

**Statoil ASA**

**CONDITIONS OF SALE**

**APPLICABLE TO MARINE FUELS SALES**

## 1. Definitions

Except where the context otherwise indicates, the following terms shall have the meaning ascribed to them in this Clause 1, and shall include singular as well as plural.

- a) "Bunker Tanker" shall mean the bunker barge or tanker or tank truck supplying Marine Fuels to the Vessel
- b) "Buyer" shall mean the party contracting to purchase, take delivery and pay for the Marine Fuels.
- c) "Commencement of Delivery" shall, in respect of delivery of Marine Fuels, mean the final connection of loading hose(s) or arm(s) prior to the loading of the Marine Fuels.
- d) "Completion of Delivery" shall, in respect of delivery of Marine Fuels, mean the final disconnection of loading hose(s) or arm(s) from the Vessel's loading manifold after the loading of the Marine Fuels.
- e) "Contract" shall mean the contract confirmation note of which these Conditions of Sale form a part.
- f) "Day" shall mean a calendar Day.
- g) "Grade" shall mean any grade of the petroleum Product to be delivered pursuant to the Contract, included any blended Products as defined in the Contract.
- h) "Marine Fuels" shall mean Products, delivered or to be delivered to the Vessel.
- i) "Month" shall mean a calendar Month.
- j) "Party" shall mean either the Seller or the Buyer.
- k) "Parties" shall mean the Seller and the Buyer jointly.
- l) "Product" shall mean the refined petroleum Product to be sold pursuant to the contract.
- m) "Seller" shall mean the party contracting to sell and deliver Marine Fuels.
- n) "Vessel" shall mean the ship whether owned or chartered or otherwise obtained and nominated by the Buyer and accepted by the Seller in respect of loading the Marine Fuel under this Contract.

## 2. Delivery

- 2.1. Delivery of the Marine Fuels shall be made day and night, Sundays and holidays included, at the port or place of delivery, subject always to the custom of that port or place.
- 2.2. The Buyer, or his agent at the port or place of delivery, shall give the Seller or his representative at the port or place of delivery, 72 and 48 hours approximate and 24 hours definite notice of the Vessel's arrival and the location and time at which deliveries are required.
- 2.3. The Seller shall:
  - (i) be in possession of all permits required to comply with all relevant regulations pertaining to delivery of Marine Fuels at the port or place of delivery, and;
  - (ii) subject to local laws, render all necessary assistance which may be reasonably required to make connections and disconnections between the delivery hose(s) and the Vessel's bunker manifold.
- 2.4. The Buyer shall be responsible for making all connections and disconnections between the delivery hose(s) and the Vessel's bunker manifold and to ensure that the hose(s) are properly connected to the Vessel's bunker manifold prior to the Commencement of Delivery.
- 2.5. The Buyer shall ensure that the Vessel is in possession of all certificates required to comply with all relevant regulations pertaining to delivery of the Marine Fuels at the port or place of delivery and that the Master of the Vessel shall:
  - (i) prior to delivery advise the Seller in writing, of the maximum allowable pumping rate and pressure and agree on communication and emergency shut-down procedures;
  - (ii) prior to delivery notify the Seller in writing, of any special conditions, difficulties, peculiarities, deficiencies or defects in respect of and particular to the Vessel which might adversely affect the delivery of the Marine Fuels, and;
  - (iii) provide a free side to receive the Marine Fuels and render all necessary assistance which may reasonably be required to moor or unmoor the Bunker Tanker, as applicable.

### **3. Risk and Title**

- 3.1. Risk in the Marine Fuels shall pass to the Buyer once the Marine Fuels have passed the Seller's first flange connecting the Vessel's bunker manifold with the delivery facilities provided by the Seller.
- 3.2. Title to the Marine Fuels shall pass to the Buyer upon payment for the value of the Marine Fuels delivered, pursuant to the terms of Clause 5 hereof. Until such time as payment is made, on behalf of themselves and the Vessel, the Buyer agree that they are in possession of the Marine Fuels solely as Bailee for the Seller. If, prior to payment, the Seller's Marine Fuels are commingled with other marine fuels on board the Vessel, title to the commingled Marine Fuels shall remain with the Seller in the amount corresponding or equal to the quantity of the Marine Fuels delivered thereof.
- 3.3. The above proprietary right is without prejudice to such other rights the Seller may have under the laws of the governing jurisdiction against the Buyer and/or the Vessel or under any other jurisdiction *in rem* in the event of default of payment by the Buyer.

