



EMPRESA COLOMBIANA DE PETROLEOS
ECOPETROL
INTERNATIONAL TRADE AND GAS VICEPRESIDENCY
INTERNATIONAL TRADE

**GENERAL CONDITIONS FOR F.O.B. SALES OF
CRUDE OIL AND REFINED PRODUCTS**

2002-01 EDITION

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SECTION 1.	DEFINITIONS.	1
SECTION 2.	ACCEPTANCE OF THE OFFER.	3
SECTION 3.	QUANTITY AND QUALITY MEASUREMENT.	3
SECTION 4.	UNITARY PRICE AND TOTAL AMOUNT.	5
SECTION 5.	LOADING PERIOD.	5
SECTION 6.	VESSEL NOMINATIONS.	5
SECTION 7.	DOCUMENTATION INSTRUCTIONS.	6
SECTION 8.	NOTIFICATION OF THE ESTIMATED DATE AND TIME OF ARRIVAL (ETA).	6
SECTION 9.	NOTICE OF READINESS (NOR).	7
SECTION 10.	SHIP MOORING CONDITIONS.	7
SECTION 11.	LAYTIME.	9
SECTION 12.	ADJUSTMENT OF LOADING TIME.	9
SECTION 13.	DEMURRAGE.	10
SECTION 14.	RISK TRANSFER PROVISIONS.	11
SECTION 15.	PAYMENT TERMS.	11
SECTION 16.	COSTS.	12
SECTION 17.	FORCE MAJEURE.	12
SECTION 18.	SUPPLY SHORTAGES.	13
SECTION 19.	BREACH.	13
SECTION 20.	INTERPRETATION.	13
SECTION 21.	APPLICABLE LAW.	13
SECTION 22.	ARBITRATION.	14
SECTION 23.	DESTINATION.	14
SECTION 24.	ASSIGNMENT.	14
SECTION 25.	LIMITATION OF REMEDIES.	14
SECTION 26.	INDEMNIFICATION.	15
SECTION 27.	NOTICE.	15
SECTION 28.	MISCELLANEOUS.	15
ANNEX A.		

**ECOPETROL'S GENERAL CONDITIONS
FOR F.O.B. SALES OF CRUDE OIL
AND REFINED PRODUCTS**

EMPRESA COLOMBIANA DE PETROLEOS, ECOPETROL SHALL CONDUCT ITS F.O.B SALES OF CRUDE OIL AND REFINED PRODUCTS IN ACCORDANCE WITH THESE GENERAL CONDITIONS AND THE SPECIFIC PROVISIONS CONTAINED IN THE SALE/PURCHASE AGREEMENT BETWEEN ECOPETROL AND THE BUYER.

THESE GENERAL CONDITIONS ARE EFFECTIVE AS OF **JANUARY 1, 2002.**

SECTION 1. Definitions.

In the Agreement (as hereinafter defined) unless the context otherwise requires:

1.1 "AFRA" means average freight rate assessment published by the London Tanker Brokers' Panel.

1.2 "Agreement" means these General Conditions (including, where applicable, the Schedules attached hereto) together with the Special Provisions.

1.3 "All Fast" means the vessel has been moored; connected to the buoy.

1.4 "Banking Day" shall mean a day other than a Saturday or Sunday on which commercial banks are open for business in New York, New York U.S.A.

1.5 "Barrel" means a volume equal to 42 gallons of the United States of America, at a temperature of 60 F, and a pressure of 14,696 pounds per square inch (PSI). Each gallon equals 3.7853 liters.

1.6 "Berth" means a berth, dock, anchorage, submarine line, single point or single berth mooring facility, offshore location, alongside vessels or lighters or any other loading or discharge place as may be indicated by the party in question.

1.7 "Bill of Lading Date" means the date on which the last cargo hose is disconnected after loading.

1.8 "Buyer" means the person or company who purchases the Product from the Seller under the conditions contained in the Agreement.

1.9 "Charter Party" means the charter party or other contract between the Buyer and the owner or operator, as the case may be, of the Nominated Vessel

1.10 "Crude Oil" means crude petroleum of the grade specified in the Agreement which has been stabilized and is suitable for loading into vessels or for delivery by such other method as is specified in this Agreement. If the Agreement is for the sale of condensate, references in the Agreement to crude oil shall be deemed to be references to condensate.

1.11 "Customary Anchorage" means the place where the Nominated Vessel may remain anchored within the zone defined as a DIMAR/SGP authorized site for arriving at the nominated Loading Terminal.

1.12 "Day" means a 24 hour period starting at 00:01 hours Colombian time on any given day and ending at 24:00 hours Colombian time on the same day.

1.13 "Deadweight (DWT)" means total carrying capacity of the vessel including cargo, fuel, fresh water, stores, lubricant oil, ballast and surplus for sagging and hogging.

1.14 "Demurrage" means the compensation in cash which the Seller pays the Buyer for having exceeded the agreed upon Laytime.

1.15 "DIMAR and SGP" means "Dirección General Marítima", the Colombian Marine Authority; and "Superintendencia General de Puertos", the Colombian Port Authority.

