



SCANDINAVIAN BUNKERING AS
Øvrelanggate 50
N-3110 Tønsberg – NORWAY

Phone: (+47) 33 30 15 00 (24 hours)
Fax: (+47) 33 30 15 50 (24 hours)
E-mail: scanb@scanb.no
Website: <http://www.Scandinavian-Bunkering.com>



Revised January 2008

STANDARD TERMS AND CONDITIONS FOR THE SALE OF MARINE BUNKER FUELS AND ANY OTHER PRODUCTS

1. INTRODUCTORY

These terms and conditions are the general, standard terms and conditions under which Scandinavian Bunkering AS, Øvre Langgt. 50, N-3110 Tønsberg, Norway (the Company) is prepared to enter agreement (the Agreement) with another party (the Customer) to supply Marine Bunker Fuels and/or any other products. These terms and conditions may be referred to as "Scandinavian Bunkering AS' Standard Terms and Conditions 2005". Each agreement will be as specifically negotiated between the Company and the Customer, known as Confirmation. And in the event there is conflict between these, the terms of the latter shall prevail.

2. DEFINITIONS

2.1 Agreement as defined in Clause 1.

2.2 Company includes in addition to the Company itself, its staff, agents, subcontractors and any and all other persons acting under the Company's instructions to fulfill or observe of this Agreement unless the context otherwise requires.

2.3 Confirmation as defined in clause 1.

2.4 Customer The Party as described in the Confirmation together with any agent, principal, associate, manager, subsidiary, owner or shareholder thereof.

2.5 Vessel The Vessel, Ship and/or Craft nominated in the Confirmation to receive the Product specified in the Confirmation.

2.6 Delivery as defined in clause 5.

2.7 Physical Supplier The person who physically supplies the Product to the Vessel together with the person's staff, agents, subcontractors or assigns. The Physical Supplier may be the Company or any other person.

2.8 Place of Supply The port or location as specified in the Confirmation or associated with Delivery Location.

2.9 Product The Bunker Fuels, and/or any other products, equipment, materials as specified in the Confirmation.

2.10 Price as defined in clause 7.



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2.11 Unit Price The rate of cost in US\$ (or in another currency as specified in the Confirmation) per metric ton (or in another measurement as specified in the Confirmation)

2.12 Cost The cost of Product calculated by multiplying the Unit Price by the quantity of Product delivered to the vessel.

2.13 Due Date The date specified in the Confirmation for payment of the Price and other charges and like items.

3. ENTIRETY AND VALIDITY

These Terms and Conditions together with the Confirmation constitute the entire Agreement. Additions and/or amendments to the Agreement shall be of no effect or validity unless confirmed in writing by the Company.

4. LIABILITY

The Company shall not be liable for any failure to fulfill any Terms or Conditions of the Agreement if fulfillment has been delayed or hindered or prevented by any circumstances, which is not within the immediate control of the Company. Not limiting to the occurring of any strike, any government order, interruption to supply of Product.

5. DELIVERY

5.1 Allocation If the company at any time and for any reason, believes there may be a shortage of Product at the Place of Supply it may allocate its available and anticipated supply of Product among its customers in such a manner as it may in its absolute discretion determine.

5.2 Restrictions The company shall not be required to deliver product into any of the Vessel's tanks or other places that are not regularly used for storage of bunkers or lubricants or other products as the case may be and shall not be required to deliver any Product for the export of which a Government permit is required and has not been obtained.

5.3 Means of Delivery Delivery shall be affected in one or more consignments at the Point of Delivery by such means as the Company shall deem appropriate in the circumstances.

5.4 Barging In the event of delivery by barge, the Customer shall at its own expense provide a clear and safe berth and/or location for the barge(s) alongside the Vessel's receiving lines and shall provide all necessary facilities and assistance required to effect delivery. The Customer agrees to pay and indemnify the Company against all claims and expenses in respect of any loss, damage or delay caused by the Vessel to any barge and / or its equipment.



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5.5 Connection The Customer shall make connection between the pipelines or delivery hoses and the Vessel's intake line and shall render all other necessary assistance and provide sufficient tankage and equipment to receive promptly each and every consignment of the Delivery. The Customer is responsible for ensuring that Product is delivered at a safe rate and pressure and that all equipment utilized thereof is in a safe and satisfactory condition.

5.6 Delivery Completion Delivery shall be deemed complete when the oil has passed the flange connecting the Barge's delivery facilities with the receiving facilities provided by the Vessel. However, the ownership of the Product shall pass to the Customer only after the Price has been received by the Company. Until that time, the person in possession of the Product delivered shall hold the Product for the Company.

5.7 Risk The Company's responsibility for Product shall cease and the Customer shall assume all risks and liabilities, including loss, damage, deterioration, depreciation, contamination, evaporation or shrinkage of Product from the time Product leaves the Barge's facilities. The Customer agrees to indemnify without limit the Company in respect of any liability, claim or demand for which the Customer is liable.