### **4. Price, Credit Period and Currency**

- 4.1. The price of the Marine Fuels shall be in the amount expressed per unit and in the currency stated in the Confirmation Note for each grade of Marine Fuels delivered into the Vessel's tanks free delivered/ex wharf as applicable and stated in the Confirmation Note. In the event the price is quoted in volume units, conversion to standard volume shall be at 60 degrees Fahrenheit or at fifteen (15) degrees Celsius.
- 4.2. Any and all additional charges, if applicable, shall be specified in the Seller's quotation and in the Confirmation Note and shall include but not be limited to:
  - (i) Wharfage charges, barging charges or other similar charges;
  - (ii) Mooring charges or port dues incurred by the Seller which are for Buyer's account, and;
  - (iii) Duties, taxes, charges or other costs in the country where delivery takes place, for which the Seller are accountable but which are for the Buyer's account.

### **5. Payment**

- 5.1. Payment for the Marine Fuels shall be made by the Buyer within thirty (30) days or, if otherwise agreed, within the number of days stated in the

Confirmation Note after the Completion of Delivery. In the event payment has been made in advance of delivery, same shall be adjusted on the basis of the actual quantities of Marine Fuels delivered and additional payment and/or refund shall be made within thirty (30) days after the completion of delivery.

- 5.2. Payment shall be made in full (as invoiced) , without set-off, counterclaim, deduction and/or discount, free of bank charges.
- 5.3. Payment shall be deemed to have been made on the date the payment is credited to the counter of the bank designated by the Seller. If payment falls on a non-business day, then payment shall be made on or before the business day nearest to the due date. If the preceding and succeeding business days are equally near to the due date, then payment shall be made on or before the preceding business day.
- 5.4. Any delay in payment and/or refund shall entitle either party to interest at the rate of two (2) per cent per month or any part thereof.
- 5.5. In the event of non-payment, the Seller reserve the right to pursue such legal remedies as may be available to the Seller to recover the amount owed.
- 5.6. The Seller may require the Buyer to provide a stand-by letter of credit or a bank guarantee for payment of the Product whichever the Seller may request. Each such stand-by letter of credit or bank guarantee shall be irrevocable, in an amount to cover 110 per cent of the estimated value of the Cargo for which it is provided and shall be established in favour of the Seller not later than five (5) Days prior to the Commencement of the Loading for the Cargo and shall be confirmed irrevocably and unconditionally by a bank or banks to be approved by the Seller. The stand-by letter of credit shall be in a form acceptable to the Seller and meet the requirements set out in Appendix 1 hereto.
- 5.7. If for any reason the loading of the Vessel in question will not take place within the period for loading referred to in the stand-by letter of credit or the bank guarantee, the Buyer shall either obtain an extension of the validity of the stand-by letter of credit or bank guarantee or provide a new stand-by letter of credit / bank guarantee in terms acceptable to the Seller.
- 5.8. All related banking fees, commissions and expenses whether of the Buyer or the Seller shall be for the account of the Buyer. If a stand-by letter of credit or a bank guarantee has not been provided as outlined herein, the Buyer shall be deemed in breach of the Agreement and the Seller may without prejudice to any other rights or remedies at any time thereafter prior to Commencement of Loading terminate the Agreement and claim damages forthwith. In any event, whether the Seller has exercised that right to terminate or not, the Seller shall be under no obligation to commence loading the Vessel. Any cost and loss of income incurred by the Seller due to the Buyer's failure to provide security of payment as outlined herein, shall be borne by the Buyer.
- 5.9. If VAT or taxes, or similar charges become payable by the Seller due to a requirement by national regulations, the Seller shall invoice the Buyer for such VAT, taxes or similar charges, and the Buyer shall settle such invoiced amount in accordance with

this Clause 5. If in this event the Seller requires the Buyer to open a stand-by letter of credit or bank guarantee in accordance with Clause 5.6, such stand-by letter of credit or bank guarantee shall cover such VAT, taxes or similar charges in addition to the amount stipulated under Clause 5.6. The Buyer shall upon the Sellers' request supply such information related to the Cargo as is required by the Seller in order to ensure a correct processing of charges.

