Hydrocarbons # 59 +

TTM procedure - Products & Seller from the USA

We operate under the **FOB Tank-to-Tank and CIF procedures**.

Except for WTI (Light Sweet Crude Oil), the products EN590, Jet Fuel A1, and D6 are offered at a fixed price; we do not work with Platts.

TERM AND PROCEDURE TTT FOB

1. To formally initiate the purchase procedure, the Buyer is required to strictly adhere to the following documentary steps:

(a) **Issuance of ICPO:** The Buyer shall issue and transmit to the **Official Seller Mandate** a duly signed and stamped Irrevocable Corporate Purchase Order (**ICPO**).

- **Please Note:** The ICPO must incorporate the Seller’s full working procedure without any modifications or amendments; **any variation to the procedure will result in the immediate rejection of the order.**

(b) **Supporting Documentation:** Simultaneously with the submission of the ICPO, the Buyer must provide the following mandatory documentation:

- **Company Registration Certificate** (Articles of Incorporation or international equivalent).
- **Valid Passport Copy** of the CEO/Legal Representative.
- **Letter of Acceptance of the Procedure**, signed and stamped by the CEO.
- **TSA (Tank Storage Agreement):** A valid logistics storage agreement.

(c) Financial Verification: At a later stage and upon specific request, the Buyer must be prepared to submit a **BCL (Bank Comfort Letter)** to demonstrate financial capability.

2. The seller, after the positive DD, issues:

    - CI
    - Product Availability Declaration.
    - Supply Commitment.
    - Company Registration Certificate.

3. Once the buyer has completed the Tank Storage Information (TSR) section on the CI, stamped and signed the CI, the seller provides the physical POP documents in person. This exchange will take place directly with the buyer or their legal representative during the face-to-face meeting (TTM)

    - Quantity and Quality Certificate (SGS) 48 hrs fresh
    - Tank Storage Receipt (TSR).
    - Product Passport (Dip Test Result).
    - Authorization Letter to Verify the Product and DIP with the Tank Farm.
    - Authorization to Sell/ Collect (ATSC)

4. After the buyer's team successfully verifies the documents and SGS report, the buyer initiates a dip test in the seller's tank, at no cost to the buyer, if necessary, for further confirmation.

After product confirmation by Q&Q, injection into the buyer's tank will begin, and all parties sign the IMFPA.

5. Buyer makes payment by MT103 or TT wire transfer for the total product available.

6. Seller changes the title of ownership to the buyer’s name and pays all intermediaries according to the signed NCNDA/IMFPA for monthly deliveries, and the buyer lifts the product.

NOTES:

To initiate the official procurement process, the Buyer must adhere to the following preliminary steps before submitting any formal contractual documentation:

* **Initial Submission:** The Buyer can also submit a comprehensive **Letter of Intent (LOI)** and a **Company Information Sheet (CIS)** directly to the **Official Seller Mandate**. These documents must be complete and up to date.
* **Due Diligence (DD):** Upon receipt of the aforementioned documents, the Seller will conduct a formal Due Diligence review.
* **Issuance of Official Procedures:** Once the Due Diligence is successfully cleared, the official Seller's documentation will be released **exclusively to the Buyer**.

This documentation shall serve as the sole basis for the Buyer to prepare and issue the formal

Irrevocable Corporate Purchase Order (ICPO). Performance Non-Compliance and Penalty Clause

In relation to transactions, please note the following provision regarding the 3% default penalty:

Mutual Penalty Clause: The Seller has established a reciprocal default penalty equal to 3% of the amount of the first Commercial Invoice (CI). This penalty is applicable to the Seller in the event of default and is equally applicable to the Buyer in the event of default.

ICPO Integration: This 3% penalty clause may be formally incorporated into the Irrevocable Corporate Purchase Order (ICPO) to ensure legal and financial accountability for both parties.

Clarification on Financial Instruments: Please note that this penalty does not constitute, and should not be confusing with, a Performance Guarantee (P.B.). It is a separate contractual penalty for default and must be treated as such within the contract.

To arrange a face-to-face meeting for the TTM, the buyer must possess the TSR, which is necessary for filling out the section within the CI with Tank Storage Information.

TERM AND PROCEDURE CIF

1. Buyers issue an irrevocable corporate purchase order (ICPO) with a Proof of Funds and a copy of the buyer's international passport, along with the buyer's company certificates.

2. Seller issues Draft Sales and Purchase Agreement to buyer, Buyer returns signed contract to seller.

3. Seller and Buyer agree on the destination of the first shipment, and the shipping company issues the charter party agreement.

