

Standard terms and conditions for marine bunker fuel sales, 2007

These Standard Terms and Conditions (~~Part Two~~) are designed for use in transactions where Petr6leos Marinos de Chile Ltda. or its affiliate PMC Agencia de Naves S.A. (the ~~Seller~~) has agreed to sell marine fuel to a party which has agreed to purchase marine fuel (the ~~Buyer~~), hereinafter referred collectively as the ~~Parties~~. They form an integral part of the Agreement (~~Part One~~) to which they are attached or in which they are incorporated by reference except to the extent that they contradict **Part One** or are inconsistent with them. To that extent only, **Part One** shall prevail over these **Part Two** standard terms.

Price

The applicable price shall be the one agreed upon by the Parties at the time and place of nomination for the grade of marine fuel to be delivered. The price shall be a **Net Price** and shall not include duties, taxes or fees that may be applied by the government of Chile.

Buyer shall pay all applicable duties, taxes, fees and other costs including but not limited to those imposed by local authorities, unless otherwise agreed and in conformance with the ~~Nominations~~ section below. Seller will make a reasonable attempt to identify such charges.

Buyer shall pay for any expenses and costs incurred by the Seller or supplier in connection with partial or complete cancellation by the Buyer of a delivery in progress, consistent with notice requirements stated under the ~~Nominations~~ section below.

Nominations

(a) Buyer shall provide Seller at least three (3) days prior written notice of the vessel, vessel's agent, **local agent for bunker purposes**, approximate date of arrival, bunkering port, grade and quantity of marine fuel and Buyer's address for invoicing.

(b) Buyer shall insure that either the Master of a nominated vessel or vessel's agent give not less than two (2) days advance notice to the Seller, which notice shall identify the Buyer and specify the place and time that delivery is required. The Master or vessel's agent shall give immediate notice to Seller of any delays of

time on arrival. In case of failure to arrive at the scheduled date, Seller will use its best efforts to reschedule Buyer's vessel, but shall not be responsible for any attendant delays nor for any damages or losses resulting therefrom.

(c) Unless specifically stated otherwise in Part One, Seller reserves the right to increase the **Net Price** if the vessel's actual arrival time is more than 48 hours after the approximate date of arrival per clause (a) above.

IMPORTANT NOTICE:

VESSELS IN COASTAL TRADE: Customs duties and any applicable Chilean taxes, including IVA, must be added to the above **Net Price**.

VESSELS IN INTERNATIONAL TRADE: For bunker purposes, Buyer may nominate either (a) PMC Agencia de Naves S.A. or (b) any other local agent of Buyer's choice.

(a) If Buyer has so nominated PMC Agencia de Naves S A, indicating in writing that the marine fuel to be purchased is intended for export, the marine fuel may be delivered to Buyer without payment by Buyer of the applicable sales or use tax, value added tax, customs duty, tariff, fee or other tax or similar charge thereon; provided, however, that Buyer shall reimburse Seller for any such tax or charge assessed, including interest and penalties thereon, if, after delivery of marine fuel, by reason of the failure of Buyer or its vessel to qualify therefor or to furnish the necessary proof within the requisite period of time, specified by locally applicable regulation or procedure.

(b) If Buyer selects a different local agent for bunker purposes, Buyer shall be invoiced for and shall pay the **Net Price** plus all duties, taxes or fees applied by the government of Chile. In such case, it shall be solely the responsibility of the Buyer (and not the Seller) to obtain any duty, tax, or fee related reimbursements from that local agent.

Deliveries

Deliveries shall be made from the shore terminal of Seller or its supplier or, if previously agreed by the Parties, by bunker vessel. **Subject to the custom of the port, and local regulations, delivery shall be made day or night, Sundays and holidays included.** Seller or its supplier shall not be liable for any losses,

costs or demurrage incurred by Buyer due to any delay in the delivery of marine fuels due to circumstances or prevailing conditions not within the Seller's control. When deliveries are made by bunker vessel, Buyer shall, without charge, immediately furnish a clear and safe berth alongside vessel's receiving lines. Terminal and bunker vessel deliveries need not be made when in Seller's or its supplier's opinion, a clear and safe berth is not available. Buyer shall make all connections and disconnections of the delivery hose to vessel.