## **6. Quality and Quantity**

- 6.1. The Buyer shall have the sole responsibility for the nomination of the grades of Marine Fuels fit for use by the Vessel.
- 6.2. The Seller warrant that the Marine Fuels shall be of a homogeneous and stable nature, shall comply with the grades nominated by the Buyer and be of satisfactory quality. Unless otherwise agreed in the Confirmation Note, the Marine Fuels shall in all respects comply with ISO Standard 8217:1996 or any subsequent amendments thereof.
- 6.3. Subject to the provisions of sub-clause 7.3 and Clause 12 hereunder the quantities of Marine Fuels delivered shall be determined from the official gauge or meter of the Bunker Tanker effecting delivery, or in case of delivery ex wharf, of the shore-meter.
- 6.4. The Buyer and the Seller shall both have the right to be present or represented when such measurements are taken and shall be given sufficient information and access to the official gauge or meter of the Bunker Tanker or shore-meter and relevant documentation to verify the volume delivered.
- 6.5. The Marine Fuels to be delivered under this Contract shall be measured and calculated in accordance with the ISO-ASTM-API-IP Petroleum Measurement Tables.
- 6.6. The Seller shall arrange for a representative sample of each grade of Marine Fuels to be drawn throughout the entire bunkering operation and that sample shall be thoroughly mixed and carefully divided into four (4) identical samples. The sampling shall be performed in the presence of both the Seller and the Buyer or their respective representatives. The absence of the Buyer or their representatives shall not prejudice the validity of the samples taken.
- 6.7. The sample shall be drawn at a point, to be mutually agreed between the Seller and the Buyer or their respective representatives, closest to the receiving Vessel's bunker manifold.
- 6.8. The sample shall be drawn using a mutually accepted sampling device which shall be constructed, secured and sealed in such a way so as to prevent the sampling device and the sample being tampered with throughout the transfer period.

- 6.9. The four (4) identical samples referred to in sub- clause 6.6 shall be securely sealed and provided with labels showing the Vessel's name, identity of delivery facility, product name, delivery date and place and point of sampling and seal number, authenticated with the Vessel's stamp and signed by the Seller' representative and the Master of the Vessel or his authorised representative.
- 6.10. Two (2) samples shall be retained by the Seller for minimum sixty (60) days after delivery of the Marine Fuels to the Vessel or, on being requested in writing by the Buyer, for as long as the Buyer may reasonably require, and the other two (2) samples shall be retained by the Vessel.
- 6.11. If the quantity is delivered by more than one Bunker Tanker, the sampling procedure shall be repeated as outlined in this Clause 6.

## **7. Documents**

- 7.1. Before commencement of delivery the Seller shall present for written acknowledgement by the Master of the Vessel or his authorised representative, a bunker requisition form or similar document, duly signed by the Seller or his representative, which shall contain the quantities to be delivered and all information required in accordance with ISO/TR 13739:1998 or any subsequent amendments thereof, including, in particular, the values for:
- viscosity
  - density
  - sulphur content
  - flash point
  - delivery temperature
- In addition, and if available, similar information shall be provided for vanadium, ash content, water content and pour point.
- 7.2. Once the delivery is completed and quantities measured, a receipt shall be signed and stamped by the Master of the Vessel or his authorised representative, and returned to the Seller, or his representative, as acknowledgement of the actual volume and the actual delivery temperature only and a duplicate copy shall be retained by the Master of the Vessel. This receipt shall contain the following minimum information which is warranted by the Seller:
- delivered quantity in volume units
  - density in kg/m<sup>3</sup> at 15oC as per ISO 3675
  - delivery temperature
  - flash point
  - sulphur content in % m/m as per ISO 8754
  - viscosity
- 7.3. In the event the Master of the Vessel is not satisfied with the sampling, quality, quantity or any other matter concerning the Marine Fuels or the delivery, he shall make appropriate remarks in the receipt either detailing the complaints or referring to a separate letter of protest to be issued and delivered immediately.

Verification of the information provided under sub-clause 7.2 may be obtained by analysis of the Vessel's retained sample