1.16 "Discharge Terminal" means the Berth at which the Product to be delivered hereunder is to be discharged.

1.17 "ETA" means the estimated time and/or date or range of days of arrival of the Nominated Vessel at the Loading Terminal.

1.18 "Event of Force Majeure" shall have the meaning ascribed to it in Section 17 below.

1.19 "F.O.B." shall have the meaning ascribed thereto in Incoterms 2000 (as amended from time to time), except as modified by the Agreement; provided further that, if there is any inconsistency or conflict between Incoterms and the Agreement, the Agreement shall prevail.

1.20 "Gross Standard Volume" or "GSV" means the total volume of all petroleum liquids and sediment and water, excluding free water, corrected by the appropriate volume correction factor (CtI) for the observed temperature and API gravity, relative density, or density to a standard temperature such as 60°F or 15°C and also corrected by the applicable pressure correction factor (Cpl) and meter factor.

1.21 "Independent Inspector" shall have the meaning ascribed to it in Section 3 below.

1.22 "Laytime" means the thirty-six (36) hour period granted the Seller to load the Nominated Vessel or any other time period agreed to by the Buyer and Seller in the Special Provisions.

1.23 "Loading Period" shall have the meaning ascribed to it in Section 5 below.

1.24 "Loading Terminal" means the Berth at which the Product to be delivered hereunder is or will be loaded.

1.25 "MARPOL" means the International Convention for the Prevention of Pollution from Ships, issued in London in 1973/1978 and approved by the Colombian Congress through Laws 12 of 1981 and 257 of January 15, 1996.

1.26 "Nominated Vessel" means the vessel meeting the requirements of Annex A that is nominated by the Buyer and approved by the Seller pursuant to Section 6.1.

1.27 "Notice of Readiness" or "NOR", means the valid notice of readiness to load or discharge, as the case may be, as given by the master of the Nominated Vessel (or his/her representative) to the Seller (or its representative) at the Loading Terminal or to the Buyer (or its representative) at the Discharge Terminal respectively.

Solely for the purpose of establishing the commencement of the Laytime period and receiving the Nominated Vessel at the Loading Terminal, the NOR is subject to acceptance by the Terminal Operator. The Terminal Operator must have verified that the Nominated Vessel is acceptable in all respects, and complies with all applicable standards and requirements to commence mooring, both from operational and safety standpoints. In addition, the ship must be inside the Customary Anchorage of the nominated Terminal before tendering the NOR.

1.28 "Port Regulations" shall mean the laws, decrees, resolutions, and any other decision(s) having the force of law, which govern all aspects of public and private port activities in Colombia and which must be complied with by the persons, entities and companies involved directly or indirectly in such activities. Port Regulations include Law 1 of 1991 which sets forth the general principles and framework that governs Colombia's private and public port activities.

1.29 "Product" shall mean Crude Oil or Refined Products.

1.30 "Refined Products" shall mean any hydrocarbon substance obtained through the refinement of Crude Oil.

1.31 "Seller" means "Empresa Colombiana de Petróleos" or ECOPETROL.

1.32 "Special Provisions" means the contract telex or other form of agreement in which these General Conditions are incorporated by reference to form the Agreement.

1.33 "Terminal" means the offshore and onshore facilities of the port where the Loading Terminal is located.

1.34 "Terminal Operator" means the company handling the operations at the Terminal.

1.35 "United States Dollars" or "U.S. Dollars" means dollars of the United States of America.

1.36 "Vessel Experience Factor" or "VEF" means a factor based on the compilation of the history of the total calculated volume vessel measurements, adjusted for on-board quantity or remaining on board, compared with the total calculated volume shore measurements.

1.37 "Working Days" means working days in the Republic of Colombia, as established by the Colombian authorities.

1.38 "Worldscale" means the most recent published edition of the Worldwide Tanker Nominal Freight Scale.

SECTION 2. Acceptance of the Offer.

Once the Buyer's offer is received and accepted in writing or by electronic means by the Seller, the terms and conditions negotiated and stipulated in the Special Provisions and these General Conditions shall constitute the Agreement, which shall be final, conclusive and irrevocable. No terms and conditions set forth in a Buyer's acceptance that conflict with or are supplemental to the terms and conditions negotiated and stipulated in the Special Provisions and these General Conditions shall constitute part of the contract between the Buyer and the Seller. Neither the Buyer nor the Seller shall be entitled to unilaterally modify any of the terms of the Agreement following its acceptance by the Seller.

SECTION 3. QUANTITY AND QUALITY MEASUREMENT.

Measurement of quantities of Product and the taking of samples for the purpose of determining compliance with quality standards shall be carried out by the Seller at the Loading Terminal in accordance with commonly accepted oil industry standards and methods. The Buyer shall nominate, contingent upon the approval of the Seller, an independent inspection company to verify the quantity and quality of the Product delivered by the Seller at the Loading Terminal, which independent inspection company, upon the Seller's approval, shall be deemed the "Independent Inspector" for all purposes hereunder. The cost of the Independent Inspector's services shall be borne equally between the Buyer and the Seller.