4. Seller issues the following Partial POP documents.
    a) Commitment to Supply
    b) Certificate of Origin
    c) Seller Certificate of Incorporation
    d) Statement of Product Availability

5. Upon receipt and verification of the PPOP, the buyer pays a 6% security deposit via bank transfer to the Escrow Account held at Bank of America, the receiving bank, to guarantee the product's allocation.

The security deposit will be deducted from the CIF value of the first shipment

6. Within 48 hours of the 6% guaranteed deposit as indicated, the rental agreement and the affidavit of transfer of title will be signed, and the seller will release the completed POP document and 2% PB to the buyer's bank:

a) Ship Certificates
b) Cargo Declaration
c) Fresh Q&Q Report
d) Charter Party Agreement
e) Ownership Certificate
f) Title Transfer Affidavit
g) Product Allocation Certificate
h) Ullage Report
i) Notice of Readiness
j) Customs Declaration Certificate.
k) Bill of lading
l) vessel Q88

7. All Parties involved sign IMFPA.
8. Cargo is insured and Shipment commences as per contract schedule.
9. Within 48 hours of Vessel arrival, buyer released full payment, deducting all paid expenses after CIQ inspection at the destination port.
10. Seller pays for all intermediaries.

Please note that modifications to this procedure **are not accepted**, and **we do not work under the buyer's procedures.**

Below is a list of tank farms with which **we have ceased operations** as of May 2024:

* VOPAK
* VTTI
* Kinder Morgan
* Next Maritime
* Australian Associated
* SHL Hermanos
* Euro Bunker
* Euro Bunkering Service LP
* Lighthouse Logistics

Our company prefers to work **with American tank farms:**

Zexta Logistics LLC (Zexta LLC)
Support Admin Zexta Logistics LLC
Mr. Gary Rowell
Phone: +1 (888) 617-3359
Email: info@zextalogistics.com
Website: www.zextalogistics.com

Terminal Transfer & Storage Co. Inc.
Terminal Manager: Mr. Tom Pugh
Phone: +1 (251) 286-9531
Email: terminal@energypipe.net
Website: www.energypipe.net

NOTE: Once the original documents have been sent to the buyer, he will be able to contact the two tank farms directly, by telephone or email, to verify whether the products are actually stored at their premises.

Our primary operational ports are Rotterdam and Houston

Prices:

WTI Crude Oil from Texas USA.

Total quantity: 2.000.000 BBL

FOB price: HOU/ROTT/JOU: **PLATT $-5**

Origin: USA

Commission: $0.5 USD buyer side – $0.5 USD seller's side (Closed) for BBL

JET FUEL A-1

Monthly quantity: 3.000.000 BBL

FOB price HOU/ROTT/JOU: **Gross $86 USD for BBL – Net $84 USD for BBL**

Origin: USA

Commission: $1 USD buyer side for BBL – $1 USD seller side (Closed) for BBL

EN590

Monthly quantity: 200.000 MT

FOB price HOU/ROTT/JOU: **Gross $520 USD for MT – Net $510 USD for MT**

Origin: USA

Commission: $5 USD buyer side for MT – $5 USD for MT seller side (Closed)

D6

Total quantity: 200.000.000 Gallon

FOB price HOU/ROTT/JOU: **Gross $0.96 USD for Gallon – Net $0.94 USD for Gallon**

Origin: USA

Commission: $0.01 USD buyer side for Gallon – $0.01 USD seller side (Closed) for Gallon

NOTE # 1:

Physical Characteristics: **(WTI) High-Quality Crude Oil (Light Sweet Crude Oil)**

WTI is extremely popular among refineries due to two fundamental chemical properties:

It is "light": It has a low density, which makes it easier to process into high-value products such as gasoline and diesel.

It is "sweet": It contains very low levels of sulfur (less than 0.42%). This is a significant advantage because it requires less refining to meet environmental standards, which reduces production costs.

NOTE # 2

Financial Requirements for CIF Transactions

For CIF shipments, Texas Company only accepts a security deposit held by an escrow agent, specifically Bank of America, which acts as guarantor for the buyer.

Deposit Amount: A wire transfer equal to 6% of the first shipment is required.
Deduction: This amount will be credited in full to the first commercial invoice (CI).

Future Shipments: No additional deposits will be required for subsequent deliveries once the initial cycle is complete.

Example of a financial breakdown (200,000 tons of EN590 at $520/ton):
Total contract value: $104,000,000 USD
Required 6% escrow: $6,240,000 USD

Alternative: SBLC Payment Terms

If the buyer chooses to proceed via a standby letter of credit (SBLC), the following terms apply:

Setup fee: A 4% fee is required to activate the instrument.

Coverage: The SBLC must cover the full value of the first shipment plus the setup fee.
Total SBLC value: $4,160,000 (Fee) + $104,000,000 (Product) = $108,160,000 USD.