## **8. Safety and the Environment**

- 8.1. In the event of any spillage (which for the purpose of this Clause shall mean any leakage, escape, spillage or overflow of the Marine Fuels) causing or likely to cause pollution occurring at any stage of the bunkering operation, the Buyer and the Seller shall jointly, and regardless as to whether the Buyer or the Seller are responsible, immediately take such actions as are reasonably necessary to effect clean up and which shall always be conducted in accordance with such local laws and regulations which may compulsorily apply.
- 8.2. Where it is a compulsory requirement of the law of the port or place of delivery of the Marine Fuels that the Seller shall have in place his own oil spill contingency plans, the Seller shall ensure that valid oil spill contingency plans approved by the relevant authorities are in effect to the extent that is so required.
- 8.3. The Seller hereby guarantee payment of and/or agree to indemnify and hold the Buyer harmless for any claims, losses, damages, expenses, penalties or other liabilities incurred by the Buyer under the United States Oil Pollution Act of 1990, or other state, national or international oil pollution legislation, as a result of any spillage occurring whilst the Marine Fuels are being transported directly or indirectly to or from the Vessel's bunker manifold except to the extent that such spillage is caused by any fault on the part of the Buyer. The Buyer shall similarly indemnify the Seller where any such spillage occurs once risk in the Marine Fuels has passed to the Buyer except to the extent that such spillage is caused by any fault on the part of the Seller.
- 8.4. The Seller shall use his best endeavours to ensure that the bunker supplying company is fully insured for oil spill liabilities as required by statutory rules or regulations. If such coverage or insurance is not obtained by the bunker supplying company it shall be the sole responsibility of the Seller to establish such coverage for his account. Proof and conditions of such coverage, whether established by the bunker supplying company or by the Seller shall be made available to the Buyer at his request, as soon as practically possible.
- 8.5. The Buyer hereby advise the Seller that the Buyer enforce a company drug and alcohol policy on board their vessels, whereby the Seller's personnel must not be intoxicated at any time on board. It is understood and agreed that the selling, possession, distribution, use or being under the influence of any controlled substance or dangerous drugs other than those medically prescribed is prohibited.
- 8.6. The Seller hereby advise the Buyer that the Seller enforce a company drug and alcohol policy in his facilities and on board his vessels, which the Buyer's personnel must comply with while in such facilities or on board such vessels. It is understood and agreed that the selling, possession, distribution, use or being under the influence of alcohol or any controlled substance or dangerous drugs other than those medically prescribed is prohibited.



## 9. Force Majeure

- 9.1. Neither the Seller nor the Buyer shall be deemed in breach of this Contract as a result of, and be liable to the other for, any failure, omission or delay in its performance in whole or in part of any terms and conditions of this Contract to the extent that such failure, omission or delay arises or results from any cause beyond the reasonable control of a Party including but not limited to;
- a) compliance, voluntary or involuntary, with any order, demand or request of any government or of any international, national, port, transportation, local or other authority or agency or person purporting to be or to act with such authority ;
  - b) strike, lockout or other labour difficulty from whatever cause arising ;
  - c) natural calamity, fire, explosion, perils of the sea, storms, floods, hazardous weather or other Acts of God ;
  - d) war, hostilities declared or undeclared, embargo, blockade, civil unrest, riots, terrorism, and any consequence thereof ;
  - e) hindrances to transportation or delivery, loss of tanker tonnage whether or not by requisition, wreckage of equipment, breakdown of machinery, suppliers facilities or installations ;
  - f) curtailment, failure or cessation of products and/or feedstocks supplies from any of the Seller's products and/or feedstocks sources, whether or not for the purpose of this Contract.

Such cause(s) shall also relieve the Seller of any liability when these involve the Seller's supplier or other authority or agency or of any body or person purporting to be or act with such authority or agency.

- 9.2. Nothing in this Clause 9 shall relieve the Buyer of any of its obligations to make payments due or provide security to the Seller under the Contract by the due dates or according to the provisions of Clause 5, which obligations are absolute.
- 9.3. If, as a result of an event of force majeure, the Seller is cut off from any one or part of its sources or its anticipated sources of any Product and /or feedstocks in whatever country situated or the loading or transportation of the Product is delayed, hindered, interfered with, curtailed or prevented, the Seller shall be entitled to withhold, reduce or suspend Product deliveries hereunder to such extent as the Seller shall in its absolute discretion determine.

In such event, the Seller shall not be bound to acquire by purchase or otherwise additional quantities of Product and/or feedstock from other suppliers to satisfy

the Buyer's requirement hereunder. However, should the Seller thereafter purchase or otherwise acquire additional Product, the Seller shall not be required to allocate any to the Buyer.

- 9.4. The Party seeking relief under this Clause 9 shall advise the other Party as soon as practicable, by prompt written notice, of the circumstances causing the failure to fulfil its obligations and shall thereafter provide to the other Party all such information as is reasonably available regarding the progress and possible cessation of such circumstances. Subject to the provisions of this Clause 9, performance of obligations under the Contract shall be resumed as soon as reasonably possible after such circumstances have ceased. The time of the Seller to make, or the Buyer to receive delivery hereunder shall be extended during any period in which delivery shall be delayed or prevented by reason of any of the foregoing causes up to a period of thirty (30) Days. If any delivery hereunder shall be so delayed or prevented for more than thirty (30) Days, either Party may terminate this Contract with respect to such delivery upon giving written notice.