3.1.1 The quantity of Product shall be measured by certified meters in the delivery lines, where meters are available, or by taking the temperature and measuring the content of the shore tanks from which delivery is made, immediately before and after delivery. Quantity determinations shall be in accordance with approved methods as published by the American Petroleum Institute (the "API") in "The Manual of Petroleum Measurement Standards," as the same may be amended or updated by the API from time to time (the "API Manual"). If the Product in question is Crude Oil, the quantity shall be adjusted through temperature corrections to an equivalent volume at 60 degrees Fahrenheit, in accordance with tables ASTM 5A and 6A ASTM D-1250-80 (Standard Guide for Petroleum Measurement Tables) of the American Society for Testing and Materials, as the same may be amended or updated from time to time (the "ASTM Standards"). In the determination of the quantity of Crude Oil, full deduction of sediment and water shall be made. If the Product in question is a Refined Product, the quantity shall be adjusted in accordance with the ASTM Standards applicable to such Refined Product, unless otherwise provided in the Special Provisions.

3.1.2 The quality of the Product deliveries shall be determined by taking sufficient samples from the delivery lines by use of automatic flow proportional line sampling devices as described in the API Manual and in the ASTM Standards or by manual measurements in the shore tanks as

Where the parties agree to settle a claim made pursuant to this Section the terms of such settlement shall be in written form. Any payment made as a result of such settlement shall be covered by a credit/debit note that shall not affect, delay or hinder the full and timely payment of the invoice tendered by the Seller to the Buyer.

SECTION 4. UNITARY PRICE AND TOTAL AMOUNT.

The F.O.B. price for each cargo of Product delivered under this Agreement shall be calculated and paid in U.S. Dollars per net Barrel, in accordance with the price formula set forth in this Agreement and the corrected volume as described in Section 3 of this Agreement, as evidenced by the inspection report and included in the bill of lading. The final unitary price shall be rounded to four decimal places.

SECTION 5. LOADING PERIOD.

5.1 The Loading Period shall be the day or range of days (in accordance with standard practice at the Loading Terminal) either:

5.1.1 as specified in the Special Provisions; or

5.1.2 established in accordance with the procedure(s) specified in the Special Provisions.

5.2 If this Agreement provides for more than one shipment of Product, deliveries shall be distributed evenly throughout the term of this Agreement, unless otherwise provided therein. If, during any period of time for which the Buyer has an obligation to lift a given quantity of Product, the Buyer lifts a quantity less than the quantity nominated for such period; the Seller, in addition to the other remedies available to it under this Agreement, shall not be obligated to supply such shortfall during any subsequent period.

5.3 No stipulation as to time of delivery, whether as to the Loading Period or any other period specified in the Special Provisions or as to the Loading Period established pursuant to Section 5.1, shall form part of the description of the Product deliverable under this Agreement.

SECTION 6. VESSEL NOMINATIONS.

6.1 Upon notification of the Loading Period, the Buyer shall nominate in writing a vessel for the loading process, and such nomination shall occur not later than six (6) Working Days prior to the first day of each Loading Period. Each vessel nominated will be considered on an individual basis for the specifically contemplated loading activity and, should the Seller accept the proposed Nominated Vessel, such acceptance shall only be valid for the specified loading activity. The Buyer shall ensure that the owner of the Nominated Vessel fulfills its obligations with regard to arrival notifications and the loading procedures in force at the Loading Terminal.

The Buyer shall nominate a vessel meeting the requirements set forth in Annex A of these General Conditions to take delivery of the Product hereunder during such Loading Period. The Buyer's nomination shall be in writing, shall confirm compliance with the requirements of Annex A, and shall be accompanied by the following information with respect to the Nominated Vessel:

- (i) the name of the Nominated Vessel, date built and flag;
- (ii) the grade to be loaded (or the Bill of Lading quantity, if known);
- (iii) the ETA of the Nominated Vessel;
- (iv) the destination(s) of the Nominated Vessel;
- (v) the length of the Nominated Vessel;
- (vi) Date of arrival within Loading Period;
- (vii) Deadweight Tonnage;

- (viii) Vessel classification;
- (ix) On board equipment for pollution control;
- (x) Maximum loading rate;
- (xi) Maximum topping off loading rate;
- (xii) Type of insurance against pollution;
- (xiii) Maritime agent in Colombia;
- (xiv) Protection & Indemnity Club;
- (xv) full written instructions regarding the particulars and destination of the bills of lading and such other customary Loading Terminal documentation which may be required (and, for the avoidance of doubt, (i) the Buyer shall be liable for all costs resulting from any delays in loading Product under this Agreement due to failure by the Buyer to supply such information in a timely manner, and (ii) any such delays shall not count as used Laytime, or, if the Nominated Vessel is on Demurrage, as time on Demurrage);
- (xvi) details of any cargo on board if loading a part cargo; and
- (xvii) any such other information as may be requested by the Loading Terminal Operator from time to time.

Approval or disapproval of a vessel nomination shall not be unreasonably withheld by the Seller.