Deliveries shall be complete, and title and risk of loss shall pass to Buyer, as the marine fuel reaches the flange connecting Seller's or its supplier's delivery hose to the receiving vessel's permanent intake facility. Each delivery is deemed to represent a separate contract. In the event of delay caused by Buyer for any reason in the use of delivery or bunker vessel facility or in vacating the loading berth, Buyer shall reimburse Seller to the extent Seller incurs any expense due to such delay.

Seller shall have the right to shift or require Buyer to shift its vessel at load port, from one berth to another or to anchorage.

Buyer warrants that each vessel will be properly crewed, equipped, maintained and operated in compliance with applicable regulations, so as to avoid leakage, spillage, overflow or water or land pollution. Effective communication between the receiving vessel and the Seller's or supplier's delivering personnel shall be constantly maintained during the entire bunkering operation and Buyer assumes all responsibility for the direction of pumping. Buyer shall indemnify and hold Seller and its supplier harmless from and against any and all losses, damages (including damages to the vessel), costs and expenses of whatsoever nature including reasonable attorney's fees which Seller or its supplier may incur, either: (i) as a result of any claim, action, suit, assessment, fine, levy, penalty or exaction of a like nature instituted by any person including public authorities and corporations, by reason of any such alleged leakage, spillage, overflow, or water or land pollution, except to the extent that such losses, damages, costs and expenses are finally judicially determined to have arisen out of gross negligent or willful misconduct of Seller or its supplier; or (ii) arising out of the wrongful or negligent acts or omissions of Buyer, its vessel, the master or its crew, in connection with any activities or obligations hereunder.

If an escape, spillage, discharge, leakage, overflow or water or land pollution by marine fuel (hereinafter referred to as "spill") occurs during delivery to the Buyer hereunder, Buyer will promptly take such action as is reasonably necessary to recover the marine fuel and mitigate the effects of such spill. However, notwithstanding the cause of such spill, Seller or its supplier is hereby authorized at its option, upon notice to Buyer or Buyer's agent for the receiving vessel, to take such measures, and to incur such expenses as are reasonably necessary in the Seller's or its supplier's judgement to remove the marine fuel and mitigate the consequences of such spill. Buyer shall promptly reimburse Seller for any amounts paid by Seller on the Buyer's behalf in connection with a spill for which the Buyer is responsible. Buyer agrees to cooperate fully with the Seller or its supplier in the prevention, recovery and investigation in connection with a spill.

Quantity and Quality Determination:

If loading is at the Seller's dock, Quantity shall be determined either from the shore pipeline outturn meter or by shoretank measurements as determined by independent inspector, at Seller's option. If delivery is by bunker vessel, Quantity shall be determined either from onboard meter or bunker vessel tank gauging, at Seller's option. Such determination shall be conclusive, but Buyer shall have the right to be present or be represented by an independent petroleum surveyor at time of measurement. If agreed by Seller and Buyer in advance, the surveyor's findings of bunker vessel or pipeline outturn shall be conclusive. Volume shall be adjusted to 15 degrees C under ISO standard 3675.

In case of any discrepancy related to the tonnage delivered the Master of b/t PACSA will call immediately for an Independent Surveyor to determine the definitive tonnage. Cost of Surveyor will be for the account of the party at fault.

Quality of the marine fuels shall comply in all material respects with ISO standard 8217: 2005(E) or any subsequent amendment thereof as well as with the relevant provisions of MARPOL, unless otherwise more precisely specified in **Part One**.

The Seller may discharge its obligation to deliver marine fuels to the Buyer by supplying in substitution thereof marine fuels of a different grade and/or brand name provided always that such substitutes are in all material

respects of an equivalent or superior specification to that specified above, or in Part One, as the case may be.

The representative samples of each delivery shall be taken at the barge end of the bunker delivery hose.

The Buyer shall have the sole responsibility for any determination of compatibility of marine fuel oil purchased from PMC with marine fuel already on board the vessel.

