



JAPAN OIL FORWARDS

(JOF) CONTRACT

2005 VERSION 2.0

TABLE OF CONTENTS

Scope

1.	SELLER AND BUYER	3
2.	PRODUCT AND ORIGIN.....	3
3.	QUANTITY.....	5
4.	PRICE.....	5
5.	DELIVERY	5
6.	VESSEL.....	6
7.	NOMINATION OF CARGO	6
8.	PAYMENT	7
9.	SECURITY	8
10.	TITLE AND RISK	8
11.	INSPECTION	8
12.	OTHER PROVISIONS.....	8
13.	FORCE MAJEURE	10
14.	DEFINITION AND INTERPRETATION.....	10

Scope

The following terms and conditions apply to all contracts (each a "Contract") for physical delivery of Regular Gasoline, Kerosene, Gas Oil and Fuel Oil traded on FOB Tokyo Bay basis or FOB West Japan basis under the name of "Japan Oil Forwards" and which are stated to be subject to these terms.

For the avoidance of doubt, nothing shall prevent a Buyer and Seller in respect of a Contract from negotiating between themselves a variation of any of these terms. In the event of any conflict or inconsistency between a Contract and these terms, the Contract shall prevail.

1. SELLER AND BUYER

1.1 Seller:

1.2 Buyer :

1.3 For the purposes of all transactions under the name of "Japan Oil Forward", Gas Oil can only be traded by those who have obtained the qualification known as "Keiyu Motouri Shikaku" from the relevant authorities of the Japanese Government.

2. PRODUCT AND ORIGIN

2.1 Products : All Oil shall have been refined at a refinery in Japan or shall be imported Oil in respect of which all customs duties including petroleum tax have been paid in full.

2.2 Specifications :

- (a) All Regular Gasoline shall conform to JIS K 2202 No. 2 standards, and shall have a RON specification of at least 90 and MTBE content of 0. Total sulfur content shall not be more than 0.001wt%.
- (b) All Kerosene shall conform to JIS K 2203 No. 1 standards, and shall have a color (saybolt) specification of at least +30.
- (c) All Gas Oil shall conform to JIS K 2204, and shall meet the following specifications:

Gas oil

			Toku 1 gou	1 gou	2 gou
Flash Point	C	JIS K 2265	50 Min	50 Min	50 Min
Distillation 90%	C	JIS K 2254	360 Max	360 Max	350 Max
Pour Point	C	JIS K 2269	+5 Max	-2.5 Max	-7.5 Max
Cold Filter Plugging Point	C	JIS K 2288	-	-1 Max	-5 Max
CCR on 10% Btm	wt%	JIS K 2270	0.1 Max	0.1 Max	0.1 Max
Cetane Index		JIS K 2280	50 Min	50 Min	45 Min
Viscosity @30C	cst	JIS K 2283	2.7 Min	2.7 Min	2.5 Min
Total Sulfur	wt%		0.001 Max	0.001 Max	0.001 Max

Gas oil seasonal specifications (by Delivery Month)

JOF East/West	Jan	Feb	Mar	Apr	May	Jun
	2 gou	2 gou	2 gou	1 gou	1 gou	Toku 1 gou
	Jul	Aug	Sep	Oct	Nov	Dec
	Toku 1 gou	Toku 1 gou	Toku 1 gou	1 gou	1 gou	2 gou

- (d) "A" Fuel Oil 0.1% ("LSA") shall conform to JIS K 2205 1syu-1gou standards with sulphur content of maximum 0.1%.
- (e) "A" Fuel Oil 1.0% ("AFO 1.0") shall conform to JIS K2205 1syu-2gou standards with sulphur content of maximum 1.0%
- (f) "C" Fuel Oil shall conform to the following specifications:

Fuel Oil

		LSCFO	HSCFO
Density (15)	g/cm3	0.950 Max	1.00 Max
Reaction		Neutral	Neutral
Flash Point		80.0 Min	80.0 Min
Pour Point		50.0 Max	0.0 Max
Viscosity @ 50	mm2/s	180.0 Max	200.0 Max
CCR	wt%	7.0 Max	13.0 Max
ASH	wt%	0.050 Max	0.050 Max
HHV(Gross)	MJ/kg	42.70 Min	42.70 Min
	kcal/kg	10,200.0 Min	10,200.0 Min
Sulphur	wt%	0.30 Max	3.0 Max

Fuel Oil

		LSCFO	HSCFO
Nitrogen	wt%	0.250 Max	0.30 Max
Water	Vol%	0.50 Max	0.50 Max

3. QUANTITY

3.1 Quantity : The *Tsuminiyaku Kyoteisho* signed by the ship captain and the berth master shall be conclusive evidence of the quantity of Oil delivered into coastal tanker, PROVIDED that, in respect of each Contract, a deviation of between plus/minus 2.0% of the Contract Volume for Regular gasoline, Kerosene, Gas Oil, LSA and AFO 1.0, and plus/minus 1.0% of the Contract Volume LSCFO and HSCFO shall be permissible.