The Seller shall be entitled to reject a vessel nominated by the Buyer if it considers, in its discretion, that the vessel does not meet Port Regulations. The Seller shall provide written acceptance or rejection of the vessel nominated by the Buyer. If and when accepted by the Seller, the vessel nominated by the Buyer shall be considered a Nominated Vessel for all purposes herein. Any acceptance of a Nominated Vessel by the Seller pursuant to this Section shall be understood to be valid only for the applicable Loading Period.

The Buyer is hereby advised that the Terminal Operator may suspend or delay loading or order removal of an anchored or a fast vessel, when, in the reasonable opinion of the Terminal Operator, such ship does not meet the operational and safety standards of the Terminal. In any such event, the Seller shall be released from any liability on account of any damages and/or losses of any nature incurred by the Buyer.

6.2 Any dead freight incurred due to the nomination by the Buyer of a vessel with hold dimensions larger than those required to transport the respective cargo shall be the sole responsibility of the Buyer, irrespective of whether the vessel's nomination is accepted by the Seller.

6.3 The Buyer shall provide the Seller, upon the Seller's request, with copies of all certificates and insurance policies held with respect to the vessel being nominated.

SECTION 7. DOCUMENTATION INSTRUCTIONS.

The Buyer shall be responsible for submitting full documentation instructions at least five (5) Working Days prior to the first day of Loading Period. Any failure to comply with this obligation shall release the Seller from any liability that might arise in respect of Demurrage. The documentation instructions from the Buyer shall give instructions to the Seller regarding the documents that Buyer requires for the preparation and arrangement of the bill of lading or other documents which the Seller or the Terminal Operator are to issue with regard to the sale of the Product. The Buyer is hereby advised that the Seller or the Terminal Operator shall not issue shipping documents to third parties other than the Buyer.

SECTION 8. NOTIFICATION OF THE ESTIMATED DATE AND TIME OF ARRIVAL (ETA).

8.1 The Buyer shall arrange for its Nominated Vessel to inform the Seller and the Terminal Operator, in writing, directly or through the Buyer's marine agent, of the estimated date and arrival time of the Nominated Vessel. Such notification shall occur once the vessel is seventy-two (72), forty-eight (48), twenty-four (24) and twelve (12) hours from its anticipated arrival at the Loading Terminal.

8.2 The Seller shall not be responsible for Demurrage, dead freight charges or any other costs attributable to the failure by the Buyer or the Nominated Vessel's master to notify the Seller of the estimated date and time of the Nominated Vessel's arrival in accordance with Section 8.1.

SECTION 9. NOTICE OF READINESS (NOR).

9.1 The Buyer shall cause the Nominated Vessel to provide NOR to the Terminal Operator when each of the following requirements have been fulfilled:

(a) The Nominated Vessel is anchored at the place indicated by the Terminal Operator and is fully ready to receive the cargo.

(b) All immigration procedures have been fully accomplished.

(c) All necessary clearances have been received from the Colombian customs authorities and/or the port authorities.

(d) The Nominated Vessel is ready to load in all other respects.

9.2 Notwithstanding the provisions of Section 9.1, the NOR can be communicated before the conditions specified in items (b) and (c) of Section 9.1 above have been fulfilled, if, according to customary practice at the Loading Terminal, such conditions can only be fulfilled once the Nominated Vessel anchors at the designated site.

9.3 Once the Nominated Vessel anchors, if the Terminal Operator or an Independent Inspector finds that the Nominated Vessel is not ready to load, such NOR shall be deemed to be without effect and the Buyer shall be required to cause the Nominated Vessel to issue another NOR when the Nominated Vessel is fully ready to load.

9.4 The NOR can be communicated by letter, telex, telegram, telefax, radio or telephone; provided, however, that if communicated by radio or telephone, it shall be confirmed immediately thereafter in written form.

SECTION 10. SHIP MOORING CONDITIONS.

10.1 The Buyer shall cause the Nominated Vessel to observe and comply with all applicable Port Regulations from the time of its arrival at the port where the Loading Terminal is located through loading and until its departure therefrom.

10.2 The Buyer acknowledges that it is aware of the characteristics of the Loading Terminal, all applicable Port Regulations, including, without limitation, those Port Regulations related to ship mooring conditions, ship loading conditions, stay periods, delays, quantity and quality measurements procedures, and tank storage and delivery.

10.3 The Buyer shall instruct the master of the Nominated Vessel to cooperate with the Terminal Operator as necessary to carry out the mooring and loading operations. The master of the Nominated Vessel shall be responsible for the crew's performance during the Nominated Vessel's mooring operations.

10.4 The Buyer shall ensure that the master of the Nominated Vessel complies with the loading instructions issued by the Terminal Operator. The operation, including mooring, departure, loading, and other contingencies, shall be performed in compliance with:

(a) OCIMF/OCS. International Safety Guide for Oil Tankers and Terminals (ISGOTT) - Fourth Edition, 1996 (or its latest revision);

(b) OCIMF/OCS. Ship to Ship Transfer Guide (Petroleum) Second Edition, 1988 (or its latest revision); and

(c) The Port Regulations.

The foregoing documents are hereby fully incorporated by reference into this Agreement.

10.5 The Nominated Vessel must have all the equipment and facilities required to carry out the loading at the Terminal, in accordance with items (a), (b) and (c) of Section 10.4. above.

