller guaranteed by a Letter of Indemnity (LOI) in PETROPERU S.A. format. The seller will be responsible for all inherent costs and risks generated by the Custom Authorities or third companies.

The total amount to be invoiced shall consider the net volume or quantity showed in the Bill of Lading, which was certified by an Independent Inspector in the Loading Port or volume submitted, as the case may be.

10.1 SALE

FOB (Free on Board) sale shall be guaranteed by an Irrevocable, Confirmed, and Documentary Letter of Credit in the format indicated in Appendix III, to be opened in a First Class Bank acceptable for PETROPERU S.A. and confirmed at least three (3) working days before the first day of the Contractual Laycan by a Bank appointed by PETROPERU S.A. The Sale shall be paid to PETROPERU S.A. in U.S. Dollars eight (8) days after the Bill of Lading date of the cargo, free of interests, deductions or any other expense.

Payment of the cargoes sold by PETROPERU S.A., not received in the indicated date shall be subject to a daily interest charge equivalent to the Prime Rate stated by Chase Manhattan Bank of New York, valid on the indicated date of the invoicing plus 2.0%.

If PETROPERU S.A. does not deliver the original shipment documents within the agreed term, the buyer may authorize the payment guaranteed with a Letter of Indemnity (LOI) in PETROPERU S.A. format.

For particular situations, PETROPERU S.A. may determine the convenience of considering different terms of payment before or after the Bill of Lading date or NOR, or others, as well as other payment options without guarantee of Letter of Credit or Stand By Letter of Credit. The last options may be applied in case of State Oil Companies or Oil Companies considered as Majors or Companies from which PETROPERU S.A. has acquired products without requirement of Letter of Credit in the last six (6) months, which will be indicated in the invitation.

In addition, the option to make a prepayment for a certain amount with the maximum contractual volume and the price of the last three (3) quotes, before starting loading may be considered. Once loading has finished and the amount of the cargo calculated, the difference to be paid would be determined. If there is a balance to collect/return the payment/refund, it must be made within the following three (3) working days in the account and bank indicated. This option will be applied with companies that have been awarded with a cargo and have made the payment in a timely manner, which will be indicated in the invitation.

10.2 PURCHASE

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

Option "A", with Irrevocable, Confirmed and Documentary Credit:

In American Dollars via banking transfer 30 days after the Bill of Lading date of the cargo or NOR, free of interests, without discounts, without retentions or counterclaims, in the usual format of PETROPERU S.A. (Appendix III).

The Letter of Credit may be opened by a Bank designated by PETROPERU S.A. and confirmed by a First Class Bank designated by a Bank rendering the opening. It can be opened and also confirmed by a First Class Bank appointed by PETROPERU S.A.

In any case, the beneficiary may have the option, at its expenses, to request to PETROPERU S.A. that the confirmed Letter of Credit be additionally notified or confirmed by certain Bank.

Option "B" without Documentary Guarantee:

In American Dollars via banking transfer 30 days after the Bill of Lading date of the cargo or NOR, free of interests, without discounts, without retentions or counterclaims based on an Open Credit Line. In this case, PETROPERU S.A. upon request of the supplier shall issue a Payment Undertaking which format shall be agreed by the parties.

For both options, PETROPERU S.A. shall evaluate also other payment terms (10, 15, 20, 45, 60, 90 and 120 days or others), free of interests.

10.3 SPECIAL INSTRUCTIONS

- If the due date falls on a Saturday or a bank holiday (except Monday) in New York, payment shall be made on the last preceding banking day.
- If the due date falls on a Sunday or a bank holiday Monday in New York, payment shall be made on the next banking day.
- If any of the parties state another place different to New York, it must be informed in a timely manner.

11. TRANSFER OF PROPERTY AND RISK

For FOB/CFR purchases and FOB sales, the transfer of property and risk of the Hydrocarbons will pass from seller to buyer at the loading port or terminal at the moment and point in which the bulk Hydrocarbon or Biofuel passes to the entrance flange of the nominated vessel.

For DAP purchases, the transfer of property and risk of Hydrocarbons will pass from seller to buyer at the discharge port or terminal at the moment and point in which the bulk Hydrocarbon or Biofuel passes the exit flange of the vessel.

12. LAWS

This agreement shall be governed by, construed and executed in accordance with the Laws of the Republic of Peru, which the parties declared to know.

13. NEW OR CHANGED REGULATIONS

It is understood that PETROPERU S.A. and the seller or client enter into this agreement in accordance with the laws, rules, regulations, decrees, agreements, concessions and arrangements with the Peruvian government or governmental instruments in force at the time its execution.

A new Regulation or an amendment therein may directly or indirectly affect the hydrocarbons purchased or sold under the original agreement, undermining any of the parties or their suppliers in the stages of production, processing, storage, loading, transportation, sale, and delivery of Hydrocarbons.

In the event that, during the term of this agreement, the regulations are modified or by order of the government it is establish to change any of the original regulations, and in the event that such new or changed regulation (A) is not covered by any other provision of this agreement, and (B) has an adverse economic effect upon either party or their suppliers, the party affected thereby shall have the option to request renegotiations of the prices and other pertinent terms provided in this agreement.

Said option may be exercised by such affected party within a term no later than 10 calendar days counted since modification or change in the regulations, by giving written notice (letter, official letter, facsimile) of the desire to renegotiate by electronic means (facsimile, e-mail) or correspondence. Such written notice shall contain the supporting information with detailed explanation of the regulatory modification or change, and shall include the proposal of new prices and terms, seeking to reach satisfactory conditions to both parties. The affected party shall have the right to terminate this agreement if after 7 days of receiving the notice from the other party no agreement is reached. As long as the parties do not modify the terms of agreement, the sale and purchase of hydrocarbons and biofuels shall continue to be at the price and conditions established in the agreement.

14. FORCE MAJEURE

Force Majeure is the occurrence of one or more events that are unpredictable, unavoidable and not attributable to the affected party, preventing, restricting or delaying the compliance with the obligations arising from the agreement, such as production, transportation, sale-delivery or receipt of Hydrocarbons; whether the event affects PETROPERU S.A., the supplier or client directly, or affects the vendor of PETROPERU S.A. or the supplier's vendor.

Neither PETROPERU S.A. nor the supplier or client shall be obliged to sell or purchase Hydrocarbons once Force Majeure is declared by any of the parties.

PETROPERU S.A. or the supplier or client shall inform its counterparty in writing about the situation of Force Majeure no later than 48 hours of its occurrence and the basis for their declaration within the next 2 working days; otherwise, PETROPERU S.A. or the supplier or client, as appropriate, shall not consider said event as Force Majeure.

Additionally, if the situation of Force Majeure lasts for more than seven (7) calendar days, the party affected by the Declaration of Force Majeure, whether it is PETROPERU S.A. or the supplier or client reserves the right to terminate the contract as from day eight.

For example purposes, and according to the circumstances, the following events may be considered as Force Majeure events.

- a) "Acts of God" involving maritime peril, storms, hurricanes, earthquakes or flood.
- b) Closing or restriction on the use of a port or pipeline, due to the reasons described above.
- c) Accident, fire or explosion in the production facilities (Maritime Platforms, Refineries, Chemical Plants) or Loading Ports/Terminals.
- d) Voluntary or involuntary compliance by the supplier with a request from any Government or person authorized to act with Governmental Authority, including without limitation the acceptance of an agreement to a change in the present relationships, resulting from an initiative by said government or person authorized to act in the name of such government.
- e) Total or partial expropriation, nationalization, confiscation, requisition, cancelation or omission of a government contract or concession affecting production of the hydrocarbon to be provided.
- f) That the government of the producer country takes payment entitlements on Hydrocarbons, subject of the commercial transaction.
- g) Hostilities of war (declared or undeclared), embargo, blockade, riot, civil unrest, sabotage, revolution, insurrection.
- h) Strike or other labor difficulty (whoever the employees involved), even though the strike or labor difficulty could be settled by conceding to the demands of a labor group;

15. LIMITATION OF COMPENSATIONS

PETROPERU S.A. shall not be liable for loss of profits or any other indirect damage to the Client or Seller, as a consequence of non-performance of their obligations under the Contract or their partial, late or defective compliance.

This provision does not preclude any rights of PETROPERU S.A. in order to require from the Client or Seller a compensation for damage caused by non-performance of their obligations under the Contract or their partial, late or defective compliance.

16. WARRANTIES

In FOB sales, PETROPERU S.A. does not grant a security right in the Hydrocarbons sold, other than the technical specifications (analyses) stated in the contract and measured at the loading port.

17. ARBITRATION

Any dispute arising out or in connection with this Agreement, shall be subjected to and resolved by arbitration at law.

For those disputes in which the amount cannot be determined or those with an amount under or equal to US\$1'000,000.00, arbitration shall be carried out according to the Arbitration Regulations of the Lima Chamber of Commerce, the same that the parties

declare as known and accepted. For arbitrations exceeding the amount of US\$1'000,000.00, arbitration shall be carried out according to the Regulations of the International Chamber of Commerce.

