

**CONTRACT FOR SALE AND PURCHASE OF
NIGERIAN CRUDE OIL**

PART I

CONTRACT FOR SALE AND PURCHASE OF NIGERIAN CRUDE OIL

THIS CONTRACT made on theof..... 2011 **BETWEEN NIGERIA NATIONAL PETROLEUM CORPORATION**, a Corporation established under the laws and acting on behalf of the Federal Republic of Nigeria having its head office at NNPC Towers, Herbert Macaulay Way, Central Business District, Garki, Abuja, Nigeria (hereinafter called "SELLER" which expression, where the context so admits, include its successors-in-title and assigns) of the one part and :

..... a company/corporation incorporated under the laws of, (hereinafter called "BUYER" which expression shall, where the context so admits or requires include its successors-in-title, and assigns) of the other part.

WHEREAS:

- (1) SELLER is willing to enter into crude oil sales and purchase contract with BUYER for the sale of specified Nigerian crude oil for a period of twelve (12) months certain as shall be stipulated under the Part I and Part II of the Contract.

- (2) BUYER has represented that it has the financial resources and necessary capability to enter into the crude oil sales and purchase contract and has agreed with the SELLER to be bound by all obligations stipulated under the contract as set out in Part I and Part II of the Contract.

NOW IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS:

ARTICLE 1 SALE AND PURCHASE

BUYER hereby agrees to buy, lift and pay for, and SELLER hereby agrees to sell and deliver to BUYER on FOB basis only, the agreed quantity of Nigerian Crude

Oil upon the terms and conditions set out herein and in the General Conditions of Sale of Nigerian Crude Oil (hereinafter referred to as the "General Conditions") attached hereto as Part II of the Contract for the sale and purchase of Nigerian Crude Oil).

ARTICLE 2

DURATION OF CONTRACT

This Contract shall take effect on the2011 and shall, subject to Article 13 hereunder, remain valid for a period of twelve (12) months.

ARTICLE 3

COMMENCEMENT OF LIFTING

BUYER shall commence lifting under the Contract not later than sixty (60) days from the Effective Date of this Contract being the date of signature by the parties.

ARTICLE 4

QUANTITY

- (a) The initial quantity of Crude Oil for sale and purchase under the Contract shall be made up of various grades of Nigerian Crude Oil as shall be specified in the Lifting Schedule for each relevant Month.
- (b) Notwithstanding the provisions of this Contract as regards the quantity of Crude Oil to be delivered herein, the SELLER hereby reserves the right at any relevant time to adjust the quantity with prior notification to BUYER.

ARTICLE 5

QUALITY/GRADE

5.1.(a) The quality or grade of Crude Oil sold under each Contract and which SELLER is obligated to deliver to BUYER at the designated loading Terminal shall be Nigerian Crude Oil conforming to the normal export quality as generally made available at the time and place of loading.

5.1(b) This sub-section constitutes the whole of the SELLER's obligations with respect to the description, quality and fitness for purpose of the Crude Oil to be delivered and (save to the extent that exclusion thereof is not permitted or is ineffective by operation of law) all statutory or other conditions or warranties, express or implied, with respect to the description or satisfactory quality of the Crude Oil or its fitness for any particular purpose or otherwise are hereby excluded.

ARTICLE 6

BUYER'S LIFTING OBLIGATION AND REMEDIES FOR FAILURE TO LIFT OR NOMINATE VESSEL

6.1 The lifting obligations of the BUYER under the Contract shall be determined with reference to the total quantity of Crude Oil that the BUYER is obligated to lift in the notified monthly lifting programme pursuant to the provisions of Article 4 of the General Conditions. Except with the prior written consent of SELLER, BUYER shall during each Month lift the total volume of Crude Oil stipulated in the said notified monthly lifting programmes subject to the tolerance of plus or minus five per cent (5%).

6.2 FAILURE TO NOMINATE A VESSEL

If the BUYER fails to nominate a vessel in a timely manner in accordance with Articles 5.2 and 5.5 of the General Conditions, then the BUYER shall be in default of this Contract with respect to its Lifting Entitlements ("Defaulting Buyer"). If the default continues for more than three (3) days from the period required for the vessel nomination to be notified to the SELLER, then the Defaulting Buyer's cargo of Crude Oil shall be treated in accordance with the provisions of Article 6.5.