10.6 The Buyer shall cause the Nominated Vessel to vacate the Loading Terminal as soon as loading operations are completed, hoses are disconnected and the vessel is totally unfast. The Buyer acknowledges that if the Nominated Vessel does not vacate the Loading Terminal within a reasonable time, the Terminal Operator may give instructions for an immediate departure from the Loading Terminal, and further, that if the Nominated Vessel does not comply with such instructions, the Terminal Operator may, without prejudicing any other right to which it may be entitled, take action pursuant to the Port Regulations. The Buyer shall compensate the Seller for the costs of any Demurrage, inefficiency or third party claims incurred by the Seller as a result of the Nominated Vessel's failure to promptly vacate the Loading Terminal as mentioned above (including costs resulting from delays in the docking of others vessels awaiting their loading turns).

10.7 The Buyer shall bear the cost of any charge, tax, expense or other amount required to be paid to the applicable authorities or to third parties, in connection with the loading of the Nominated Vessel or with the arrival or stay of the Nominated Vessel at the Terminal or its departure therefrom, including, without limitation, those incurred on account of mooring site changes based upon the Terminal Operator's request or instruction.

10.8 The Buyer shall ensure that the Nominated Vessel is seaworthy and that she and her crew are in all respects fit for loading, stowage, carriage and discharge of the cargo. The Buyer shall also ensure that the owner and the Nominated Vessel are and throughout the duration of the voyage shall remain fully in compliance with all international treaties regarding the loading, stowage, carriage, and discharge of oil or oil products, including but not limited to MARPOL. The Buyer hereby agrees to indemnify, defend and hold harmless the Seller against any and all claims, demands, losses, costs, expenses, obligations, liabilities, actions, suits, damages and proceedings of whatsoever kind or nature, including, without prejudice to the generality of the foregoing, those arising in contract or tort or by strict liability, product liability, or otherwise, which are imposed on, incurred by or asserted against the Seller that may result from the non-compliance by the Nominated Vessel with the requirements of this Section 10.8.

10.9 The Seller shall not be responsible for any loss or damage incurred by the Buyer in the event the draft or deadweight of the Nominated Vessel exceed the limits established by the Port Regulations.

10.10 The Buyer must obtain from DIMAR, through Buyer's marine agent in Colombia, approval for the Nominated Vessel to enter the port where the Loading Terminal is located and anchor at least 24 hours before the Nominated Vessel's arrival.

10.11 All currently existing and future standards, procedures, rules and regulations regarding the operation of the Loading Terminal, issued by the Colombian authorities or by the Terminal Operator, shall apply to the Nominated Vessel. Such standards, procedures, rules and regulations include, but are not limited to, those with regard to fire and marine contamination, prevention and control and ballast and deballast.

10.12 The Nominated Vessel must arrive within the specified Loading Period and tender the NOR within such period, in accordance with Section 9 of this Agreement.

SECTION 11. LAYTIME.

11.1 Except as otherwise agreed in the Agreement and regardless of the volume of Product loaded, the Buyer shall allow the Terminal Operator thirty-six (36) running hours of Laytime within which to load the Nominated Vessel, starting six (6) hours after the NOR has been tendered in accordance with Section 9 of this Agreement, or when the Nominated Vessel is totally All Fast at the Loading Terminal, whichever occurs first.

11.2 If the Nominated Vessel arrives before the first day of the nominated Loading Period and tenders NOR before the Loading Period, such Laytime shall begin at six (6) a.m. on the first day of the Loading Period, or when the Nominated Vessel is totally All Fast at the Loading Terminal, whichever occurs first.

11.3 If the Nominated Vessel arrives after the last day of the Loading Period, the Seller, at its own discretion, reserves the right to load or abstain from loading the Nominated Vessel. In this case Laytime shall commence when the Nominated Vessel is totally All Fast at the Loading Terminal. The Seller shall not be responsible to the Buyer or any third parties for any dead freight charges or Demurrage that might arise as a result of the late arrival of the Nominated Vessel.

11.4 In all cases Laytime shall end when delivery hoses have been disconnected from the Nominated Vessel.

SECTION 12. ADJUSTMENT OF LOADING TIME.

The time elapsed under any one of the following instances shall not be calculated as Laytime or Demurrage:

(a) The time during which the Nominated Vessel is in internal transit from the place of anchorage or any other waiting place, including time waiting for daylight, for a change of tide, for the arrival of tugboats or the pilot, or from the interval between the time the Nominated Vessel weighs anchors until the Nominated Vessel is totally All Fast at the Loading Terminal.

(b) Time spent complying with local legislation and authorities (e.g., the waiting time spent on customs paperwork; immigration procedures; completion of the corresponding documents and certificates); delays caused by the ship owner or the Nominated Vessel's operator due to loading prohibitions or restrictions imposed by the port authorities, including nighttime docking.

(c) Time spent during the deballast, cleaning and/or maintenance of tanks, pumps, and internal pipes; fueling or any other activity connected solely to the vessel, unless these operations are carried out simultaneously with the loading operations.