4. PRICE

4.1 Price : The Contract price shall be quoted in JPY per kilolitre, assuming delivered into coastal tanker.

5. DELIVERY

5.1 Delivery : Each Contract shall be in respect of Regular Gasoline, Kerosene, Gas Oil or Fuel Oil for FOB delivery (unless otherwise agreed, by coastal tanker) at a Safe Berth on a Delivery Date in the Delivery Period.

5.2 Safe Berth : "Safe Berth" means a berth at a refinery or primary storage facility located along the coast of Tokyo Bay in the prefecture of Tokyo, Kanagawa or Chiba in the case of "JOF East", or a berth at a refinery or primary storage facility located in the prefecture of Wakayama, Osaka, Hyogo, Okayama, Kagawa, or Ehime in the case of "JOF West" ;

5.3 Delivery Period : "Delivery Period" means a specified period for making delivery which is to be agreed by the Buyer and Seller either to be the 1st Half of Month or 2nd Half of Month at the time of contract. "1st Half of Month" is the period between the 1st day of the Month to the 15th day of the Month. "2nd Half of Month" is the period between the 16th day of the Month to the last day of the Month. A "Month" is any calendar month.

5.4 Change in the terms of delivery : The Seller and the Buyer shall negotiate and may alter the terms of delivery by mutual agreement PROVIDED ALWAYS that the Contract price may not be varied. For the avoidance of doubt the Seller and Buyer may:-

- (a) alter the location of delivery;
- (b) agree to effect delivery by tank lorry or in-tank transfer instead of coastal tanker. In the case of in-tank transfer, the quantity for settlement shall be the "Contract Volume" itself.
- (c) alter the Delivery Date (so long as it remains within the Delivery Period).
- (d) delivery of the entire Contract Volume may be made in installments of at least 100.0 kilolitres. The delivery may be accomplished in several times within the contract volume. In other words, the delivery may be split into whatever volume which the Buyer requests PROVIDED that each vessel loads at least 100.0 kilolitres.

Unless otherwise agreed, the provisions relating to delivery in these terms shall apply to any Contract.

6. VESSEL

6.1 Vessel Regulations : Every vessel shall be coastal tanker with Japanese flag (*Naikou-sen*) and capable of acceptance by the terminal(s) at the Nominated Berth, and the Buyer shall bear the risk of any failure to obtain acceptance. The Seller shall ensure that the Nominated Berth does not unreasonably withhold its acceptance.

7. NOMINATION OF CARGO

7.1 Method of Nomination :

- (a) All notifications and/or nominations may be made orally or in writing, to such address or contact particulars of the person being notified as may be available from time to time PROVIDED ALWAYS that such notifications are made in accordance with generally acceptable commercial practice in the oil trading industry.

7.2 Normal nomination Clause :

- (a) The Buyer shall, nominate:-
- (i) a Delivery Date within such Delivery Period;
 - (ii) the discharge berth where the Oil is to be ultimately transported; and
 - (iii) the quantity of Oil to be delivered.

This nomination shall be made no later than 0930 hours, 1 Working Day prior to the Delivery Date.

- (b) The Buyer shall nominate a vessel (the "Nominated Vessel") for delivery no later than 1200 hours 1 Working Day prior to the Delivery Date. The nomination shall specify, at a minimum:-

- (i) the name of the vessel;
- (ii) the size of the vessel; and
- (iii) its estimated time of arrival.
- (iv) Name of Operator of the vessel

- (c) The Seller shall nominate a Safe Berth (the "Nominated Berth") for delivery no later than 1330 hours 1 Working Day prior to the Delivery Date. At the same time, the Seller shall provide to the Buyer, only if requested, a "Certificate of Quality" relating to the Oil.

8. PAYMENT

8.1 Time of Payment : Payment shall be made in respect of each Contract by the last Payment Business Day of the month immediately following the Delivery Month.

8.2 Documents, required, form of payment : All payments shall be made in JPY in immediately available funds, free and clear of any deductions, set-off, counterclaims or withholdings, to the account notified by the relevant Seller to the relevant Buyer, against delivery of the relevant Seller's commercial invoice.

9. **SECURITY**

9.1 In respect of any Contract, either party may require the other to provide security for the performance of the obligations of the other under the Contract. Such security shall be in form and substance acceptable to the party making the request, and shall be provided no later than 2 Working Days before the Delivery Date.

10. **TITLE AND RISK**

10.1 Title and Risk : Title and risk shall pass from the relevant Seller to the Buyer at the time when the Oil passes the Buyer's vessel's permanent flange connection to the Nominated Berth.

10.2 Party's responsibility to insure : Each party shall be responsible for insuring the Oil when it is at such party's risk.

11. **INSPECTION**

11.1 The Seller shall be responsible, at its own cost, for certifying that Oil meets the quality specifications required under these terms.

12. **OTHER PROVISIONS**

12.1 Dates or Times : All references to dates or times are references to dates or times in Tokyo.

12.2 CISG : The United Nations Convention on Contracts for the International Sale of Goods shall not apply to any Contract.

12.3 Ginga : At all times Ginga shall be deemed to act as an expert and not an arbitrator.

12.4 Governing law and arbitration

(a) These terms, and any Contract established hereunder, shall be governed by and construed in accordance with Singapore law.