Disputes shall be resolved by an Arbitral Tribunal composed of three arbitrators; for this purpose, each party shall appoint one arbitrator. The two appointed arbitrators shall appoint the third arbitrator who shall become president of the Arbitral Tribunal. If one of the parties does not appoint its arbitrator, or if the two appointed arbitrators do not reach an agreement in appointing the third arbitrator, this appointment shall be conducted by the Council of the Arbitration Center of the Lima Chamber of Commerce or by the International Court of Arbitration of the International Chamber of Commerce, according to the corresponding Arbitration Center Regulations on the basis of the dispute's amount.

The arbitration shall be in Spanish. The Peruvian Legislation shall be the applicable law and the seat of arbitration shall be in the city of Lima, Peru.

18. RESERVATION

PETROPERU S.A. reserves the right to award the Contract or not, or to partially award it. Additionally, it reserves the right to request improvements in the contents of the offers in line with the interests of PETROPERU S.A., without this giving reason to the bidders to lodge a complaint for any concept.

19. CONTRACT TERMINATION

Purchase

PETROPERU S.A. shall have the right, without being liable for any compensations to the seller, to terminate the contract upon written Notice, immediately after having been informed in writing by the seller regarding its inability to deliver the hydrocarbon under the contractual conditions.

Sale

PETROPERU S.A. shall have the right, without being liable for any compensations to the client, to terminate the contract upon written Notice, immediately after having been informed in writing by the client regarding its inability to withdraw the hydrocarbon complying with the contractual conditions.

20. COMMUNICATIONS WITH PETROPERU S.A.

Attention: Sub Gerencia Suministro y Ventas Internacionales

Address: Enrique Canaval Moreyra 150
Lima 27, Perú.

Facsimile: (511) 614-5020
(511) 614-5021

Telephone: (511) 614-5000 Extension 13100
(511) 211-7800 Extension 13101

OPERATING CONDITIONS

1. QUANTITY

Volume (Barrels and M3) and/or weight (TM) of Hydrocarbons to be delivered at the loading port by seller to buyer, according to the Award.

2. QUALITY

Quality of Hydrocarbons, as well as methods for their analysis, shall be duly certified by the nominated Independent Inspector according to provisions in item 3 "Inspection".

Methods to be used in the quality testing analysis shall be in accordance with provisions in the Award. If case any of the tests cannot be conducted as agreed, it may be carried out with equivalent methods, prior agreement between parties.

For FOB/CFR Purchases

Contractual quality shall be determined according to the "static" shore tank samples and it will be verified with the vessel composite samples. When "active" (in motion) shore tanks are used, quality shall be determined according to the composite samples of all compartments in the vessel where the cargo is stored.

In the case of ULSD, Diesel 2, Jet A1 or other hydrocarbon that requires having additives to comply with a specific quality essay such as lubricity, conductivity, cetane number or other, determination of said specifications will be done according to the composite sample of all compartments in the vessel where the cargo is stored. Seller shall ensure that all contractual specifications onboard meet the provisions in the contract.

When by regulations of Customs of Peru it is necessary to have any hydrocarbons' properties verified in each vessel tank at the Peruvian ports, this shall be stated in the invitation and/or Award, and not only the composite sample shall be analyzed as stated in items 2.1 or 2.2, but also the sample of each vessel tank at the loading port shall be analyzed, and sailing shall not be authorized in case Hydrocarbons do not meet the required properties.

2.1 Quality of Hydrocarbons in "Static" Shore Tanks (CFR/FOB Purchases)

Quality will be verified by taking samples of each tank and composite therein, according to provisions in item 3 "Inspection", and performing all corresponding analyses.

When there is no equipment at the Loading Port to perform any contractual analysis, seller and/or Inspector will inform PETROPERU S.A. of this situation before starting loading, and propose to send the sample(s) to another laboratory for the corresponding analyses. In exceptional cases, PETROPERU S.A. may accept this condition and authorize the vessel to sail, conditioning the purchase operation completion to the results of reported testing, with the commitment that the seller will have the results of the missing analyses before vessel arrival at the discharge port. In the event that the tests determine that Hydrocarbons are out of contractual specifications, PETROPERU S.A. reserves the right to reject the cargo. Demurrages of vessel due to this reason shall be at the supplier's expense. All costs related to testing or analyses shall be at the supplier's expense.

2.2 Quality of "Active" Shore Tanks (CFR/FOB Purchases)

When "active" (in motion) shore tanks are used, contractual quality of hydrocarbons shall be determined with the composite sample of all compartments in the vessel.

When there is no equipment at the Loading Port to perform any contractual analysis, seller and/or Inspector will inform PETROPERU S.A. of this situation before starting loading, and propose to send the sample(s) to another laboratory for the corresponding analyses. PETROPERU S.A. may accept this condition and authorize the vessel to sail, conditioning the purchase operation completion to the results of reported testing, with the commitment that the seller will have the results of the missing analyses before vessel arrival at the discharge port. In the event that the tests determine that Hydrocarbons are out of contractual specifications, PETROPERU S.A. reserves the right to reject the cargo. Demurrages of vessel due to this reason shall be at the supplier's expense. All costs related to testing or analyses shall be at the supplier's expense.

For DAP purchases

Prior to cargo acceptance, supplier shall refer to PETROPERU S.A. the quality of the product to be delivered, which shall comply with all quality specifications stated in the contract.

Contractual quality will be verified according to the composite sample of all compartments in the vessel where the cargo is stored before starting discharge operation. PETROPERU S.A. reserves the right to reject the cargo if product does not meet quality specifications.

3. INSPECTION

An Independent Inspection Company at loading port will be nominated by buyer (PETROPERU S.A. or client, as appropriate) of the cargo to supervise quantity and quality of the Hydrocarbons shipment, according to the contractual specifications. Quantity and Quality report by the Independent Inspector shall be based on the contractual methods.

Documents issued by the Independent Inspection Company shall be determinant and accepted by both parties, except for obvious error or intent. Inspection expenses (including witnesses only) shall be shared equally (50%/50%) between both companies. No payment is considered for testing in the laboratory at the loading port, which will be paid by seller (imports) or PETROPERU S.A (exports).

PETROPERU S.A or the seller shall provide the Independent Inspector with the facilities to enter the Refinery or cargo Terminal for the witness of contractual analysis methods and the respective measurements.

The Independent Inspection Company nominated by PETROPERU S.A. or the client must not be rejected, unless any reasons are informed about why said company is not accepted (incompetence, lack of credibility, availability, presence in the market or loss of international prestige).

3.1. "Static" Shore Tanks

Volumetric report shall be based on measurements of Hydrocarbons in the shore tanks (of the Terminal or Refinery), from which Hydrocarbons will be cleared. Tank measurement shall be conducted using the last version in force of the ASTM or API methods or other included in the Award, to obtain Net Standard Volume (NSV) @ 60°F (Sixty degrees Fahrenheit), which will be used for invoicing.

3.2. "Active" Shore Tanks

Report shall be based on measurements in tanker vessel (corrected by the Vessel Experience Factor - VEF) or in custody transfer metering systems (LACT).

Measurements onboard shall be determined by measurements conducted in vessel tanks ("ullages") at the loading port, corrected by the VEF. For vessels without Experience Factor, VEF=01 will be assumed.

If at the port or cargo terminal, there are custody transfer metering systems (LACT units), their results shall be compared to the vessel's ullages in order to determine volumetric variations.

4. LOADING LAYCAN AND LOADING PORT

4.1 FOB SALE

- Loading laycan stated in the Award must be met.
- This product must be exported from Peru. Partial or full delivery of these cargoes is not permitted in other Peruvian Ports.

4.2 FOB PURCHASE

- Laycan shall be clearly specified in the offer.
- Final nomination of Loading Port(s) should be clearly specified in the offer.

5. DISCHARGE LAYCAN AND DISCHARGE PORT

CFR (COST AND FREIGHT) and DAP (SUPPLIER UNDERTAKES COST, FREIGHT AND INSURANCE) PURCHASE

- PETROPERU S.A. in the invitation will indicate the "Peruvian Port(s)" where the discharge of Hydrocarbons will take place, as well as delivery laycan at the first Peruvian discharge port. Once discharged is finished at the first port, vessel shall go to the other discharge ports according to the Award.
- In the case of contracts in which it is agreed to conduct two or more deliveries of hydrocarbons within a determined term, laycan and discharge ports will be agreed according to provisions in the contracts.