5.8 Measurement The quantity of Product delivered shall be determined by the Physical Supplier's option as one of such generally recognised methods of measurement as is appropriate during circumstances.

5.9 Specification The Product to be delivered shall be as specified in the Confirmation.

5.10 Availability Subject to the availability of Product, and the availability of facilities at the place of Supply, the Company will use its best endeavour to ensure that Product is delivered promptly upon Vessel's arrival. But the Company shall not be responsible for any loss, expense and increased costs incurred in the consequence of the Vessel not being supplied promptly.

5.11 Time The Customer is responsible for ensuring that the Vessel is ready to receive the Product on the expiry of the notice given in accordance.

5.12 Delay In the event that the Vessel's arrival is delayed or likely to be delayed, the Customer must advise the Company. The Company will use its best endeavours to supply the delayed Vessel. Or at the Customer's request, the Company will supply the delayed Vessel, but reserves the rights to pass to the Customer all additional costs arising from the Vessel's delayed arrival.

5.13 Notices The Customer must give not less than 72 hours notice (excluding Holidays and other non-working days) of the Vessel's readiness to receive Product. The Customer must instruct its Agent to liaise with the Physical Supplier so as to ensure sufficient timely notice.



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6. CANCELLATION AND/OR BREACH

In the event the Customer request Cancellation of Product or the Vessel fails to take delivery of part or all of the requested Product, the Company shall have all the rights to pursue Claims against both the Customer and the Vessel for all loss and damage thereby suffered, including both profit and loss.

7. PRICE

7.1 Notice of Price The Company shall give notice of Price to the Customer as soon as reasonably practicable after Delivery. Notice of Price may at the Company's option be provided by Invoice and send by post/courier or facsimile or as otherwise provided herein or as agreed.

7.2 Further Cost In addition to the basic Cost of the Product, the Customer agrees to pay for any and all charges arising from taxes, freight, insurance, pilotage, port dues and/or other like costs and expenses incurred. These further costs advised to the Company, shall be added on to the Price due from the Customer to the Company for the Product supplied.

7.3 Proof of Delivery The Customer or his representative should attend Delivery and obtain at the time, all outstanding information relating to Delivery, including the exact quantities and specifications of Product delivered.

8. PAYMENT

Special payment terms will have to be agreed and will be set out in the Confirmation. Each of the following terms apply unless the Confirmation otherwise provides:-

- 1.** Payment of the Price will be made in United States dollars to the bank and account specified by the Company in full without deduction for any reason whatsoever so as to ensure that the Company received value for the payment in cleared funds on or before the Due Date.
- 2.** The Due Date is as provided in the confirmation or in default the Date of Delivery, depending on 30 Days credit or Cash.
- 3.** Late payment will attract a financial charge of 2% per calendar month on the outstanding sum calculated on a daily basis from the Due date until receipt by the Company of sufficient cleared funds. Accrued financial charges will be added to and become part of the outstanding sum at monthly intervals. In the event that the contractually agreed rate of financial charges specified in the Agreement is in excess of that permitted by relevant law there shall be substituted the maximum so permitted.



- 4.** Payment will be made by way of telegraphic, telex, swift or rapid electronic transfer to the bank and account specified by the Company. All bank and other charges, if any, incurred in effecting remittance will be for the account of the customer. Advice of remittance including identifying references should always be given to the Company.
- 5.** Payments received by the Company from or on behalf of the Customer notwithstanding any specific request to the contrary will be applied in the following order in diminution or extinction of :-
 - a) accrued financial and other charges in respect of transactions for which the principal sum has been previously paid.
 - b) accrued financial and other charges arising from all other transactions.
 - c) any principal sum or sums due and outstanding commencing with the oldest and proceeding chronologically thereafter to the most recent.
 - d. any principal sum which the Company knows or reasonably expects will fall at a future date.
- 6.** The Company may in good faith vary, amend, withdraw, substitute or add to the terms relating to payment at any time in the course of a transaction in such a manner as it shall in its absolute discretion consider necessary to protect its interests.
- 7.** If at any time the reputation, standing, creditworthiness, liquidity or solvency of the customer or any subsidiary, parent, associate or affiliate thereof should give the Company reasonable cause of concern, the Company may without prejudice to all other rights and remedies which it may have give notice to the customer that credit facilities from the Company to the Customer are withdrawn or suspended as the case maybe and all sum outstanding shall thereupon fall due for immediate payment.
- 8.** In the event that the customer or any subsidiary or parent thereof shall commit an act of bankruptcy or shall be the subject of proceeding judicial or otherwise commenced for debt bankruptcy, insolvency, liquidation or winding-up the company may forthwith determine the Agreement.
- 9.** The full legal and other costs and expenses incurred by the Company including those of the Company's own legal department and of other lawyers in connection with any breach by the Customer of any term of the Agreement including but not limited to actions for debt shall be for the Customer's account and shall for all purposes form part of the Price due from the Customer to the Company for Product supplied.



