



NIGERIAN NATIONAL PETROLEUM CORPORATION

NNPC, BONNY TERMINAL
JOINT VENTURE OPERATIONS OF NNPC/SHELL

F02

9627571-B/NNPC



NOMINATION, SHIPMENT & PROCEDURE

ON FREE ON BOARD (FOB)

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.



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Seller's Bank verifies SBLC/Blocked Funds and issues a 2% Performance Bond (PB) to Buyer's Bank. Buyer's Bank confirms. Upon confirmation, Buyer's payment instrument (SBLC/ Blocked Funds) become operative, securing the transaction.

7. Vessel Chartering and Documentation Submission:

The Buyer submits a copy of the VLCC vessel's Charter Party Agreement (CPA) and Q88 form to NNPC/PPMC. The CPA must clearly indicate the vessel is "Chartered" in the name of the Buyer, accompanied by the invoice receipt of the charter or a certificate of ownership, along with the Authority to Load (ATL).

8. Seller's Arrangements for Loading:

Within 5-10 working days, the Seller shall cover the costs associated with laycan, navy escort, clearance, loading charges, and programming of the Buyer's vessel. The terminal, at the Seller's expense, issues a Notice of Readiness (NOR) and instructs the Buyer's vessel to move into the loading bay position for the FOB cargo. Upon receiving the terminal's NOR, the Buyer's vessel master shall respond with an Estimated Time of Arrival (ETA) and navigate the vessel to the terminal.

9. Loading and Inspection Procedures:

Loading operations commence once the vessel is positioned. After completion of loading, the Buyer's vessel moves to an anchor position. The Buyer's onboard inspectors shall conduct a Quality and Quantity (Q&Q) assessment and issue the Q&Q report to both parties. Concurrently, the Seller shall provide the Commercial Invoice and cargo documents, including the Authority to Sail (ATS) in the Buyer's name.

10. Payment and Commission Disbursement:

Within 48 hours following the issuance of the Commercial Invoice, the Buyer shall release payment for the full cargo to the NNPC JV OPRS Seller's Authorized beneficiary nominated bank account, via SWIFT MT103/TT cash wire transfer. Buyer shall disburse payments to all intermediaries as stipulated in the IMFPA

11. Vessel Clearance and Handover:

Seller, at its own cost, shall clear Buyer's vessel to international waters and Buyer takes over the vessel and proceed to the discharge port. Subsequent shipments proceed on a simplified DIP/CI/PAY basis with an SBLC/Blocked Funds as a guarantee.

12. Price:

Dated Brent less USD\$15.00 Gross, USD\$11.00 Net to the Buyer. Seller side USD\$2.00 closed, State Representative USD\$1.00 closed, Buyer's side USD\$1.00

13. Quantity Terms:

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



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14. Procedure Summary:

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

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