6. TRANSPORTATION TERMS

6.1 VESSELS' NOMINATION AND LOADING/DISCHARGE PROCEDURES

CFR Purchase:

- Seller must propose to PETROPERU S.A. the intended vessel to be used for clearance of the cargo, sufficiently in advance to meet the contractual delivery laycan specified in the Award. This proposal shall be submitted sufficiently in advance of starting loading, taking into consideration the term to accept the vessel plus the average time of journey from the loading port to the discharge port that allows Hydrocarbons to be received within their discharge laycan. It is not allowed, under any circumstances, to start loading of the vessel without prior authorization by PETROPERU S.A., after vessel and inspector acceptance.
- Vessel's name, flag, characteristics, limitations, restrictions, cost for demurrage, etc. must be informed in a timely manner to the "Unidad Compra de Crudo, Intermedios y Terminados" of PETROPERU S.A., or bodies acting in their stead.
- The proposed vessel must conform to all laws and regulations applicable in the discharge Terminal(s) and shall fulfill all requirements of the ASBATANKVOY Type of Contract. The vessel proposed by seller will be subject to acceptance/rejection by PETROPERU S.A.
- PETROPERU S.A. has the right to reject the vessel's nomination if it believes that it does not meet the specific regulations of the Discharge Port(s) and contractual conditions in the Award. In this case, seller shall propose as soon as possible a new alternative vessel for acceptance/rejection by PETROPERU S.A.
- PETROPERU S.A. shall notify seller no later than 48 working hours after receipt of the vessel's nomination, whether it accepts or rejects the proposal.
- Seller may propose to substitute the vessel previously accepted by PETROPERU S.A. for another vessel in respect of which size, capacity, cargo quantity and estimated time of journey are equivalent to those of the vessel originally nominated, subject to written acceptance by PETROPERU S.A., so that Hydrocarbons arrive within their contractual laycan.
- Seller must inform PETROPERU S.A. as soon as the full loading is completed, as well as the vessel's estimated time of arrival (ETA) to the first Peruvian discharge port.
- Seller shall arrange for the vessel and maritime agent to report to PETROPERU S.A. by fax or e-mail, the ETA to the Peruvian discharge port 72, 48 and 24 hours before arrival of the vessel, as well the operations conducted by the vessel at the discharge ports.
- It is the seller's obligation to ensure that Vessel Master is familiar with all applicable laws, regulations and port restrictions, including pollution control regulations in force at the discharge port and others such as the ISPS code. Should the vessel not conform to said rules, laws, regulations, restrictions, PETROPERU S.A. may refuse to berth the vessel for discharge until the required conditions are met. Any resulting delays or expenses shall be at the supplier's expense.

DAP (Supplier Undertakes Cost, Freight and Insurance) Purchase

- Seller must propose to PETROPERU S.A. the intended vessel to be used for delivery of the cargo, sufficiently in advance to meet the contractual delivery laycan specified in the Award. This proposal shall be submitted sufficiently in advance, taking into consideration the average time of journey to the discharge port that allows Hydrocarbons to be received within their discharge laycan.
- Vessel's name, flag, characteristics, limitations, restrictions, cost for demurrage, etc. must be informed in a timely manner to the "Unidad Compra de Crudo, Intermedios y Terminados" of PETROPERU S.A., or bodies acting in their stead.

- The proposed vessel must conform to all laws and regulations applicable in the discharge Terminal(s) and shall fulfill all requirements of the ASBATANKVOY Type of Contract. The vessel proposed by seller will be subject to acceptance/rejection by PETROPERU S.A.
- PETROPERU S.A. has the right to reject the vessel's nomination if it believes that it does not meet the specific regulations of the Discharge Port(s) and contractual conditions in the Award. In this case, seller shall propose as soon as possible a new alternative vessel for acceptance/rejection by PETROPERU S.A.
- PETROPERU S.A. shall notify seller no later than 48 working hours after receipt of the vessel's nomination, whether it accepts or rejects the proposal.
- Seller may propose to substitute the vessel previously accepted by PETROPERU S.A. for another vessel in respect of which size, capacity, cargo quantity and estimated time of journey are equivalent to those of the vessel originally nominated, subject to written acceptance by PETROPERU S.A., so that Hydrocarbons arrive within their contractual laycan.
- Seller must inform PETROPERU S.A. the vessel's estimated time of arrival (ETA) to the first Peruvian discharge port.
- Seller shall arrange for the vessel and maritime agent to report to PETROPERU S.A. by fax or e-mail, the ETA to the Peruvian discharge port 72, 48 and 24 hours before arrival of the vessel, as well the operations conducted by the vessel at the discharge ports.
- It is the seller's obligation to ensure that Vessel Master is familiar with all applicable laws, regulations and port restrictions, including pollution control regulations in force at the discharge port and others such as the ISPS code. Should the vessel not conform to said rules, laws, regulations, restrictions, PETROPERU S.A. may refuse to berth the vessel for discharge until the required conditions are met. Any resulting delays or expenses shall be at the supplier's expense.

FOB Purchase

- PETROPERU S.A. through its "Unidad Compra de Crudo, Intermedios y Terminados" or bodies acting in their stead, must propose in a timely manner to the supplier the intended vessel to be used for loading Hydrocarbons, taking into consideration its positioning and duration of journey to the loading port.
- Vessel's name, flag, characteristics, limitations, restrictions, etc. must be informed to the supplier.
- The vessel proposed by PETROPERU S.A. must conform to all laws and regulations applicable in the loading Terminal(s) and shall fulfill all requirements of the ASBATANKVOY Type of Contract. The proposed vessel will be subject to acceptance/rejection by supplier, decision that shall be duly supported.
- Seller shall notify PETROPERU S.A. no later than 48 working hours after receipt of the vessel's nomination, whether it accepts or rejects the proposal.
- In case of rejection, PETROPERU S.A. must propose as soon as possible a new alternative vessel for acceptance/rejection by seller, so that Hydrocarbons are loaded within their contractual laycan.
- Seller must inform PETROPERU S.A. as soon as the loading is completed.
- It is the obligation of PETROPERU S.A. to ensure that Vessel Master is familiar with all applicable laws, regulations and port restrictions, including pollution control regulations in force and others such as the ISPS code at the loading port.

FOB Sale

- The client must propose to the "Unidad Venta de Crudo y Derivados" of PETROPERU S.A. the intended vessel to be used for clearance of the cargo sufficiently in advance to meet the contractual loading laycan specified in the Award. This proposal shall be submitted before start of loading laycan, taking into consideration the term to accept the vessel plus the average time of journey to the loading port that allows Hydrocarbons to be received within their loading laycan. Client shall nominate the Maritime Agency in Peru.
- Vessel's name, flag, characteristics, limitations, restrictions, cost for demurrage and ETA to the Loading Port must be informed by the client to PETROPERU S.A. before closing the contract with vessel.
- The proposed vessel must conform to all requirements of the ASBATANKVOY Type of Contract.
- The vessel proposed by the client will be subject to acceptance/rejection by PETROPERU S.A.
- PETROPERU S.A. has the right to reject the vessel's nomination if it believes that it does not meet the specific regulations of the Loading Port and contractual conditions in the Award, mainly in terms of available cargo capacity. In this case, once the vessel is rejected, the client shall propose as soon as possible a new alternative vessel for immediate acceptance/rejection by PETROPERU S.A., so that the contractual loading laycan is met.
- PETROPERU S.A. shall notify the client no later than 48 working hours after receipt of the vessel's nomination, whether it accepts or rejects the proposal.
- If necessary, the client may propose to substitute the vessel, subject to prior acceptance by PETROPERU S.A.
- Client shall notify PETROPERU S.A. of the vessel's estimated time of arrival, at least ten days in advance of the start of contractual loading laycan.
- The vessel Master or Agent must report to PETROPERU S.A. the updated estimated time of arrival (ETA) to lift the cargo 72, 48 and 24 hours in advance of arrival.
- PETROPERU S.A. will not be liable for demurrages, charges for dead freight or any other cost involved in delays in the loading operation that may be attributed to the buyer's faults or vessel Master.
- It is the client's obligation to ensure that Vessel Master is familiar with all applicable laws, regulations and port restrictions (international and Peruvian), including pollution control regulations in force and others such as the ISPS code at the loading port. Should the vessel not conform to said rules, laws, regulations, restrictions, PETROPERU S.A. may refuse to berth the vessel for loading until the required conditions are met. Any resulting demurrages or expenses shall be at the client's expense.

General Note on item 6.1

Any failure to comply with the abovementioned procedures will be considered a material failure to comply with the contract.

Under this situation, PETROPERU S.A. reserves the right to require a compensation from the Client or Seller for any and all costs, damages or expenses incurred by PETROPERU S.A. as a result of the contractual breach.

6.2 NOTICE OF READINESS

Upon arrival at the designated ports, the Vessel Master shall give notice that his vessel has arrived and be ready to carry out the loading or discharge of the cargo as appropriate.

The Notice of Readiness shall be notified when:

- The vessel is anchored at the place indicated by the loading/discharge port's operator and is ready to load/discharge the cargo.
- All procedures have been accomplished.
- Authorization has been received from the port or customs authorities (Free Pratique).
- The vessel is ready to load or discharge.