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9. CLAIMS AND DISPUTES

9.1 Time Limits The Company has a very strict time limits on receiving notice of claims from its Customers. Customers should ensure their own strict internal checking and reporting procedures. The Company will not relax its time limits under any circumstances.

Quantity Claims or Disputes: 7 Days

Quality Claims or Disputes : 14 Days

Other Claims or Disputes : 14 Days

9.2 Notification Notices in writing for any claim or potential claim must be given to the Company within the time limit specified. It is the Customer's responsibility to ensure that notice is received by the Company. The Customer must always give prompt notice to the Company regardless of whether a claim or dispute has arisen or is anticipated relating to the delivery of the Product.

9.3 Information The Company must receive sufficient information from the Customer, in order to be able to identify the relevant transactions, the nature of the complaint and the loss or damage alleged. Notices with insufficient information will not be valid. For the same reasons, the Customer must provide a full and complete response to any and all questions, enquiries and requests made of it by the Company concerning the claims.

9.4 Quantity Claims and Disputes These can be avoided by ensuring proper Pre-delivery and Post-delivery checking by the duty Officer of the Vessel or any other senior representative of the Customer. The Delivery must be supervised at all times, and Documentations be checked to ensure complete and accurate, with signings and stampings. Any discrepancies must be indicated on the Bunker Receipt. Failure in proper Documentations and/or Procedures will not substantiate a Claim. The Company will not hesitate to reject Claims whereby these Procedures are not followed.
The Company will also not accept a Claim for short delivery based on figures obtained by measuring Product in the Vessel's tanks.

9.5 Quality Claims and Disputes The Customer must ensure that the Products ordered/tendered are those required by the Vessel. Representative Samples drawn at the Delivery will be sealed and signed by both the Vessel and Physical Supplier representative. Both the Vessel and Physical Supplier will receive a minimum of one Sample each. Documentations must be in order and seal numbers indicated on the Bunker Receipt. In the event that the Customer has ground to believe that the Product supplied does not meet the relevant description of the Confirmation or is defective, the Customer shall:

Give full details on the possible defective Product to the Company

*Vessel's Position and Destination with ETAs

*Quantities and Locations of all Bunkers on board Vessel

*Rate and Quantity of consumption of Bunkers consumed

*Advise 3 preceding deliveries to Vessel

(Quantity / Quality / Date / Place of Delivery / Samples)

The Company and Customer have each their Samples drawn during Delivery. In the event that the Customer is unable or unwilling to produce its samples for analysis within 28 days of request by the Company, the Company may proceed to have the Physical Supplier's samples analysed by a reputable independent testing laboratory.



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If it is alleged that any equipment or machinery has been damaged by defective Product, Full details must be given to the Company at the earliest opportunity and the item must be preserved and made available for inspection on demand at any reasonable time to the Company or representative.

9.6 Others Claims and Disputes Notices of all other claims, specifically excluding matters pertaining to quantity and quality, should be given to the Company as soon as possible, not later than 28 days after Delivery.

10. INDEMNITY

The Customer hereby indemnifies the Company in respect of all damage or injury occurring to any person or to any property and against all actions, suits, claims, demands, costs, charges or expenses arising in connection therewith to the extent that the same shall have been occasioned by the negligence or default of the Customer and/or Vessel and/or agents and third party in the course of performance of or arising out of the Agreement.

11. LIABILITY

To the extent permitted by Law, the Company shall not be liable to the Customer for any loss or damage including loss of profit or any other consequential loss whatever arising from any cause, including the negligence of the Company, its staff, agents or sub-contractors.

12. COMPENSATION

Notwithstanding the foregoing, in the event that the Company is found to be liable to the Customer, the total amount payable by way of compensation other than in respect of personal injury or death shall not exceed the price charged to the customer for Product supplied under this Agreement. It is a pre-condition to the payment of any compensation by the Company that all sums standing due to the Company from the Customer are first paid and settled.

13. INSURANCE

The Customer is responsible for effecting and maintaining insurances which fully protect the Customer, the Company and all third parties from risk, hazards and perils associated with or arising from the Agreement and Delivery.

14. PERMITS AND APPROVALS

The Customer is responsible for obtaining all necessary permits, licences and approvals required to enable both parties to execute all of their obligations under the Agreement.

15. JURISDICTION

The agreement is subject to the law and jurisdiction of the State of New York. However, nothing in this clause shall, in event of breach of the agreement by the Customer, preclude the Company from taking such action or actions as it shall in its absolute discretion consider necessary to enforce, safeguard or secure its rights under the agreement in any court or tribunal or any state or country



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