Documentation

(a) Before commencement of delivery the Seller shall present for acknowledgement by the Master of the Vessel or his representative, a bunker requisition form, duly signed by the representative of the Seller, which shall contain the quantities to be delivered and values for viscosity, density, water content, flash point.

(b) Once the delivery is completed and quantities measured, a bunker delivery receipt shall be signed and stamped by the Master of the Vessel or his representative, and returned to the Representative of the Seller, as acknowledgement of the delivery and a duplicate copy shall be retained by the Master of the Vessel. This receipt shall contain the quality parameters required in Annex VI Marpol 73/78. adopted in year 2005.

(c) In the event the Master is not satisfied with the marine fuels, sampling, quality, quantity, or any other matter concerning the marine fuels or their delivery, he shall make appropriate remarks in the bunker delivery receipt either detailing the complaints or referring to a separate letter of protest to be issued and delivered immediately.

Quality Claims and Disputes

Three representative samples of every consignment and load of the deliver must be taken as delivery proceeds. The samples shall be signed and sealed by a representative of the Seller and by an officer of the vessel or other senior representative of the Buyer. One set of samples shall be retained by the Buyer and the other two sets shall be retained by the Seller.

In the event of the Buyer having grounds to believe that the marine fuel supplied is not in all material respects in

accord with agreed specifications or is defective, the Buyer shall immediately 1) take all reasonable steps to mitigate the consequences of have been supplied with possible defective or incorrect marine fuels, 2) give notice with full details of the possibly defective or incorrect marine fuels to the Seller together with the vessel's position, destination and ETA; the quantities and locations of all bunkers on board the vessel, the rate and quantity of consumption since delivery and the location immediately prior to consumption of bunkers consumed; for each of the three preceding deliveries to the vessel, the quantity, quality and specification of marine fuels supplied, the place and date of supply and the name of the supplier; inform the Seller of the whereabouts of the Buyer's set of samples.

It is a pre-condition of the Seller being prepared to consider any quality claim that at the time notice is given, the Buyer has retained its complete set of sealed samples and is prepared to have them analyzed by a reputable independent testing laboratory, approved by Seller, in the presence of a representative of the Seller. In the event that the Buyer is unable or unwilling to produce its samples for analysis within 30 days of a request from the Seller, the Seller may proceed to have its samples analyzed and the results of such analysis shall be binding upon the parties hereto.

If it is alleged that any equipment or machinery has been damaged by defective marine fuel supplied by Seller, full details must be given to the Seller at the earliest opportunity and the item must be preserved and made available for inspection on demand at any reasonable time or times to the Seller or its representatives.

The time limit for receipt by the Seller of notice of quality and quantity claims or disputes is 15 (fifteen) days. If no notice is given within this term, it shall be understood that the Buyer has given his complete and irrevocable acceptance to the quality and quantity of the marine fuels delivered by the Seller, and no further claims shall be admitted. Any other claims or disputes must be received by the Seller within thirty (30) days.

Payment

Unless otherwise agreed, payment for each delivery shall be made without discount or deduction in U.S. dollars by telegraphic, telex, swift or rapid electronic

transfer to Seller's designated bank and account. **Payment shall not be conditioned upon Buyer's receipt of original delivery documents.**

When marine fuel is supplied on a credit basis, full payment shall be received by the due date specified in Seller's telex/fax invoice. If the established credit period expires on a day when Seller's Bank is closed for business, then the credit period will end on the last prior business day. Seller will in due course provide Buyer by ordinary mail with a commercial invoice and a copy of a bunker receipt.

If marine fuel is supplied on a credit basis and full payment is not received by the due date, Buyer shall immediately be in default. A service charge of 2% a month will be assessed on all late payments and shall be payable as subsequently directed by Seller. This shall be in addition to any other remedies which Seller may have by reason of such default.

In the event the contractually agreed rate of the specified service charge is in excess of that permitted by relevant law there shall be substituted the maximum so permitted.