6.3 LAYTIME AND ALLOWED LAYTIME

The allowed Laytime (free of cost) for the discharge port(s) (CFR/DAP Purchases) or loading port (FOB Purchase and FOB Sale) shall be equivalent to 50% of total allowed Laytime established in the charter party entered into with the vessel's owner for the Hydrocarbon transportation service.

If vessel arrives at the loading port (FOB Sale) or discharge (CFR/DAP Purchase) and issues its NOR before the contractual laycan, it must wait for its first day of Laytime to enter and berth in the Mooring area or Dock, allowed Laytime will start on the first day of Laytime + 6 hours or berthed vessel, whichever occurs first. PETROPERU S.A. reserves the right to enter the vessel to carry out the loading/discharge of Hydrocarbons before its first day of Laytime, subject to its convenience and operating restrictions. If entry before contractual Laytime is accepted, allowed Laytime will start on the first day of Laytime + 6 hours or when the vessel starts loading or discharge, whichever occurs first.

If the vessel issues its Notice of Readiness (NOR) within the foreseen Laycan, Laytime will start to count after six (6) hours of issuing this Notice, or when the vessel is berthed and secured at the loading/discharge dock, whichever occurs first.

If the vessel arrives within the contractual laytime and the terminal or port is closed due to bad weather, the start of laytime will start with the NOR + 6 hours and the time will be discounted as from the port or terminal opening until granting of Free Pratique.

If vessel arrives at the loading port (FOB Sale) or discharge (CFR/DAP Purchase) after its contractual laytime, it shall wait its turn to enter the Mooring area or Dock, based on reschedule conducted by PETROPERU S.A. In this case, allowed laytime will start to count after six (6) hours of accepting the Notice of Readiness (NORA) or when the vessel is berthed and secured at the loading/discharge dock, whichever occurs first.

For all cases, laytime will finish at the time when the last loading/discharge hose or arm is disconnected.

6.4 EXCEPTIONS TO ALLOWED LAYTIME

In addition to provisions in the ASBATANKVOY Charter Party, the following is not considered laytime:

- Time spent by the vessel shifting from customary mooring location in the port to the designated dock or discharge buoy or anchorage place, calculated since anchors were lifted until the vessel is all anchored at the designate place.
- Any delay or interruption of the operations attributable to the vessel's agents, master, officers, crew, vessel's owner or operator where delays arising from breakdown or incapacity of vessel's facilities are included.
- Delays due to vessel's bunkering operations where it is included the time to connect/disconnect the hoses or arms; as well as its line displacement time, unless the operation is accomplished concurrently with the hydrocarbon loading/discharge operations, so that said bunkering operation does not cause delay, hinder or prevent the loading/discharge operation.
- After issuing the Notice of Readiness, delay of the vessel in securing the lightering vessel alongside the vessel, or in its berthing operation due to bad weather or sea conditions, which shall be calculated at one-half (1/2) the demurrage rate.
- Delays to enter to the dock or mooring area to start loading/discharging operations and any delays incurred upon leaving the dock or mooring area due to weather conditions, which shall be calculated at one-half (1/2) the demurrage rate.
- If vessel issues its Notice of Readiness in a place different than the usual anchoring place in the Peruvian loading (FOB Sales)/discharge (CFR/DAP Purchases) port or if the vessel fails to report its ETA to PETROPERU S.A. 72, 48 and 24 hours before arrival at the Peruvian loading (FOB Sales)/discharge (CFR/DAP Purchases) port, it shall carry out loading/discharge by subjecting to the convenience and operating restrictions of PETROPERU S.A., starting laytime, when vessel is berthed and ready in all aspects for loading/discharge operations.
- Excessive time as a result of performing discharge at the Peruvian port with a pressure below that of the contract, unless this was requested specifically by the Terminal.

6.5 DEMURRAGE

CFR/DAP Purchases or FOB Sales

In the event that, due to causes imputable to PETROPERU S.A. the Allowed Laytime at the discharge (CFR/DAP Purchases) or loading (FOB Sales) port(s) is exceeded, according to provisions in item 6.3, PETROPERU S.A. shall pay in American Dollars to the seller or client the amount of the respective demurrage according to the rate stipulated on the charter party executed between the seller or client and the vessel's owner.

FOB Purchases

In the event that, due to causes imputable to the seller the Allowed Laytime at the loading port is exceeded, according to provisions in the first paragraph of item 6.3, the seller shall pay in American Dollars to PETROPERU S.A. the amount of the respective demurrage according to the rate stipulated on the charter party executed between PETROPERU S.A. and the vessel's owner.

In any events, if there are complaints due to demurrages, they must be submitted within the ninety (90) calendar days after the hoses or arms were disconnected from the vessel's manifold at the loading (FOB Purchases, FOB Sales)/discharge (CFR/DAP Purchases) port, having to support in detail and in writing the grounds for these complaints, as well as attaching the necessary documentation, otherwise, the complaints will not be accepted.

PETROPERU S.A. requires at least the following documentation for the analysis of the demurrages complaints:

- Copy of the Charter Party and/or Closing Facsimile or E-mail
- Calculation of Demurrages
- Notice of Readiness (NOR)
- Time Log or Laytime at Port (or State of Facts)
- Pressure Report
- Letter of Protest, if any

The complaint may be submitted either by Courier service or electronic mail, and PETROPERU S.A. shall confirm receipt of the complaint.

If PETROPERU S.A. does not receive any complaint due to demurrages within the stipulated 90 days, it will be understood that the client or seller agree; therefore, PETROPERU S.A. shall be exempted from any responsibility, and the client or seller waive the possibility to file any complaint to PETROPERU S.A. for this concept.

In the event that seller or client have a vessel freighted under the modality of "Time Charter" to transport any shipment, the daily cost to calculate the demurrages will be the result of converting the monthly cost of the "Time Charter" rent of the vessel at the equivalent daily rate, and PETROPERU S.A. shall pay the vessel's daily freight only.

6.6 PUMPING

For CFR/DAP Purchases, seller warrants that the vessel is capable of discharging the bulk product in 24 hours or can maintain an average pressure of 100 psig (lb/in²) Pounds per square inch at the vessel's manifold during the discharge, provided shore facilities allow it.

For FOB Sales, clients warrant that they will not hinder cargo flow in the vessel, whether restricting loading pressure at levels below 100 psig (lb/in²) in the manifold and/or hoses or lines with an inadequate diameter.

6.7 VESSELS' LIGHTERING AT DISCHARGE PORTS

Lightering costs generated out of necessity and upon request of PETROPERU S.A. shall be at the account and risk of PETROPERU S.A. For purposes of the laytime, times of lightering operations will be considered as if they had been incurred at a port or Terminal.

6.8 PORT COSTS, DOCK/MOORING AREA SHIFTING COSTS, DOCK/MOORING AREA SHIFTING TIME

In FOB sales and CFR/DAP purchases, for each Peruvian port included in the Award, entry and exit costs of the vessel to a safe berth, buoy mooring area or lightering place are at the account of the client and seller, respectively. These expenses are referred to payment of agents, tugs, barges, pilotage, deck hands and other payments related to the vessel.

PETROPERU S.A. shall have the right of shifting the vessel within a loading/discharge port, from one safe berth, buoy mooring area or lightering place to another safe berth, buoy mooring area or lightering place on payment of all towage and pilotage service for shifting, as well as charges for deck hands or shifting of running lines on arrival and leaving, and other charges and additional vessel agency charges and expenses, customs overtime and fees, and any other extra port charges/expenses incurred by reason of using more than one safe berth, buoy mooring area or lightering place.

If within the same port and after completing loading/discharge at one safe berth, buoy mooring area or lightering place, PETROPERU S.A. requires to shift the vessel to another safe berth, buoy mooring area or lightering place, all time awaiting to start shifting and all time consumed due to shifting 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 or cease to count until the last commercial hose has been disconnected from the vessel at the indicated port.

6.9 PERUVIAN PORTS AND RESTRICTIONS

	DRAFT (ft)	LOA (ft)	DWT (TM)
- Talara – Pier 1	35	623	45,000 (*)
- Talara – Submarine Line	34	750	70,000 (**)
- Callao	35	750	35,000
- DQM			
- Conchán	60	750	70,000
- Mollendo	45.6	700	35,000
- Ilo	40	650	35,000
- Bayóvar	66	1082	250,000
- Iquitos (December through May)	30-39	164	5,000
- Iquitos (June through November)	10-20	164	3,500

(*) Tropical displacement at entry or exit

(**) Tropical DWT

Note: This information shall be updated in the invitations

6.10 SHARED AND EXCLUSIVE CARGOES

For CFR/DAP purchases and FOB sales, the cargoes may be shared with other companies that produce, refine, trade, import hydrocarbons as wholesale suppliers in Peru, to be defined by PETROPERU S.A. in the invitation.

