



NIGERIAN NATIONAL PETROLEUM CORPORATION

NNPC, BONNY TERMINAL
JOINT VENTURE OPERATIONS OF NNPC/SHELL

F02

9627573-A/NNPC



NOMINATION, SHIPMENT & PROCEDURE ON TANKER TAKEOVER (TTO)

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 Assignment:

The Seller assigns or reassigns an exclusive VLCC in the Buyer's name. The Seller issues a full set of cargo documents naming the Buyer as the Consignee of record and authorizes the Vessel Captain to move the vessel to the Buyer's port of inspection, providing periodic Notices of Readiness (NOR) and Estimated Time of Arrival (ETA) updates to the Buyer and the Buyer's Discharge Harbor/Tank Agent.

8. Vessel ETA and Port Updates:

Within 48 hours of Buyer's confirmation of the loaded vessel, Vessel Captain to provide ETA at the port of discharge. Captain to update the Discharge Port Officer and Buyer on vessel's current location and estimated ETA. Upon arrival at the Buyer's port, the Vessel Captain will issue ATB to allow the Buyer's inspectors to perform their duties.

9. Quality and Quantity Inspection and Invoicing:

Upon successful completion of the Q&Q inspection, the inspectors will release the report to both parties. Seller will then issue a Commercial Invoice to the Buyer, reflecting the exact figures from the Q&Q report.

10. Payment and Commission Disbursement:

Within 72 hours after the confirmation of the cargo, the Buyer shall make payment for the crude oil as per the final Q&Q report issued by the independent inspector at the port of inspection, as commissioned by Buyer. Payments will be made via SWIFT MT103/TT directly to the NNPC JV OPRS Seller's authorized beneficiary nominated bank account, against the presentation of the specified shipping documents, 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.

11. 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

12. Quantity Terms:

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

13. Procedure Summary:

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

Procedure is reproduced by



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*Light Integrated Management Ltd under the permission of
Nigerian National Petroleum Corporation
(NNPC).*

Phone: 08122174733

Email: info@bonnycrude.com

WhatsApp: <https://wa.link/381bsj>