(d) Time elapsed due to the immobilization, inefficiency, repairs or other problems attributable to the Nominated Vessel, including operational restrictions that the vessel may present for receiving the cargo.

(e) Time elapsed as a result of failure by the vessel to comply with requirements for the Nominated Vessel or Port Regulations.

(f) Time lost due to a fire or explosion occurring on board the vessel, labor disputes, strikes, a work slowdown, blockade, work stoppage or abstention from work involving the master, officers, or crew of the Nominated Vessel or of the tugboats or pilots.

(g) Time elapsed as a result of leakage or spillage of Product or threat of leakage or spillage of Product in or from the Nominated Vessel.

(h) Time elapsed as a result of delay or suspension of loading ordered by the Seller or by the Terminal Operator due to the existence of an unsafe condition in the Nominated Vessel.

(i) Time elapsed as a result of delay or suspension of loading because the Buyer has not fully complied with the payment terms.

(j) Time elapsed as a result of delay caused by the marine agent in applying for DIMAR's approval.

(k) Any other delay caused by the Buyer, the Buyer's agents, or the Nominated Vessel.

SECTION 13. DEMURRAGE.

13.1 The Seller shall be responsible for the Demurrage that the Buyer may suffer as a result of the Nominated Vessel not being loaded within the stipulated Laytime as per Section 11; provided, however, that no Demurrage shall be paid for the time during which the Seller cannot deliver or is delayed in the delivery of, all or part of the Product for reasons that fall under the provisions of Section 17, or where such Demurrage is incurred as a result of a fault attributable to the Nominated Vessel, or if the loading is suspended at the request of the Nominated Vessel.

13.2 The Buyer shall not have the right to claim losses or damages directly or indirectly resulting from any Demurrage described as exceptions to the general principle set out in 13.1, or Section 17 of this Agreement.

13.3 Should the Seller be responsible for Demurrage, payment shall be made by the hour or fraction thereof in excess of the agreed Laytime, in accordance with the terms and rate stipulated in the Charter Party, so long as such rate is within the market levels for similar vessels and cargo. For the purpose of calculating Demurrage at the Loading Terminal, a time of seventy-two (72) hours will be allowed for loading and unloading.

13.4 In the event that there is not a Charter Party, that the daily rate for the Nominated Vessel's Demurrage is not stipulated, or that the rate stipulated in the Charter Party is above the market levels for similar vessels and cargo, then reasonable market rates for the payment of Demurrage shall be calculated using the following procedure:

(a) For vessels with a deadweight equivalent to the weight of the cargo, a rate resulting from the multiplication of the AFRA corresponding to the deadweight of the vessel in long tons, by the Worldscale rate of Demurrage for the same deadweight.

(b) For vessels with a deadweight greater than the weight of the cargo, a rate resulting from the multiplication of the AFRA corresponding to a hypothetical vessel with a deadweight in long tons equal to the weight in long tons of the Product loaded, by the Worldscale rate for such hypothetical vessel.

13.5 Any claim brought under this Section shall be in writing, with notice provided to the Seller by the Buyer within twenty eight (28) days after the Bill of Lading Date, and full documentation provided to the Seller by the Buyer within eighty (80) days after the Bill of Lading Date, upon reasonable request by the Seller. Such documents may include but are not limited to: a copy of the Charter Party, time sheets at the Discharge Terminal, Nominated Vessel's owner/operator invoice charging Demurrage cost to the Buyer, copies of ETA notices sent to the Seller, letters of protest and NOR at the Loading Terminal and Discharge Terminal, among any other documents reasonably requested by the Seller.

Failure by the Buyer to submit a timely Demurrage claim as required by this Section shall bar such claim from consideration and shall be construed as a waiver of such claim by the Buyer.

SECTION 14. RISK TRANSFER PROVISIONS.

14.1 Title and risk with respect to the Product shall pass from the Seller to the Buyer F.O.B. (Incoterms 2000 revision or its latest revision) at the Loading Terminal at the time and point at which the Product in bulk passes the Nominated Vessel's inlet flange. At such time of transfer, the title shall be good and marketable, free and clear of any liens, encumbrances or other adverse claims and of any obligation to pay any royalties or Colombian federal, provincial or local taxes. The Seller shall have no responsibility whatsoever for any loss, damage, deterioration or evaporation of the Product, or any damage caused or alleged to be caused thereby, after title and risk with respect to the Product have passed to the Buyer in accordance with this Section.

All liability for loss or damage to property, personal injury, or any environmental damage or contamination, before, during or after the loading, caused by the Nominated Vessel or its crew shall be borne by the Buyer.

14.2 The Seller shall have no responsibility whatsoever, once risk has passed in accordance with the terms of this Agreement, for any taxes and duties established by any national, federal, state or local authority on the income or the ownership of the Product, or upon any other transactions that may result from, or be related to, the sale of the Product by the Buyer to any of its customers outside Colombia.

SECTION 15. PAYMENT TERMS.

15.1 The Buyer shall pay the Seller the full price in accordance with all the terms and conditions established in the Agreement.

