



NIGERIAN NATIONAL PETROLEUM CORPORATION

NNPC, BONNY TERMINAL
JOINT VENTURE OPERATIONS OF NNPC/SHELL

F02

9627571-A/NNPC



NOMINATION, SHIPMENT & PROCEDURE ON CARGO, INSURANCE & FREIGHT (CIF)

FOR

Bonny Light Crude Oil (Standard Export Quality)

1. **Expression of Interest:**

The Buyer issues a LOI or ICPO to include banking details to the Seller, signifying intent to proceed with the transaction.

2. **Financial Capability Verification:**

The Buyer sends the LOI, and Bank Comfort Letter or MT799 from top 50 world prime bank to Seller, demonstrating financial capacity to issue a SBLC or Blocked Fund to the Seller's bank.

3. **Full Corporate Offer (FCO):**

The Seller issues FCO to Buyer, outlining terms and conditions of the sale. The Buyer signs FCO as a token of acceptance and sends back to Seller, confirming agreement to the outlined terms.

4. **Proof of Product (POP):**

The Seller sends POP to Buyer's Bank, to include NNPC's Export License, Certificate of Origin, and Certificate of Product Allocation from Ministry of Petroleum Resources for immediate SPOT basis (2,000,000 BBLs) and subsequent shipments.

5. **SPA Contract:**

The Seller issues draft contract to Buyer for review and negotiation. Parties make amendments as necessary. Buyer and Seller signs final contract. Contract is accompanied by Parties Customer Information Sheet, Passport Data page, and Business Registration. The contract is signed and sealed by a legal court, if required. Signed contract is exchanged between parties via fax, email, or courier for the hard copy.

6. **Financial Instrument Issuance:**

The Buyer's Bank issues a non-operative SBLC or Blocked Funds for value of SPOT shipment, which will be payable against shipping documents at the port of unloading. Seller's Bank verifies SBLC/Blocked Funds and issues a 2% Performance Bond (PB) to



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Buyer's Bank. Buyer's Bank confirms. Upon confirmation, Buyer's payment instrument (SBLC/ Blocked Funds) become operative, securing the transaction.

7. Vessel Nomination:

The Seller or terminal nominates freshly loaded VLCC or reassigns exclusive vessel in Buyer's name; issues full set of cargo documents to the Buyer in the name of Buyer as the Consignee of record and authorizes Vessel Captain to move vessel to Buyer's port of discharge with periodic NOR/ETA to the Buyer and Buyer's Discharge Harbor/Tank Agent.

8. Clearance, Inspection, and Documentation at Discharge Port:

At Buyer's discharge port, Buyer clears the vessel while Captain issues ATB to enable Buyer's independent inspectors to perform Q&Q at mutually agreed location. Upon successful conclusion of Q&Q analysis, Inspectors release report to both parties while Seller issues Commercial Proforma Invoice to the Buyer with exact Q&Q report figures.

9. Cargo Discharge and Payment Procedure:

Seller authorizes Captain to discharge cargo into the Buyer's storage tanks. The Buyer to release full payment for cargo to Seller's nominated bank within 72 hours after discharge, following the final Commercial Invoice/Pay Order and Cargo Documents via SWIFT MT103/TT directly to the NNPC JV OPRS Seller's Authorized beneficiary nominated bank account, against the presentation of the specified shipping document, Q&Q reports and the Commercial Invoice (non-negotiable copies) at the Buyer's bank. The Buyer shall disburse payments to all intermediaries as stipulated in the IMFPA. Subsequent shipments proceed on a simplified DIP/CI/PAY basis with an SBLC/Blocked Funds as a guarantee.

10. Price:

Dated Brent less USD\$14.00 Gross, USD\$10.00 Net to the Buyer. Seller side USD\$2.00 closed, State Representative USD\$1.00 closed, Buyer's side USD\$1.00

11. Quantity Terms:

First Tranche 1 or 2 million BBLs. Maximum Quantity per month 6 million BBLs.

12. Procedure Summary:

This completes the provisional procedures for CIF shipment of the cargo.

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