## **10. Termination**

Without prejudice to accrued rights hereunder, either party hereto shall be entitled to terminate this Contract at any stage in the event of:

- (a) any application being made or any proceedings being commenced, or any order or judgement being given by any court, for
- (i) the liquidation, winding up, bankruptcy, insolvency, dissolution, administration or re-organisation or similar,
  - or
  - (ii) the appointment of a receiver, liquidator, trustee, administrator, administrative receiver or similar functionary of the other party of all or a substantial part of its assets (otherwise than for the purpose of a reconstruction or amalgamation);
- (b) the other party suspending payment, ceasing to carry on business or compounding or making any special arrangement with its creditors, or;
- (c) any act being done or event occurring which, under the applicable law thereof, has a substantially similar effect to any of the said acts or events described above.

## **11. Indemnity**

- 11.1. Without prejudice to any other claims arising hereunder or in connection herewith and notwithstanding the provisions of sub-clause 12.4, if loss is suffered or a liability is incurred by either party hereto as a direct result of compliance with directions given by the other party, during or for the purposes

of the parties' obligations hereunder, then the injured party is to be indemnified by the other in respect of such loss or liability.

- 11.2. Where claims arise under sub-clause 12.3 and sub-clause 11.1, compensation payable in accordance with sub-clause 12.3 shall be taken into account in assessing sums payable under sub-clause 11.1.

## 12. Claims

- 12.1. (i) Any dispute as to the quantity delivered must be noted at the time of delivery in the receipt or in the letter of protest referred to in sub-clause 7.3. Any claim as to short delivery shall be presented by the Buyer in writing within fifteen (15) days from the date of delivery, failing which any such claim shall be deemed to be waived and barred.  
(ii) The Buyer shall be charged for all proven additional expenses incurred by the Seller in connection with the Buyer's failure to take delivery of the full quantity of the Marine Fuels ordered by the Buyer.
- 12.2. (i) Any claim as to the quality or description of the Marine Fuels must be notified in writing, as per sub-clause 7.3 or promptly after the circumstances giving rise to such claim have been discovered. If the Buyer does not notify the Seller of any such claim within thirty (30) days of the date of delivery, such claim shall be deemed to be waived and barred.  
(ii) In the event a claim is raised pursuant to sub-clause 12.2,(i), the parties hereto shall have the quality of the Marine Fuels analysed by a mutually agreed, qualified and independent laboratory. The Seller shall provide the laboratory with one of the samples retained by them as per sub-clause 6.10. If ISO grades have been specified the analysis shall be established by tests in accordance with ISO Standard 8217:1996 and ISO 4259 or any subsequent amendments thereof. If non-ISO grades have been agreed, tests will be made in accordance with standards corresponding to the aforementioned ISO standards. Unless otherwise agreed the expenses of the analysis shall be for the account of the party whose claim is found wrong by the analysis.
- 12.3. In the event of any delay resulting from:  
(i) the Buyer's failure to give proper notices and/or to comply with the notices given pursuant to sub-clause 2.2 and/or the Buyer's Vessel failing to receive Marine Fuels at the pumping rate referred to in sub-clause 2.5,(i), or;  
(ii) the Seller's failure to commence delivery of the Marine Fuels promptly in accordance with the Buyer's required delivery time as notified pursuant to sub-clause 2.2 and/or the Seller's failure to deliver the Marine Fuels in accordance with the minimum hourly pumping rate referred to in the Confirmation Note, then the party suffering such delay shall be entitled to compensation from the other party for that delay, at the agreed rates per day, or pro rata, stated in the Confirmation Note.
- 12.4. Neither party hereto shall be liable for indirect or consequential loss and/or damage arising from this Contract.

### **13. Applicable Law, Litigation and Arbitration**

13.1. This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if the arbitrator had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US\$30,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

13.2. the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.  
In the case of a dispute in respect of which arbitration has been commenced, the following shall apply:-

(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.

(ii) The other party shall thereupon within fourteen (14) calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further fourteen (14) calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.

(iii) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.

(iv) The mediation shall not affect the right of either party to seek such relief or

take such steps as it considers necessary to protect its interest.

**(v)** Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.

**(vi)** Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.

**(vii)** The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

-----End of Conditions of Sale-----

APPENDIX 1.

Letter of Credit Format

Format of Irrevocable Stand-By Letter of Credit as required pursuant to Clause 5 of the Contract ;

Quote

Stand-By Letter of Credit

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

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

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

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

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

Partial drawing are allowed.

In addition to any payment made according to the above section A) we will honour claims for interest  
at the rate of 3 months British Bankers Association (BBA) interest settlement rates (BBAISR) for  
United States dollars as published on the due date plus 3 percentage points calculated from due date  
according to invoice to actual date of payment to beneficiary.

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

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

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

Unquote