6.3 FAILURE TO TENDER NOTICE OF READINESS (NOR)

If the BUYER fails to cause a Notice of Readiness (NOR) to be tendered by a Nominated Vessel within the specified period, the BUYER shall be in default of this Contract with respect to such lifting ("Defaulting Buyer"). BUYER and the BUYER's cargo of Crude Oil shall be treated in accordance with the provisions of Article 6.5.

6.4 REFUSAL TO LIFT

If after the relevant date for vessel nominations pursuant to Articles 5.2 and 5.5 of the General Conditions, the BUYER or the Terminal Operator notifies the SELLER that the BUYER has failed or refused to lift its cargo of Crude Oil, the BUYER shall be in default of this Contract with respect to such lifting ("Defaulting Buyer").

6.5 AUTHORITY TO ACT IN DEFAULT

- (a) In the event of a default under Article 4.4 of the General Conditions and the provisions of Articles 6.2, 6.3 or 6.4 above, the SELLER shall have authority to take all actions concerning the Defaulting Buyer's cargo, which are reasonably necessary to avoid having to direct the Terminal Operator or any other responsible entity to shutdown or reduce production from the area, including without limitation:
- (i) prohibiting the Defaulting Buyer from lifting such cargo of Crude Oil until the Defaulting Buyer provides a Nominated Vessel and/or provides assurances of willingness and ability to lift;
 - (ii) chartering a Nominated Vessel in order to place the Defaulting Buyer's cargo of Crude Oil in storage for the account of the Defaulting Buyer;

- (iii) selling the Defaulting Buyer's cargo of Crude Oil for the account of the Defaulting Buyer. Any such sale shall be treated for the purpose of obligations in respect of taxes, duties, levies and charges as if such sale were made by the Defaulting Buyer. In making any such sale the SELLER:
 - (a) shall be obligated to obtain only such price and conditions for the sale as are reasonable under the circumstances; and
 - (b) may make any such sale to its affiliate provided that such cargo of Crude Oil is first offered to other third party.
- (b) For the purpose of this Contract and the provisions of this Article 6.5, the BUYER hereby:
 - (1) grants to the SELLER a special power of attorney, and
 - (2) authorizes the SELLER under this Contract in each instance where BUYER is a Defaulting Buyer to charter a vessel or vessels to store the Defaulting Buyer's cargo of Crude Oil, to hold the Defaulting Buyer's cargo of Crude Oil as security for the payment of the costs, fees and losses attributable to the Defaulting Buyer under Article 6.5, and/or to effect a sale of the Defaulting Buyer's cargo of Crude Oil.
- (c) The SELLER may in the exercise of its discretion exercise the powers and/or authorizations set out in Article 6.5 (b), individually or in concert with other person(s), in accordance with applicable laws and regulations, in order to effect the actions specified in Articles 6.5 (a) (ii) and/or 6.5 (a) (iii).
- (d) The SELLER shall inform the BUYER as soon as possible after any such action is taken.

6.6 **LIABILITY AND INDEMNITY OF DEFAULTING LIFTER**

In the event of default, the Defaulting Buyer shall be responsible for, and shall indemnify and defend the SELLER and any person who purchases the Defaulting Buyer's cargo of Crude Oil pursuant to Article 6.5 from any and all costs of whatever nature arising from, or related to, such default and any action taken under Article 6.5 (a), including without limitation:

- (a) any costs incurred or associated with the chartering of a Nominated Vessel to store the Defaulting Buyer's cargo of Crude Oil, plus any administration fee levied by the SELLER for selling such cargo of Crude Oil;
- (b) any costs incurred or associated with the sale or disposition of the Defaulting Buyer's cargo of Crude Oil, plus 10% of the sales proceed as marketing fee;
- (c) any costs arising directly or indirectly from the reduction, shutdown and startup of the Crude Oil production, but not including costs arising from foregone or lost production;
- (d) any costs incurred by any buyer lifting subsequent to such default which arise directly or indirectly from such default;
- (e) interest on any such costs, fees or losses at the agreed interest rate from the day such payments were made until the day they are reimbursed.