15.2 The total invoice amount shall be paid by the Buyer without offset, discounts or counterclaims, through a letter of credit or directly to the Seller's nominated bank, if and when the Seller authorizes it, against presentation of the original commercial invoice and full set of original bills of lading, which must be based on quantity and quality reported by the Independent Inspector in the corresponding quantity and quality certificates. In the event that the 3/3 original bill of lading and/or other shipping documents are not available for presentation to the Buyer on the payment due date, the Buyer agrees to pay the invoice upon presentation of a letter of indemnity (by fax or telex) from the Seller in a format acceptable to the Buyer.

15.3 The Buyer agrees to make payment in the amounts set forth in the invoice to the designated bank account of the Seller in immediately available funds, no later than 12:00 noon New York City time on the fifteenth (15th) calendar day following the Bill of Lading Date where the actual Bill of Lading Date is day deemed to be day zero. If the payment due date falls on a Saturday or bank holiday, in New York, New York other than a Monday, payment shall be made on the last preceding Banking Day. If the payment due date falls on a Sunday or a bank holiday falling on a Monday, payment shall be made on the next succeeding Banking Day.

15.4 Under no circumstances shall the Buyer be entitled to reduce or delay payment of any portion of the invoiced amount submitted by the Seller on the grounds that a dispute exists concerning the quality and/or quantity of the Product where the applicable certificate indicates that the Product has been delivered.

15.5 Unless otherwise expressly provided in the Special Provisions, payment shall be made through an irrevocable documentary or stand-by letter of credit. The Buyer shall open an irrevocable letter of credit for payment purposes no later than ten (10) Working Days before the first day of the Loading Period, payable to the Seller. The letter of credit shall indicate that all bank expenses and or commissions (including without limitation those described in Section 15.7) shall be paid by the Buyer and shall be opened or confirmed to the Seller's satisfaction through any bank acceptable to the Seller. The letter of credit must be issued in the format provided for that purpose by the Seller.

15.5.1 The letter of credit shall be valid for sixty (60) days from the Bill of Lading Date, during which period the Seller can present the shipping documents. The Seller shall have no obligation to commence loading of any Product unless and until all the terms and conditions of the letter of credit, as well as any amendment thereto, have been approved by the Seller.

15.6 If, in its sole discretion, the Seller determines that the financial condition of the Buyer or the bank through which it opens or confirms any letter of credit becomes or is likely to become a payment risk, the Seller shall be entitled to require the Buyer to make prepayment for the Product or to provide a payment guarantee or other form of security satisfactory to the Seller in its sole discretion.

15.7 The Buyer shall pay for all expenses related to the payment process, including (but not limited to) the opening of the letter of credit, draft commissions, amendment costs and discrepancy fees, if any, among others costs and commissions.

15.8 Any payment not received by the Seller on its due date shall bear interest at the then current rate stipulated by the Seller's corporate interest policy as the applicable interest rate on overdue payments under agreements for the sale of Product, plus an additional administrative handling and collection charge of six percent (6%) per annum, calculated on the basis of a year consisting of 360 days. Such administrative handling and collection charges shall be at the Seller's discretion.

The interest charges shall be in addition to any other remedies or claims to which the Seller may be entitled under this Agreement.

SECTION 16. COSTS.

The Seller shall be responsible for the payment of all duties, taxes and costs which may be imposed by any Colombian authority on the export of the Product sold under this Agreement. The Buyer shall be responsible for all rates, taxes, insurance, duties and costs charged in respect of the Nominated Vessel by the Colombian authorities, or in respect of the Product by non-Colombian authorities, and the Seller shall not make any payment or provide any compensation with regard to such expenses.

SECTION 17. FORCE MAJEURE.

Except as otherwise set forth herein, neither the Seller nor the Buyer shall be liable for failure to perform any of their respective obligations under this Agreement, or for any delay in fulfilling any such obligations, during the time and to the extent such performance has been materially delayed, hindered or prevented by an Event of Force Majeure.

An Event of Force Majeure shall mean an event beyond the reasonable control of and unforeseeable by the Party obligated to perform the relevant obligation, or which, if foreseeable, could not be avoided in whole or in part by the exercise of due diligence, including but not limited to acts of God or public enemies, wars, sabotage, boycott, blockade, revolutions, insurrections, riots or commotions, destruction of the product or damage to the pipelines or to the port installations, export restrictions or restrictions of production, rationing or allocation of same, whether imposed by law, decree or regulation, or by insistence, request or instructions of a governmental authority, including a different destination or assignment given to the product in the specific case of a domestic shortage in order to cope with internal needs; interference, restrictions or onerous regulations imposed on any one of the parties by any governmental authority to whose jurisdiction any of the Parties is subject, whether civil or military, legal or de facto, or which purports to act under any constitution, decree, act or otherwise, strikes, union assemblies, lockouts or other labor disturbances, accidents, breakdowns, floods or other natural disasters, closing of ports, docks, dams or other maritime or navigational aids and operational problems with the Terminal facilities which hinder loading of Product during the Loading Period.

Notwithstanding the foregoing, in no event shall an event of Force Majeure excuse the Buyer from its obligation to make payments for Product delivered under this Agreement or any other payment.