Except for the foreseen case, exclusive cargoes carried out by PETROPERU S.A., the seller must not load in the vessel any additional volume for other consignee in Peru. Partial cargoes for other customers are only permitted in case of Aviation Gasoline or Chemical Products, and it shall be defined in the invitation.

6.11 PENALTIES

FOB Sale (Exports): Delays due to Arrival of Tanker on a Date later than the Contractual Loading Laycan

In cases of unjustified delays of the vessel carrying the cargo, which are the result of causes imputable to the client, and not qualified as Force Majeure, PETROPERU S.A. will bill said client for the equivalent 0.2% of the amount of cargo in American Dollars for each day/fraction of day of delay up to 6% maximum.

Penalty calculation shall start as from 00:00 hours of the day following the last day of the contractual laycan up to the date and time of arrival of the vessel at the shipping port and issuance of Notice of Readiness (NOR). Payment of this penalty does not exclude the compensation corresponding in favor of PETROPERU S.A. due to damages, including loss of profit, consequential damages, losses or any other type of damage, operating costs or any other concept because of the delay. It does not exclude either the responsibilities arising from application of compensation or penalty clauses established for each operation in particular.

CFR/DAP Purchase (import): Delays due to Arrival of Tanker on a Date later than the Discharge Laycan

In cases of unjustified delays of the vessel carrying the cargo, which are the result of causes imputable to the seller, and not qualified as Force Majeure, PETROPERU S.A. will bill said seller for the equivalent 0.2% of the amount of cargo in American Dollars for each day/fraction of day of delay up to 6% maximum.

Penalty daily calculation shall start as from 00:00 hours of the day following the last day of the contractual laycan up to the arrival of the vessel at the first discharge port and issuance of Notice of Readiness (NOR). Payment of this penalty does not exclude the compensation corresponding in favor of PETROPERU S.A. due to damages, including loss of profit, consequential damages, losses or any other type of damage, operating costs or any other concept because of the delay. It does not exclude either the responsibilities arising from application of compensation or penalty clauses established for each operation in particular.

The seller according to the invoice issued by PETROPERU S.A. will pay penalty for breach.

This penalty shall not be applicable to purchases of Aviation Gasoline 100LL, Biodiesel, Fuel Alcohol, or other products in cargoes under 70,000 Bbls, unless PETROPERU S.A. takes it into consideration specifically in the invitation.

7. SPECIAL CIRCUMSTANCES

7.1 Partial Loading

1. It is understood as "partial loading" the loading of the same type of Hydrocarbons to a vessel from two or more Terminals or a combination of Terminals of Floating Storage and from different geographical locations.
2. This type of operation, its formula for pricing, as well as distribution of inspection costs between PETROPERU S.A. and the Supplier shall be specified in the invitation.

7.2 Partial Shipments

"Partial Shipment", i.e. loading of Hydrocarbons of the same contract on board two or more vessels, are not permitted. Only the case specified in the invitation, or as a result of a Negotiation prior to the Award, will be acceptable.

7.3 Purchase from a Floating Storage (for CFR/FOB Purchases)

1. It is understood as floating storage a storage from which vessels are usually loading, these vessels are of a lower capacity than the referred storage and generally above one million barrels. They are usually floating on the sea and receive the production of crudes from an offshore production platform or products from a feeder tanker through Lightering Operations.
2. Purchase of Hydrocarbons from a floating storage is allowed unless otherwise specified in the invitation.
3. Volume stated in the Bill of Lading shall correspond to the ullage measurements in the vessel receiving Hydrocarbons from a floating storage or a Lightering vessel, corrected by its Vessel Experience Factor.
4. Quality shall be determined based on the composite sample of all compartments in the vessel where cargo is received.
5. The Bill of Lading must include the date on which loading from the Floating Storage or Lightering vessel is finished.

7.4 Purchase of "Shipped Hydrocarbons"

Unless specifically specified in the contract or in case of a DAP purchase, it is not allowed the acquisition of previously shipped Hydrocarbons, that is, cargoes that have not been supervised at the loading port by the Independent Inspector nominated by PETROPERU S.A.

8. COMPLAINTS

FOB Sales

- Any complaint under this contract, arising after loading and sailing of the vessel, should be notified to PETROPERU S.A. within a maximum term of sixty (60) calendar days following the Bill of Lading date.
- Quality complaints shall be submitted by the client to PETROPERU S.A. in writing, upon the results of the analyses provided by the independent inspector and before starting the loading operation.
- PETROPERU S.A. shall not be responsible if complaints from the Client are not notified within the established terms.

- Maximum volumetric variation between total volume received in the vessel, after applying the Vessel Experience Factor (VEF) at the loading port, with respect to the volume measured by the independent inspector in the shore tanks of the refinery or terminal of PETROPERU S.A. shall be +/- 0.4%. If there are volumetric differences between the measurements of shore tanks and the volume measured in the tanker after applying the Vessel Experience Factor (VEF), which are outside the +/- 0.4% range, a second measurement will be carried out to rectify or ratify the measurements before the vessel sails.

CFR Purchases

- Quality complaints shall be submitted by PETROPERU S.A. to the seller in writing, upon the results of the analyses provided by the independent inspector and before starting the loading operation.
- Maximum volumetric variation between total volume loaded in the vessel, after applying the Vessel Experience Factor (VEF) at the loading port, with respect to the volume measured by the independent inspector in the shore tanks of the refinery or terminal shall be +/- 0.4%. If there are volumetric differences between the measurements of shore tanks and the volume measured in the tanker after applying the Vessel Experience Factor (VEF), which are outside the +/- 0.4% range, a second measurement will be carried out to rectify or ratify the measurements before the vessel sails. In the event that the volumetric difference continues, PETROPERU S.A. will file a complaint to the seller for the existing decrease.

FOB Purchases

- Quality complaints shall be submitted by PETROPERU S.A. to the seller in writing, upon the results of the analyses provided by the independent inspector and before starting the loading operation.
- Maximum volumetric variation between total volume received in the tanker, after applying the Vessel Experience Factor (VEF) at the loading port, with respect to the volume measured by the independent inspector in the shore tanks of the refinery or terminal shall be +/- 0.4%. If there are volumetric differences between the measurements of shore tanks and the volume measured in the tanker after applying the Vessel Experience Factor (VEF) after loading, which are outside the +/- 0.4% range, a second measurement will be carried out to rectify or ratify the measurements before the vessel sails. In the event that the volumetric difference continues, PETROPERU S.A. will file a complaint to the seller for the existing decrease.

Any other type of complaint for CFR and FOB purchases shall be carried out up to 60 calendar days after the Bill of Lading date.

DAP Purchases

- Quality complaints shall be submitted by PETROPERU S.A. to the seller in writing, upon the results of the analyses provided by the independent inspector and before starting the loading operation. PETROPERU S.A. reserves the right to reject the product or apply a discount to the shipment price.

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

CERTIFIED TRANSLATION No. 0070-2017
Page 27 of 40

- Maximum volumetric variation between total volume delivered from the tanker, after applying the Vessel Experience Factor (VEF) at the discharge port, with respect to the volume measured by the independent inspector in the shore tanks of the refinery or terminal of PETROPERU S.A. shall be +/- 0.4%. If there are volumetric differences between the measurements of the tanker after applying the Vessel Experience Factor (VEF) and the volume measured in the shore tanks after discharge, which are outside the +/- 0.4% range, a second measurement will be carried out to rectify or ratify the measurements before the vessel sails. In the event that the volumetric difference continues, PETROPERU S.A. will file a complaint to the seller for the existing decrease.


MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP N° 0430

APPENDIX I: Quality Specifications – Imports

Quality Specifications of the products listed below are in force and may be adjusted and/or modified by the Quality Product Central Committee of PETROPERU S.A.

A) LIQUEFIED PETROLEUM GAS:

70% PROPANE/30% BUTANE

65% PROPANE/35% BUTANE

60% PROPANE/40% BUTANE

TEST	ASTM METHOD	MIN	MAX
95% EVAPORATED TEMPERATURE, °C	D-1837		2.2
RVP VAPOR PRESSURE @ 37.8°C, kPa (lb/in ²)	D-1267/D-2598	793 (115)	1430 (208)
SPECIFIC GRAVITY @ 15.6/15.6°C	D-1657/D-2598	REPORT	
SULFUR CONTENT, ppm	D-2784		140 (*)
COPPER STRIP CORROSION 1 h @ 37.8°C	D-838	--	1
FREE WATER CONTENT	VISUAL		NIL
RESIDUE ON EVAPORATION OF 100 ml, ml	D-2158		0.05
OIL STAIN OBSERVATION	D-2158		NEG.
C2 CONTENT, % VOLUME	D-2163	(**)	
C3 CONTENT, % VOLUME	D-2163	60, 65, 70	
C5 CONTENT, % VOLUME	D-2163		1.8
C6 CONTENT, % VOLUME	D-2163	NIL	
UNSATURATED HYDROCARBONS	D-2163	REPORT	
DIENES (such as 1,3-butadiene)	D-2163		0.5
HUMIDITY	D-2713	NIL (***)	

* Sulfur Content shall be determined after the odoriferous substance has been added.