Liens

Sales hereunder are on the credit of the receiving vessel as well as on Buyer's promise to pay, and amounts due shall be maritime liens against such vessels in favor of Seller and its supplier, regardless of any disclaimer placed upon the delivery documents by the receiving vessel or any third party. **If the Buyer is not the owner of the vessel the Buyer hereby expressly warrants that he has the authority of the owner to pledge the vessel's credit for this purpose and that he has given notice of the provisions of this clause to the owner.**

Force Majeure

The Seller and its supplier shall not be liable for any loss, damage or demurrage resulting from any breach, delay, or nonperformance of the obligations thereof to the extent such noncompliance is caused by: (i) any governmental act or compliance by that party with any order, request, or control of any governmental authority or person purporting to act therefor whether or not such order or request is later determined to be invalid; or (ii) the interruption, unavailability, or inadequacy of marine

fuels, or any constituent thereof, or any facility of production, manufacture, storage, transportation, distribution or delivery, because of wars, hostilities, public disorders, acts of enemies, sabotage, strikes, lockouts, labor or employment difficulties, fires, acts of God, accidents, breakdowns, weather conditions, or any other cause whatsoever which is not within the control of Seller or its supplier including, but not limited to, the failure, cessation, termination or curtailment in whole or in part of any of the existing or contemplated sources of supply of Seller or its supplier of marine fuels or the crude oil or petroleum products from which such marine fuels are derived. Seller and its supplier shall not be required to remove any such cause or replace the affected source of supply or facility if it will involve additional expense or a departure from its normal practice.

Seller or its supplier shall not be required to make up deliveries omitted due to any of the causes specified herein.

Buyer shall not be liable for any loss, damage or demurrage resulting from any breach, delay or nonperformance to the extent such is the result of any cause which is not within the control of Buyer and the vessel taking delivery hereunder; provided, however, that nothing contained herein shall: (i) relieve Buyer of its obligations to pay for marine fuels delivered by Seller or its supplier and to make such payments in the manner specified elsewhere in these terms; or (ii) affect the obligations of Buyer to reimburse Seller to the extent Seller incurs any expense due to any delay by Buyer in the use of delivery or bunker vessel facilities or in vacating the terminal as elsewhere provided in these terms.

Miscellaneous:

Notice to either party shall be mailed, telexed, or faxed to it at its indicated address, and shall be deemed given at the expiration of normal delivery or transmission time.

These terms contain the entire understanding between the parties covering the subject matter except as otherwise agreed in **Part One**. No derogation, addition or amendment to these terms or the terms of **Part One** shall be of any force or effect unless and until expressly confirmed in writing by the Seller. If any provisions herein shall to any extent be invalid or unenforceable the

remainder of the provisions shall not be affected thereby.

In no event shall either party be liable in connection herewith or with respect to operations related hereto, whether in tort, contract or otherwise, for prospective profits or special, indirect, or consequential damages.

If the order for marine fuels is placed by Buyer acting as agent on behalf of a disclosed or undisclosed principal, Buyer shall be liable for performance of all obligations of the principal, including payment.

Any provision of these Standard Terms and Conditions which is determined to be void or unenforceable shall to the extent of such invalidity, be deemed to be severed from these Standard Terms and Conditions and such severance shall not adversely affect the enforceability of any other provision.

Seller may assign some or all of its rights and obligations hereunder, in which event any such assignee shall enjoy and be entitled to exercise against Buyer any and all rights herein conferred upon Seller. Seller reserves the right to reclaim any marine fuels delivered hereunder by notice to Buyer if Buyer has received such marine fuels from Seller or its supplier while insolvent.

Buyer shall not assign its interest in the marine fuels supplied by the Seller without the prior written approval of the Seller.

The agreement made in accordance herewith, its performance and enforcement (inclusive of maritime liens arising hereunder) shall be governed by the law of the United States of America and the law of the State of New York, regardless of the law of the forum in which any proceeding is instituted relating to such agreement or the law of the flag country of any vessel to which deliveries are made in accordance herewith. The United Nations Convention on International Sales of Goods shall not apply to this agreement or the performance thereof.

Headings are for convenience only. They are not part of the agreement.