ARTICLE 7

P R I C E

- (a) BUYER shall pay to the SELLER for the quantity of each cargo of Crude Oil delivered by SELLER as stated in the bill of lading on Dated Brent related basis as determined and advised by the SELLER on a monthly basis.
- (b) The determination of the value of each barrel of the Nigerian Crude Oil stream shall be the average of Platt's mid-range quotations for Dated

Brent as published by Platt's Crude Oil Marketwire plus or minus applicable premium or discount per barrel for the applicable period. The pricing period applicable to any pricing option that SELLER may determine during any Month shall be advised and notified in writing to BUYER on a monthly basis.

- (c) The official selling price last advised by SELLER to its buyers prior to the Effective Date of this Contract plus a margin advised by SELLER (herein called the "Base Price") shall be used to determine the value of the first Letter of Credit under this Contract. Where the value of the Letter of Credit is not determined by the SELLER for any relevant Month and in the event that the final price as determined by the SELLER is higher than the Base Price, BUYER shall structure the Letter of Credit to the SELLER's satisfaction such that the Base Price shall automatically be adjusted to reflect the amount of the final price ("Final Price") as stipulated in the Letter of Credit attached as an Appendix in the General Conditions of Contract. Upon such determination, the Final Price shall promptly be advised in writing by SELLER to BUYER as the applicable price until such price is revised at any time by SELLER.
- (d) The BUYER shall pay for the value of each cargo of Crude Oil as communicated to it by SELLER in accordance with Article 14 of the General Conditions not later than thirty (30) days after the bill of lading date. In the event that SELLER is unable to communicate price by the 30th day after bill of lading date, BUYER shall make provisional payment using the applicable Base Price stated in Article 7(c) as basis for its calculations. BUYER shall promptly communicate its price as determined on the basis of the Base Price to the SELLER before the 30th day after bill of lading date and such price shall be subject to subsequent adjustments to be made in the event that the final price as determined by SELLER shall be higher than the price calculated by the BUYER. SELLER's

confirmation of such calculation as provided by BUYER shall be provisional until the necessary adjustments have been made.

In the event that the calculations advised by BUYER are not acceptable to SELLER, the SELLER shall advise BUYER of its own calculations.

- (e) In the event that SELLER's calculation is higher than BUYER's, the BUYER's bank shall immediately pay the balance due to the SELLER under the relevant Letter of Credit. If the BUYER's calculation is higher than SELLER's calculations, the BUYER shall deliver to the SELLER a written notification indicating any variance in the price and the SELLER shall refund the amount by which the price paid by the BUYER for the relevant cargo exceeds the official selling price as determined by the SELLER and such refund shall be settled by an official credit note to be processed by SELLER which shall be deemed a supplementary payment to the invoice to which it relates.
- (f) The pricing formula stated in this Article 7 shall apply to the relevant Month in which any delivery of Crude Oil is made and shall be subject to review as provided in Article 12 of the General Conditions.
- (g) Valuation of each relevant cargo of Crude Oil delivered shall be either by prompt, advance or deferred basis at the option of the BUYER. Any option elected by the BUYER must reach the SELLER in writing within six (6) Business Days before the first day of laycan. Where the BUYER fails to present an acceptable option, the default option, being the Prompt Option shall automatically apply. Where there is a change of lay can date at the request of the Buyer, the Prompt Option shall automatically apply. If due to operational constraints the lay can date is changed by the Seller with prior written notification to the Buyer within six (6) Business days of the initial lay can date then the Buyer can elect either the Prompt Option or the deferred option only.