** Allowed, provided that the LPG mixture meets all RVP limits.

*** Cobalt Bromide Method at the Loading Port.

B) DIESEL No. 2 (Sulfur: 0.2%/2000 ppm maximum)

TEST	ASTM METHOD	MIN	MAX
ASTM COLOR	D-1500		1.5
DISTILLATION, °C 90% RECOVERED	D-86	282	360
FLASH POINT, °C	D-93	52	
KINEMATIC VISCOSITY @ 40°C, cSt	D-445	2.4	4.1

MILAGROS DEL ROSARIO ZAMORA MIRANDA

CTP No. 0430

Certified Translator

CERTIFIED TRANSLATION No. 0070-2017

Page 29 of 40

POUR POINT, °C	D-97		+4
CETANE NUMBER	D-613	45	
CETANE INDEX	D-4737/D-976	40	
ASH, % mass	D-482		0.010
CONRADSON CARBON RESIDUE, 10% BOTTOMS, % mass	D-189/D-524		0.35
COPPER STRIP CORROSION, 3 h @ 50°C	D-130		3
SULFUR CONTENT, % mass	D-129/D-2622 /D-1266/ D-4294		0.20
OXIDATION STABILITY, mg/100 ml	D-2274		1.0
B.S.W., % vol	D-1796/D-2709		0.05
AROMATICS, % vol	D-1319	REPORT	
DENSITY @ 15°C, kg/m ³	D-1298/D-287	REPORT	

C) LOW-SULFUR DIESEL (Sulfur: 0.05%/500 ppm maximum)

TEST	ASTM METHOD	MIN	MAX
ASTM COLOR	D-1500/D-6045		1.5
DISTILLATION, °C 90% RECOVERED	D-86	282	360
FLASH POINT, °C	D-93	52	
KINEMATIC VISCOSITY @ 40°C, cSt	D-445	2.4	4.1
POUR POINT, °C	D-97		+4
CETANE NUMBER	D-613	45	
CETANE INDEX	D-4737/D-976	40	
ASH, % mass	D-482		0.010
CONRADSON CARBON RESIDUE, 10% BOTTOMS, % mass	D-189/D-524		0.35
COPPER STRIP CORROSION, 3 h @ 50°C	D-130		3
SULFUR CONTENT, % mass	D-129/D-2622 /D-1266/ D-4294		0.05
OXIDATION STABILITY, mg/100 ml	D-2274		1.0
B.S.W., % vol	D-1796/D-2709		0.05
AROMATICS, % vol	D-1319	REPORT	
DENSITY @ 15°C, kg/m ³	D-1298/D-287	REPORT	

D) ULTRA-LOW-SULFUR DIESEL (Sulfur: 0.005%/50 ppm maximum)

TEST	ASTM METHOD	MIN	MAX
ASTM COLOR	D-1500/D-6045		1.5
DISTILLATION, °C 90% RECOVERED	D-86	282	360
FLASH POINT, °C	D-93	52	

MILAGROS DEL ROSARIO ZAMORA MIRANDA

CTP No. 0430

Certified Translator

CERTIFIED TRANSLATION No. 0070-2017

Page 30 of 40

KINEMATIC VISCOSITY @ 40°C, cSt	D-445	2.4	4.1
POUR POINT, °C	D-97		+4
CETANE NUMBER	D-613	45	
CETANE INDEX	D-4737/D-976	40	
ASH, % mass	D-482		0.010
CONRADSON CARBON RESIDUE, 10% BOTTOMS, % mass	D-189/D-524		0.35
COPPER STRIP CORROSION, 3 h @ 50°C	D-130		3
SULFUR CONTENT, % mass	D-129/D-2622 /D-1266/D-4294		0.003
OXIDATION STABILITY, mg/100 ml	D-2274		1.0
AROMATICS, % vol	D-1319	REPORT	
DENSITY @ 15°C, kg/m ³	D-1298/D-287	REPORT	
LUBRICITY, HFRR METHOD, @ 60°C	D-6079		520
B.S.W., % vol	D-1796 or D-2709		0.05
COLD FILTER PLUGGING POINT (CFPP), °C	D-6371 or UNE EN 116		-8
CONDUCTIVITY, pS/m	D-2624 or D-4308	25	

E) DIESEL 2 FOR THE JUNGLE

DIESEL No. 2 IMPORTED FOR THE JUNGLE				
ESSAYS	SPECIFICATIONS		METHOD	
	MIN	MAX	ASTM	OTHERS
APPEARANCE	Clear and Bright			
ASTM Color	1.5		D-1500, D-6045	IP-196, ISO 2049
VOLATILITY				
Density @ 15°C, kg/m ³	Report		D-1298, D-287	IP-160, ISO 3675
Distillation, °C (@ 760 mmHg)			D-86	IP-123, ISO 3405
90% V recovered	282	360		
Flash Point, °C	52		D-93	IP-34, ISO 2719
FLUIDITY				
Kinematic Viscosity @ 40°C, cSt	1.7	4.1	D-445	IP-71-1, ISO 3104
Pour Point, °C	+4		D-97	IP-15, ISO 3016
COMBUSTION				
Cetane Number (a)	45		D-613	IP-41, ISO 5165
Cetane Index (b)	40		D-4737, D-976	ISO 4264
COMPOSITION				
Aromatics, % volume	Report		D-1319	
Ash, % mass	0.01		D-482	IP-4, ISO 6245
Conradson Carbon Residue, 10% Bottoms, % mass	0.35		D-524, D-189	IP-13, IP-14, ISO 4262, ISO 6615
CORROSIVITY				
Copper Strip Corrosion, 3 h @ 50°C, No.	3		D-130	IP-154, ISO 2160
Total Sulfur, ppm (c)	2000		D-129, D-2622, D-4294	IP-61, IP-336, ISO 8754
CONTAMINANTS				
Basic Sediment and Water, % V	0.05		D-1796, D-2709	IP-75, ISO 3734
OXIDATION STABILITY				

MILAGROS DEL ROSARIO ZAMORA MIRANDA

CTP No. 0430
 Certified Translator

CERTIFIED TRANSLATION No. 0070-2017

Page 31 of 40

Oxidation Stability, Accelerated Method, mg/100 ml	1.0	D-2274	IP-398, ISO 12205
REMARKS:			
(a) If not possible, Cetane Index will be calculated.			
(b) For Diesel with Cetane Number between 56.5 and 60.0, ASTM D-976 method will be used.			
(c) According to the new Peruvian customs regulations of sulfur content in Diesel 2 "the Law 28694," each of the vessel's tanks must comply with the maximum sulfur content.			

F) BIODIESEL B100 (FATTY ACID METHYL ESTHER)

PROPERTIES	LIMITS		TEST METHODS	
	MIN	MAX	ASTM	OTHERS
APPEARANCE	Clear and Bright			
VOLATILITY				
API Gravity @ 60°F	Report		D-1298	
Distillation			D-1160	
90% Recovered (°C) (a)		360		
Flash Point (Closed Cup), °C	93		D-93	
Alcohol Control				
One of the following to be met:				
1. Methanol Content, % V		0.20		EN 14110
2. Flash Point, °C	130		D-93	
Fluidity				
Kinematic Viscosity @ 40°C, cSt	1.9	6.0	D-445	
Pour Point (°C)	Report		D-2500	
Combustion				
Cetane Number	47		D-613	
Composition				
Ramsbottom Carbon Residue, % mass (A)		0.050	D-4530	
Acid Number, mg KOH/g		0.50	D-664	
Free Glycerin, % mass		0.020	D-6584	
Total Glycerin, % mass		0.240	D-6584	
Phosphorus Content, % mass		0.001	D-4951	
Calcium and Magnesium, combined, ppm		5		EN-14538, UOP-389
Sodium and Potassium, combined, ppm		5		EN-14538, UOP-389
Corrosivity				
Copper Strip Corrosion, 3 h, 50°C, No.		3	D-130	
Sulfur, ppm		50	D-5453	
			D-2622	
			D-4294	
Contaminants				
Basic Sediment and Water, % V		0.05	D-2709	
Sulfated Ash, % mass		0.020	D-874	
Oxidation Stability, h	3			E-14112

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

CERTIFIED TRANSLATION No. 0070-2017
Page 32 of 40

Cold Filter Plugging Point, °C	0	D-6371	
Monoglyceride Content, % mass	Report	D-6584	EN 14105
Diglyceride Content, % mass	Report	D-6584	EN 14105
Triglyceride Content, % mass	Report	D-6584	EN 14105

- (a) Temperature equivalent to atmospheric distillation.
(A) Test must be performed on 100% of sample.