(b) Any dispute arising out of or in connection with a Contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rules") for the time being in force which rules are deemed to be incorporated

by reference to this clause. The tribunal shall consist of 1 arbitrator to be agreed between the parties, failing which the arbitrator shall be appointed by the Chairman for the time being of SIAC, PROVIDED that the arbitrator shall be an expert in international sales of goods. The language of the arbitration shall be English.

12.5 Maximum Loss : Notwithstanding anything to the contrary in these terms, and unless otherwise agreed between the Buyer and the Seller:-

- (a) the Seller shall be responsible for all Loss resulting from the Oil being Off-Specification before title passes from the Seller to the Buyer;
- (b) the Seller shall be responsible for all Loss resulting from Late Delivery or any other failure of delivery;
- (c) the Buyer shall be responsible for all Loss resulting from late or early arrival of the Nominated Vessel at the Nominated Berth;
- (d) the Buyer shall be responsible for all Loss resulting from Non-Lifting or any other failure of lifting; and
- (e) any party making a late nomination shall be responsible for all Loss resulting therefrom.

PROVIDED in no event shall the maximum Loss recoverable by any person (under any provision of these terms or otherwise) exceed the higher of :-

- (i) the Contract Price for the relevant Oil multiplied by the Contract Volume; or
- (ii) the average of RIM Quotation for the said Oil during the month in which delivery is made or to be made, multiplied by the Contract Volume.

Neither Party shall in any event be liable for indirect, special or consequential damages.

12.6 Others : Time shall be of the essence of any Contract.

13. FORCE MAJEURE

13.1 Force Majeure :

Neither party shall be liable for any failure or delay in performance of any Contract or the terms thereunder in the event of the occurrence of any event or circumstances beyond the reasonable control of the party including without limitation any fire, flood, typhoon, hurricane, tsunami, volcanic eruption, earthquake, other nature disasters or act of God; act of any sovereign or foreign enemies, war, invasion, hostilities (whether war be declared or not), terrorist activities, strike, lockout, labour dispute, national emergencies, embargo, blockade, sanction, other government or regulatory action, or any failure, suspension or material disruption to the oil industry or financial markets, or any blackout, interruption or failure of utility service, electronics, telecommunications or computer system or network failure or disruption

14. DEFINITION AND INTERPRETATION

Unless the context otherwise requires:-

- (a) "Buyer" means the person who enters into a Contract as buyer;
- (b) "Certificate of Quality" shall mean a certification issued by a third party inspector that the Oil meets the quality specifications set out herein before the Oil has been loaded to the vessel. Where the Oil has been loaded from a refinery or storage tank owned by a refinery, the Certificate of Quality may be issued by the laboratory owned by such refinery. For the purposes of issuing a Certificate of Quality, samples shall be taken and analyzed from each tank or other location in which the Oil to be delivered has been stored.
- (c) "Contract Volume" means a volume which agreed between the Seller and the Buyer.
- (d) a "Delivery Date" means any day except a Sunday, any public holiday, or 2 or 3 January, or 30 or 31 December;
- (e) "FOB" shall, except as modified by these terms, bear the meaning given in the International Chamber of Commerce's Incoterms as updated from time to time;

- (f) "Fuel Oil" shall mean , "A" Fuel Oil 0.1% ("LSA"), "A" Fuel Oil 1.0% ("AFO 1.0"), High Sulphur "C" fuel oil ("HSCFO") or Low Sulphur "C" fuel oil ("LSCFO") which meets the characteristics and quality specifications set out in these terms;
- (g) "Gas Oil" shall mean Gas Oil which meets the characteristics and quality specifications set out in these terms;
- (g) "JIS" means the applicable Japanese Industrial Standards in force from time to time;
- (h) "JPY" means the lawful currency of Japan;
- (i) "Kerosene" shall mean kerosene which meets the characteristics and quality specifications set out in these terms;
- (j) "Late Delivery" means the failure of a Seller to supply any Oil by the Delivery Date;
- (k) "Loss" means all loss, damages, costs, charges and/or expenses suffered and/or incurred (including legal fees on a full indemnity basis);
- (l) "Non-Lifting" means the failure of a Buyer to take delivery of any Oil within the Delivery Period;
- (m) "Off-Specification" means either the failure of Oil to conform to the quality specifications contained in these terms, the presence of water or other impurities in any Regular Gasoline or Kerosene, or the volume of water in any Fuel Oil exceeding the specification in clause 2.2;
- (n) "Oil" means Regular Gasoline, Kerosene, Gas Oil or Fuel Oil;
- (o) "Payment Business Day" in respect of payments under Contracts and generally, a day on which banks in Japan are open for settlement of JPY payments;
- (p) "Regular Gasoline" shall mean regular gasoline which meets the characteristics and quality specifications set out in these terms;
- (q) "Seller" means the person who enters into a Contract as seller; and
- (r) "Working Day" means any day except for Saturday, Sunday and public holidays, 2 and 3 January, and 30 and 31 December.