ARTICLE 8

PAYMENT TERMS AND CURRENCY

- (a) Payment for each cargo of Crude Oil delivered by the SELLER shall be made by BUYER or its bankers not later than thirty (30) days after the date on the bill of lading. BUYER shall pay to the SELLER interest for any delayed or unpaid amount after the due date of payment at the rate of LIBOR plus 2% and such Interest shall run from the due date of payment until the date payment is fully received by the SELLER's bank. The amount of interest shall be engrossed for any withholding or other tax such that the net amount received by the SELLER after deduction of any such tax shall be equal to the full amount of interest due. The interest shall continue to accrue in accordance with the provisions of Article 14 of the General Conditions notwithstanding the termination of the Contract for any cause whatsoever or the expiration of the Contract duration.
- (b) The place and currency of payment shall be:
- (i) **Currency of payment:** UNITED STATES DOLLAR (USD)
 - (ii) **Account Name:** CBN//NNPC CRUDE OIL AND GAS REVENUE
 - (iii) **Account No.:** 400941775
 - (iv) **Banker:** JP MORGAN CHASE,
450 WEST 33RD STREET
NEW YORK, NY 10001.
 - (v) **Swift:** CHASUS33
- (c) BUYER or its Banker shall promptly advise SELLER by swift advice of the payment of invoices.

ARTICLE 9

LETTER OF CREDIT

- (a) Payments for any relevant Crude Oil delivered to the BUYER and other monies required to be paid under this Contract shall be made by Letter of Credit opened by BUYER in accordance with the provisions of Article 13

of the General Conditions and shall be in the forms stipulated in Appendices 3 or 4A and 4B of the General Conditions.

- (b) All payments confirmation/swift shall be sent to SELLER not later than two (2) days after due date.

ARTICLE 10

FIRST LIFTING UNDERTAKING

In accordance with the terms of Article 11 of the General Conditions, BUYER shall pay to SELLER the sum of Two Million Five Hundred Thousand United States Dollars (US\$2,500,000) by telegraphic transfer to the account advised by SELLER in accordance with the provisions of Article 8(b) above. Prior to the signing of this Contract by the parties, BUYER shall submit to SELLER a certified bank swift as evidence of the payment.

ARTICLE 11

PHASE-OUT PERIOD AFTER PRICE DISAGREEMENT

Upon failure of the BUYER to accept the pricing formula notified by SELLER at any relevant time, this Contract shall phase-out in accordance with the provisions of Articles 12.5 and 12.6 of the General Conditions, and the rights and obligations of the SELLER and the BUYER as stipulated under Articles 12.5 and 12.6 shall apply.

ARTICLE 12

TAXES, DUTIES, FEES, CHARGES

The BUYER shall be responsible for the payment of all amounts in respect of taxes, duties, imposts, fees, charges and dues of every description imposed or levied by any governmental, local or port authority on the Crude Oil delivered hereunder, or on its export, delivery, transportation, ownership, sale or use, in respect of any stage after risk in such Crude Oil has passed to the BUYER
All taxes, duties, imposts, fees, charges (including, without limitation, pilotage

limitation, quay dues) in respect of the Nominated Vessel incurred at the loading Terminal shall be for the BUYER's account.

ARTICLE 13 TERMINATION

- 13.1 This Contract shall automatically terminate upon the expiration of the Contract duration stated in Article 2 above.
- 13.2 SELLER shall have the right to terminate this Contract immediately if the contemplated investment as confirmed under Article 13.1 above has not been made by BUYER within nine (9) months from the Effective Date.
- 13.3 SELLER shall have the right to terminate this Contract immediately if BUYER's financial credibility is not satisfactory to the SELLER or the BUYER's commitment in making due payments become delinquent and unreliable.
- 13.4 SELLER shall have the right to terminate this Contract in accordance with the terms stipulated in this Contract if the BUYER is in breach of any material term of this Contract.
- 13.5 SELLER shall have the right to terminate this Contract immediately if BUYER becomes insolvent, or goes into liquidation or bankruptcy or has a proceeding commenced against it for insolvency, liquidation or bankruptcy or a receiver, or receiver and manager or trustee in bankruptcy is appointed in respect of the BUYER's assets and / or undertaking, or the BUYER enters into an arrangement or composition with its creditors or any similar appointment, arrangement or composition is made under any applicable law.