G) AVIATION GASOLINE 100LL

AVIATION GASOLINE 100LL			
ESSAYS	ASTM METHOD	MIN	MAX
Knock Rating: Lean Mixture Aviation Rating Octane Number	D-2700	99.5	-
Knock Rating: Rich Mixture Supercharge Method Number	D-909	130	-
Knock Rating of Fuel by Research Method	D-2699	REPORT	
Tetraethyl Lead, gPb/l	D-3237/D-5059	-	0.56
Color		BLUE	
Dyes, mg/l, Blue	D-2392	0.80	2.7
Net Heat Value, Btu/lb	D-3338/D-4529/ D-4809	18,700	
Density @ 15.6°C, kg/m ³	D-1298/D-4052	REPORT	
Distillation	D-86		
Initial Boiling Point		REPORT	
Evaporated at 10%, vol, °C		-	75
Evaporated at 40%, vol, °C		75	-
Evaporated at 50%, vol, °C		-	105
Evaporated at 90%, vol, °C		-	135
Final Boiling Point		-	170
Sum of 10+50% vol of Evaporated, °C		135	-
Recovery, % vol		97	-
Residue, % vol		-	1.5
Loss, % vol		-	1.5
RVP, Vapor Pressure @ 38°C (psi)	D-323/D-4953/D-5190/ D-5191/D-5482	5.5	7.1
Freezing Point, °C	D-2386	-	-58
Sulfur Content, % mass	D-1266/D-2622/ D-4294	-	0.05
Copper Strip Corrosion, 2 h, @ 100°C	D-130	-	1
Gum, mg/100 ml	D-381	-	3
Oxidation Stability, 5 h, Aging (a)	D-873	-	-
Potential Gum, mg/100 ml		-	6
Lead Precipitate, mg/100 ml		-	3
Water Reaction	D-1094	-	
Volume Change, ml		-	2
Electrical Conductivity, pS/m (b)	D-2624	50	450
Appearance	Clear, bright and visually free from solid residues and undissolved water at room temperature		
REMARKS:			
(a) The permissible antioxidant should not exceed 24 mg/L in fuel.			
(b) Only if it has conductive additive.			


Milagros del Rosario Zamora Miranda
CTP No. 0430

MILAGROS DEL ROSARIO ZAMORA MIRANDA

CTP No. 0430

Certified Translator

CERTIFIED TRANSLATION No. 0070-2017

Page 33 of 40

H) HIGH OCTANE GASOLINE (HOGBS)

HIGH OCTANE GASOLINE (HOGBS)				
ESSAYS	SPECIFICATIONS		METHOD	
	MIN	MAX	ASTM	OTHERS
APPEARANCE				
Commercial Color	(a)			Visual
VOLATILITY				
Distillation, °C (@ 760 mmHg)			D-86	IP-123, ISO 3405
10% V recovered		70		
50% V recovered	77	118		
Final Boiling Point		221		
Vapor/Liquid Ratio – 20, °C	56 (b)		D-5188, D-4814	
Vapor Pressure, kPa (psi)		68.9 (10)	D-323, D-4953, D-5190, D-5191, D-5482	IP-69, IP-394, ISO 3007
CORROSIVITY				
Copper Strip Corrosion, 3 h, 50°C, No.		1	D-130	IP-154, ISO 2160
Total Sulfur, % mass		0.1	D-4294, D-1266, D-2622, D-5453	IP-336, IP-107, ISO 8754
ANTIKNOCKING				
Research Octane Number	98.0		D-2699	
Octane Index (R+M)/2	Report			
OXIDATION STABILITY				
Induction Period, minutes	240		D-525	IP-40, ISO 7536
CONTAMINANTS				
Lead, g/L		0.013	D-3237, D-5059	IP-428
Existent Gum, mg/100 ml		5.0	D-381	IP-131, ISO 6246
COMPOSITION				
Aromatics, % vol		60.0	D-1319, D-5580, D-6839	IP-156, ISO 3837
Olefins, % vol		25.0	D-1319, D-5134, D-6839	IP-156, ISO 3837
Benzene, % vol		3.0	D-3606, D-4053, D-5580, D-6839	IP-425, IP-429
Oxygen, % mass		Not allowed	D-4815, D-5845, D-6839, D-5599	IP-408
Manganese, ppm		Not allowed	D-3831	
Aniline		Not allowed		
REMARKS:				
(a) It does not contain dyes; it corresponds to the natural gasoline color.				
(b) If equipment is not available, estimate according to Appendix X2 of ASTM D-4814.				

Milagros del Rosario Zamora Miranda
CTP No. 0430

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

CERTIFIED TRANSLATION No. 0070-2017
Page 34 of 40

I) CRACKED NAPHTHA (NFCC)

CRACKED NAPHTHA FOR THE COAST (NFCC)				
ESSAYS	SPECIFICATIONS		METHOD	
	MIN	MAX	ASTM	OTHERS
APPEARANCE				
Commercial Color	Slightly Yellow (a)			Visual
VOLATILITY				
Distillation, °C (@ 760 mmHg)			D-86	IP-123, ISO 3405
10% V recovered		70		
50% V recovered	77	118		
90% V recovered		190		
Final Boiling Point		221		
Residue, % V		2.0		
Vapor/Liquid Ratio – 20, °C	56 (b)		D-5188, D-4814	
Vapor Pressure, kPa (psi)		68.9 (10)	D-323, D-4953, D-5190, D-5191, D-5482	IP-69, IP-394, ISO 3007
CORROSIVITY				
Copper Strip Corrosion, 3 h, 50°C, No.		1	D-130	IP-154, ISO 2160
Total Sulfur, % mass		0.10	D-4294, D-1266, D-2622, D-5453	IP-336, IP-107, ISO 8754
ANTIKNOCKING				
Research Octane Number	92.0		D-2699	
OXIDATION STABILITY				
Induction Period, minutes	240		D-525	IP-40, ISO 7536
CONTAMINANTS				
Lead, g/L		0.013	D-3237, D-5059	IP-428
Existent Gum, mg/100 ml		5.0	D-381	IP-131, ISO 6246
COMPOSITION				
Aromatics, % vol		40.0	D-1319, D-5580, D-6839	IP-156, ISO 3837
Olefins, % vol		35.0	D-1319, D-5134, D-6839	IP-156, ISO 3837
Benzene, % vol		2.0	D-3606, D-4053, D-5580, D-6839	IP-425, IP-429
Oxygen, % mass		Not allowed	D-4815, D-5845, D-6839, D-5599	IP-408
Manganese, ppm		Not allowed	D-3831	
Aniline		Not allowed		
REMARKS:				
(a) It does not contain dyes; it corresponds to the natural gasoline color.				
(b) If equipment is not available, estimate according to Appendix X2 of ASTM D-4814.				

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

CERTIFIED TRANSLATION No. 0070-2017
Page 35 of 40

CRACKED NAPHTHA FOR IQUITOS REFINERY (NFCC)				
ESSAYS	SPECIFICATIONS		METHOD	
	MIN	MAX	ASTM	OTHERS
APPEARANCE				
Commercial Color	(a)			Visual
VOLATILITY				
Distillation, °C (@ 760 mmHg)			D-86	IP-123, ISO 3405
10% V recovered		70		
50% V recovered	77	118		
90% V recovered		190		
Final Boiling Point		220		
Residue, % V		2.0		
Vapor/Liquid Ratio – 20, °C	56 (b)		D-5188, D-4814	
Vapor Pressure, kPa (psi)		68.9 (10)	D-323, D-4953, D-5190, D-5191, D-5482	IP-69, IP-394, ISO 3007
CORROSIVITY				
Copper Strip Corrosion, 3 h, 50°C, No.		1	D-130	IP-154, ISO 2160
Total Sulfur, % mass		0.1	D-4294, D-1266, D-2622, D-5453	IP-336, IP-107, ISO 8754
ANTIKNOCKING				
Research Octane Number	92.0		D-2699	
OXIDATION STABILITY				
Induction Period, minutes	240		D-525	IP-40, ISO 7536
CONTAMINANTS				
Lead, g/L		0.013	D-3237, D-5059	IP-428
Existent Gum, mg/100 ml		5.0	D-381	IP-131, ISO 6246
COMPOSITION				
Aromatics, % vol		35.0	D-1319, D-5580, D-6839	IP-156, ISO 3837
Olefins, % vol		35.0	D-1319, D-5134, D-6839	IP-156, ISO 3837
Oxygen, % mass		Not allowed	D-4815, D-5845, D-6839, D-5599	IP-408
Manganese, ppm		Not allowed	D-3831	
Aniline		Not allowed		
REMARKS:				
(a) It does not contain dyes; it corresponds to the natural gasoline color.				
(b) If equipment is not available, estimate according to Appendix X2 of ASTM D-4814.				

APPENDIX II

Terms of PETROPERU S.A. for Independent Inspectors on Imports and Exports of Hydrocarbons

An Independent Inspector will be necessary to testify the quality and verify the quantity and all of the activities related to Hydrocarbon loading and discharge operations at their respective ports.

A. Quality and Quantity Determination

1. Quality and quantity shall be determined by verification (sampling and testing) and measurement of products, according to item 2 and 3, under the supervision of an independent inspector nominated and accepted by both parties.
2. The Independent Inspector shall issue an Inspection Report, which will be final and binding for both parties, and it must provide all data required by both parties.
3. Any quality verification and quantity measurement of Hydrocarbons shall be conducted in accordance with the methods at the time approved and accepted by the American Society for Testing and Materials (ASTM), or a similar one that is approved and accepted, those of the American Petroleum Institute (API).

B. Nomination

It shall be carried out by the buyer of Hydrocarbons and accepted or denied by the seller within the next two (02) working days as from notice of nomination.

C. Specifications

Hydrocarbons to be delivered must comply with all of the contractual specifications attached above, or stated in the invitation to tender and the Award (when applicable) before cargo delivery. Should the analyses results indicate that one or more properties are off-specifications, it shall be the independent inspector's responsibility to immediately inform both parties, and shall wait for new instructions.

D. Samples at the Loading Port

According to international practices, shore tank one-gallon composite samples and vessel tank one-gallon composite samples, duly sealed, must be delivered at the loading port to the Vessel Master, for its subsequent delivery at the Port(s) of destination.

E. Documentation and Requirements

Field reports must be sent:

- Before loading/discharge: at least 12 hours in advance.
- During loading/discharge: continuous information.
- After loading/discharge: 24 hours after at the latest.

Final reports, in original and one copy, must be sent within a maximum of two (2) days for exports and eight (8) days for imports after the operation is finished. Such reports must be issued and signed by the Independent Inspector:

REPORTS	CRUDES	HYDROCARBONS
Quantity Report	X	X
Quality Report	X	X
Time Log	X	X
Vessel's Ullage Report	X	X
Samples Received by Master	X	(a)
Documents Received by Master	X	X
Clean and Dry Tank Report	X	X
Vessel Tanks History Report	X	X
Vessel Experience Factor Calculation	X	X
Fuel Inspection Report	-	(b)
R.O.B. Report	X	X
O.B.Q. Report	X	X
Loading/Discharge Rate Report	X	X
Line Displacement Report	X	X
Volumetric Variation Report	X	X
Letter of Protest, if any	(c)	(c)

NOTES:

- (a) Except for LPG.
- (b) For Diesel (Gasoil) and Fuel Oil cargoes only.
- (c) To be issued if necessary (contamination, demurrages, leaks, others) and in the following cases:
 - Whenever the difference between delivered and received quantities according to the information indicated on the nomination is +/- 0.4% out of range.

F. Distribution of Documents

Loading and discharge reports must be sent within a maximum of two (2) days for exports and ten (10) days for imports after the operation is finished. Additionally, invoice for the corresponding amount shall be delivered ten (10) days after the discharge or loading finishing date. Both documents shall be sent to the Deputy Management of International Supplies and Sales (Sub Gerencia Suministro y Ventas Internacionales), via Documentary Procedures (Tramite Documentario). These documents are essential requirements to pay the corresponding invoice.

G. Information Required on the Vessel Loading of Hydrocarbon

To be provided by the Independent Inspector to PETROPERU S.A., by e-mail or facsimile, including the following:

1. Before Loading (FOB, CFR Imports and FOB Exports)
 - Shore Tank Composite Quality (To be within contractual specifications).
 - Estimated time to start loading.
2. During Loading (FOB, CFR Imports and FOB Exports)
 - Start Date and Time of Loading
 - Loading Rate
 - Finish Date and Time of Loading

- Remarks
3. After Loading (FOB, CFR Imports and FOB Exports)
- Vessel and shore quantities
 - Vessel tank composite sample quality (To be within contractual specifications).
 - Time Log including date and time of Departure from loading port and ETA at the discharge port.
 - Bunkers (Vessel's Fuel) upon arrival and departure (in Gasoline, Diesel and Fuel Oil cargoes)
 - Drafts upon arrival and departure
 - Comments
4. After Discharge (FOB, CFR, DAP Imports)
- Vessel and shore quantities
 - Vessel tank composite sample quality (To be within contractual specifications).
 - Time Log including date and time of Departure from discharge port.
 - Bunkers (Vessel's Fuel) upon arrival and departure (in Gasoline, Diesel and Fuel Oil cargoes)
 - Drafts upon arrival and departure
 - Comments

H. Inspection Charges

For CFR/FOB Imports:

Inspection costs (as observers) at the loading port should be shared between PETROPERU S.A. and the seller (50% each).

Inspection costs at the discharge port shall be 100% at the expense of PETROPERU S.A.

All additional testing at the loading port to ensure the quality specified by PETROPERU S.A. shall be at the expense of the seller.

For DAP Imports:

Inspection costs at the loading port shall be 100% at the expense of the seller.

Inspection costs (as observers) at the discharge port(s) should be shared between PETROPERU S.A. and the seller (50% each).

All additional testing at the discharge port to correct the quality specified by PETROPERU S.A. shall be at the expense of the seller.

For Exports:

Inspection costs (as observers) at the loading port should be shared between PETROPERU S.A. and the client (50% each).

Inspection costs at the discharge port shall be 100% at the expense of the client.

All additional testing at the loading port to ensure the quality specified in the contract shall be at the expense of PETROPERU S.A.

Service Payment:

For payment and after conformity of service, the Independent Inspector should provide an original and one copy of its invoice, Original Inspection Reports and the Third-Party Work Order (Orden de Trabajo a Terceros, OTT) issued by PETROPERU S.A.

APPENDIX III

Letter of Credit Format for FOB Sales and FOB/CFR/DAP Purchases

A: Opening Bank

Open an Irrevocable, Confirmed Documentary Letter of Credit by order and for the account of (Buyer's Name and Address) in favor of (Seller's Name and Address) available at (contractual Payment Term) for an amount of US\$..... plus ascending/descending margin, covering the FOB (or applicable international commercial term) value of approximately (Quantity) barrels of (name of product) plus escalation margin, to be loaded at (name of Port/Country), for delivery by sea (if applicable) at (name of Port/Country) within the (contractual delivery range) period, against submission of the documents listed below:

- a) (01) Copy of duly signed and numbered Commercial Invoice (dispatch by facsimile accepted) showing FOB, Freight and CFR values (when applicable) separately, subsequently stating the following data:
 - Tariff duty
 - Purchase Order Number(s)
- b) (02) Copies of the Original Bill of Lading to the order of or endorsed to Petróleos del Perú – PETROPERU S.A. or the Buyer, stating:
 - Freight Prepaid
 - Port(s) of Destination
 - Purchase Order Number(s)
 - Tariff duty
- c) (01) Copy of Certificate of Origin.
- d) Other agreed shipping documents.

Special Instructions:

- Transshipments and/or partial shipments are not allowed.
- Documents submitted 15 days after the Bill of Lading date, but within the effective period of the Letter of Credit, are acceptable.
- All bank opening and confirmation charges are at the applicant's expense. In the case of imports, charges of notice by another Bank shall be at the seller's expense.
- Ascending/descending margins stated in the Letter of Credit shall be in accordance with the ascending/descending margins indicated in the Contract. Additionally, the amount in the Letter of Credit should cover the maximum contractual amount foreseen with the escalation margin.
- If payment date falls on a Saturday or a Bank Holiday in New York (except for Monday), payment shall be made on the last preceding banking day. If payment date falls on a Sunday or a Bank Holiday Monday, payment shall be made on the next banking day. Should any of the parties indicate a place other than New York, it shall communicate it in a timely manner.
- Documents submitted in English and/or Spanish are acceptable.
- Once Title and Risk for the cargo is transferred to the buyer, insurance of said cargo shall be borne by the buyer.
- The Letter of Credit expires on (expiration date at least 5 days after maturity date).
- Charter Party Bills of Lading are acceptable.

MILAGROS DEL ROSARIO ZAMORA MIRANDA
CTP No. 0430
Certified Translator

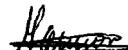
CERTIFIED TRANSLATION No. 0070-2017
Page 40 of 40

- Bills of Lading signed by the Master or Vessel Agents are acceptable.
- Bills of Lading are acceptable even if they do not state the place(s) of destination included in the Purchase Order.
- This credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication 600.
- Seller should be informed of the Bank's name and address, the contact person's name, including telephone and facsimile number, to whom documents should be sent.

I, the undersigned Certified Translator, Member of the Peruvian Association of Professional Licensed Translators (CTP), do hereby certify that this Certified Translation, consisting of 40 pages, is a true and correct translation into English of the original document in Spanish enclosed herewith, which has been produced before me.

This certification shall be considered an acknowledgment of the accuracy of the translation but not of the authenticity or contents of the document in source language attached hereto.
Signed in Lima, this 6th day of July, 2017.




Milagros del Rosario Zamora Miranda
CTP No. 0430