ARTICLE 14

TRANSFER OF RISK AND PROPERTY

- 14.1 Notwithstanding any right of the SELLER to retain any document pursuant to the provisions of this Contract until payment, the risk and property in the Crude Oil delivered under this Contract shall pass to the BUYER as the Crude Oil passes the Nominated Vessels permanent hose connection at the loading Terminal. If the Crude Oil delivered hereunder forms an unascertained part of a larger bulk, risk and property for the Crude Oil delivered hereunder shall, for the purpose of enabling property in such Crude Oil pass to the BUYER, as such Crude Oil passes the Nominated Vessel's permanent hose connection at the loading Terminal.
- 14.2. Any loss of or damage to the Crude Oil during loading, if caused by the Nominated Vessel or its officers or crew, shall be for the account of the BUYER. Any claim made against the SELLER in respect of damage to any facilities at the loading Terminal (excluding facilities operated by the SELLER or an associate company of the SELLER) caused by the BUYER's Nominated Vessel shall be borne by the BUYER.

ARTICLE 15

NOTICES

For all Notices and other communications in respect of this Contract, the provisions of Article 23 of the General Conditions shall apply and the parties' addresses shall, unless otherwise notified, be the following:

SELLER'S Address: Nigerian National Petroleum Corporation
NNPC Towers,
Herbert Macaulay Way, Central Business District,
Garki, Abuja
P.M.B. 190
Abuja, Nigeria

MAIL: Same as SELLER'S Address
TELEPHONE +234 9 4608 2500-1
FAX NO +234 9413 0198
E-MAIL: comd_div@nnpccgroup.com

BUYER'S Address:

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TELEPHONE:
FAX NO.
E-MAIL:

ARTICLE 16
AFFIRMATION

16.1 The BUYER hereby declares and affirms that it has not paid, offered to pay or promised to pay directly or indirectly, any bribe, pay-off, kick-back or unlawful commission and that it has not in any other way or manner paid any sums, whether in Nigerian currency or foreign currency and whether in Nigeria or outside Nigeria, or in any other manner given or offered to give any gifts, presents or other items of value in Nigeria or outside Nigeria to any official, person or company to process the entry into and/or execution of this Contract, and the BUYER further undertakes not to engage in any of the said or similar acts during the term of and relative to this Contract.

16.2 In recognition of the principles of the OECD Convention on Combating of Bribery of Foreign Public officials in International Business transaction, the BUYER hereby warrants that it or any other person acting on its behalf has not and covenants that it and any such person will not, directly or indirectly in connection with this

Contract and the matter resulting therefrom, offer, pay, offer to pay, promise to pay or authorize the giving of money or anything of value to any official, or to any other person while knowing or being aware of a high probability that all or a portion of such money or thing of value will be offered, given or promised ,directly or indirectly to an official, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business for, or to direct business to, any person, or to obtain any other improper advantage or benefit.

For purposes of this Article 16 the word 'official' shall mean any officer, engaged or occupying a position in any office of the Federal Government of Nigeria or State or Local government or any office of any official of any foreign government.

ARTICLE 17 REPRESENTATION AND WARRANTIES

.17.1 SELLER'S WARRANTIES AS TO AUTHORITY AND TITLE

17.1.1.SELLER represents and warrants to BUYER, that as of the Effective Date:

- i) SELLER is a corporation validly existing under the laws of Nigeria;
- ii) SELLER has power, authority, and legal title to the Crude Oil to be delivered and has taken all necessary action to sign and deliver this Contract and perform its obligations under this Contract; and
- iii) This Contract has been duly signed and delivered by SELLER and forms a valid and binding obligation of SELLER, enforceable against SELLER in accordance with its terms.

17.2 BUYER'S WARRANTIES AS TO AUTHORITY AND CREDITWORTHINESS

- 17.2.1 BUYER represents and warrants to SELLER, that as of the Effective Date:
- i) BUYER is a duly registered company /corporation and validly existing under the laws of its jurisdiction.
 - ii) BUYER is duly qualified and in good standing in all jurisdictions where required for performance of its obligations under this Contract;
 - iii) BUYER has power, authority and legal rights to own assets and conduct its business as currently conducted and has taken all necessary corporate actions to sign and deliver this Contract and perform its obligations under this Contract;
 - iv) this Contract has been duly signed and delivered by BUYER and forms a valid and binding obligation of BUYER, enforceable against BUYER in accordance with its terms;
 - v) the signing and delivery of this Contract by the BUYER and the performance of this Contract will not:
 - a) violate any provision of its governing documents or any laws presently in effect applicable to it or its properties or assets;
 - b) result in a breach of or constitute a default under any credit agreement or other agreement or instrument to or by which it or its properties or asset may be presently bound or affected; or

- c) result in or require the creation or imposition of any encumbrance upon or of any of its properties or assets under any credit agreement, or other agreement or instrument.

17.2.2. BUYER further represents and warrant to SELLER that:

- a) BUYER has furnished to SELLER certified resolutions, authenticated power-of-attorney, or other corporate instruments necessary to authorize its signing, delivery and performance of this Contract;
- b) there are no suits, judicial or administrative actions, proceedings or investigations (including bankruptcy, reorganization, insolvency or similar actions, proceedings or investigations) pending, or to its knowledge, threatened against it before any court or by or before any governmental authority (whether in Nigeria or elsewhere) that if decided adversely to its interest could materially adversely affect its ability to perform its obligations under this Contract; and
- c) all necessary approvals and all other consents permits or permissions of, and notifications or filings with, any person necessary for the BUYER's valid signing, delivery and performance of this Contract have been obtained, are in full force and effect and are final and not subject to any condition(s).

17.3 DURATION OF THE REPRESENTATIONS AND WARRANTIES

Each representation and warranty made herein by the SELLER or the BUYER shall be true and accurate in all material respects when made and shall remain actionable for the duration of this Contract.

**ARTICLE 18
DISCLAIMER OF AGENCY, TRUSTEE OR OTHER SIMILAR
RELATIONSHIP**

Nothing in this Contract shall be deemed to constitute an association, joint venture, trustee, agency or any form of partnership between the SELLER and the BUYER or to impose any partnership obligation or liability upon either party. Neither party shall have any right, power, authority to enter into any form of agreement, undertaking for, or to act on behalf of, or to act as, or be an agent or representative of, or to otherwise bind or commit the other party in any manner whatsoever.

**ARTICLE 19
NO THIRD PARTY RIGHTS**

Except as expressly stipulated under the provisions of this Contract, no term of this Contract shall be enforceable by any person who is not a party to this Contract, nor shall any such person have any rights under this Contract. This Contract may be amended or modified without the consent of any person having any third party rights as may be expressly permitted under this Contract.

**ARTICLE 20
AMENDMENT & MODIFICATION**

This Contract (excluding the General Conditions) may be modified from time to time by written instrument duly executed by authorized representatives of the parties.

**ARTICLE 21
COMPLIANCE WITH LAWS, REGULATIONS AND FURTHER
ASSURANCE**

21.1. Each party hereby agrees to comply and to procure its personnel, directors, agents, contractors, representatives and permitted assigns to comply with all laws, rules, regulations, valid directives and policies and by laws applicable and necessary for the performance by each party of its obligations under this Contract.

21.2(a) So far as it is legally able under any applicable law, each party agrees to do all things required to give effect to this Contract including executing all required documents, and exercising all rights and powers (direct or indirect) available to it in relation to any person to ensure that the terms of this Contract are completely and punctually fulfilled, observed and performed and generally that full effect is given to the terms and conditions of this Contract.

21.2(b) The liability of any party under this Article 21 shall not be discharged or impaired by any release of, or granting of time or other indulgence to any person acting on its behalf or any third party or any other act, event or omission which but for this Article 21 would operate to impair or discharge the liability of such party under this Article.

IN WITNESS WHEREOF the duly authorized representatives of the Parties hereto have executed this Agreement the day and year first above written.

SIGNED for and on behalf of:

NIGERIAN NATIONAL PETROLEUM CORPORATION

By:

Name:.....

Designation:.....

In the presence of:

Signature:.....

Name:.....

Designation/Division:.....

Date.....

SIGNED for and on behalf of:

(Name of Company)

By:.....

Name:.....

Designation:.....

In the presence of:

Signature:.....

Name:.....

Occupation:.....

Address:.....

.....

Date:.....