No reduction or suspension in the deliveries or receipt of Product as a result of an Event of Force Majeure shall serve to extend the term of the Agreement and or terminate same; however, any of the parties may terminate the Agreement by written notice to the other, if any of the aforementioned circumstances persist for thirty (30) consecutive days.

All deliveries or receipts of Product which do not take place as a result of an Event of Force Majeure shall, unless otherwise agreed, be deducted from the volumes required to be delivered and received under this Agreement.

A party affected by an Event of Force Majeure shall notify the other party in writing as soon as practicable of its occurrence and shall exercise due diligence to overcome such cause, where it is possible to do so, and shall resume performance at the earliest possible date. As soon as a party affected by an Event Force Majeure ceases to be so affected and is no longer so prevented from performing an obligation hereunder, such party shall promptly resume the performance of such obligation and notify the other party accordingly.

SECTION 18. SUPPLY SHORTAGES.

If, as a result of any Event of Force Majeure (including, without limitation, the refusal or failure of a government or public authority to grant any production permits), whether or not such event of Force Majeure occurs at a source of supply named in the Agreement, there should occur a shortage of Product as a consequence of which the quantity of Product available to the Seller decreases so that the Seller is unable to fulfill all of its obligations under this Agreement and its agreements with other purchasers in effect at such time, the Seller may freely withhold, suspend or reduce deliveries under this Agreement at its sole discretion, although the Seller shall endeavor to arrange an equitable distribution of supplies originating from its own production. The Seller shall not be required to purchase Product, or use Product acquired, to compensate for shortages resulting from any of the causes mentioned in this Section 18.

In all such cases, the Seller shall have no obligation to deliver any shortfall amount of Product unless the parties otherwise agree in writing.

SECTION 19. BREACH.

Subject to Section 17 hereof, in case of failure of the Seller or the Buyer to comply with any of their material respective obligations under this Agreement, the other party may, without prejudice to any other rights or recourses available to it, consider such failure as a breach of this Agreement and terminate same, or unilaterally suspend its performance until such failure is corrected, and in both cases, may claim direct damages caused by the breach.

SECTION 20. INTERPRETATION.

Failure by either party to take action against the other in case of the other party's noncompliance with any obligation or condition set forth in this Agreement shall not be interpreted as a waiver to take action for a subsequent noncompliance of the same or other obligations or conditions.

Except as provided in Section 10.6 hereof, claims between the parties for indirect, incidental or consequential damages shall not be allowed.

SECTION 21. APPLICABLE LAW.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS PRINCIPLES (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAW SECTIONS 5-1401 AND 5-1402).

SECTION 22. ARBITRATION.

All disputes arising out of or in connection with this Agreement or the breach, termination or invalidity hereof shall be submitted to arbitration in New York, New York under the Rules of Arbitration of the International Chamber of Commerce. The arbitration tribunal shall consist of three arbitrators, one chosen by each of the parties, with the third arbitrator, who shall serve as chairman of the arbitration tribunal, to be chosen by the first two arbitrators. If either party fails to appoint its arbitrator within a period of fifteen (15) days after the first arbitrator has been appointed, or if the two (2) arbitrators cannot agree on the third arbitrator within a period of twenty (20) days after appointment of the second arbitrator, then the arbitrator of the failing party and/or the third arbitrator shall be appointed by the International Court of Arbitration of the International Chamber of Commerce. The language to be used in the arbitral proceedings shall be English. All decisions of the arbitral tribunal shall be final and binding on the parties and may be entered against them in a court of competent jurisdiction.

The United Nations convention on the Recognition and Enforcement of Foreign Arbitral Awards dated June 10, 1958, New York, shall apply to any award rendered by the arbitrators in accordance with this Section.

SECTION 23. DESTINATION.

The Seller agrees to enter into the Agreement based on the Buyer's express undertaking with regard to usage and destination of the Product as stipulated in the Agreement. The Buyer hereby warrants that the Product shall enjoy the usage and destination as stipulated in the Agreement.

The Buyer may only modify the usage or destination of the Product with the Seller's written consent. Such consent, unless otherwise agreed by the Seller, must be given prior to the loading date and, in any case, prior to any change in the usage or destination of the Product.

The Buyer's failure to comply with any of the provisions of this Section shall entitle the Seller (without prejudice to any other rights and remedies it may have under this Agreement) to cancel the Agreement, suspend further deliveries of Product under the Agreement, and dispose of any undelivered Product in any manner elected by the Seller.

At the Seller's request, the Buyer shall provide all necessary documentation required to verify the final destination of the Product under this Agreement.

SECTION 24. ASSIGNMENT.

Either party may assign its rights under this Agreement, in whole or in part, upon provision of prior written notice to the other party by the party seeking to assign its rights. Either party may delegate the performance of all or any part of its duties under this Agreement to an affiliate of such party, in whole or in part, upon provision of written notice to the other party; provided further, however, that neither party may delegate the performance of all or any part of its duties under this Agreement to a non-affiliated third party without the prior consent of the non-delegating party. No assignment by any party of rights, or delegation by any party of duties, under this Agreement shall relieve such party of any of its obligations or duties under this Agreement, unless otherwise expressly agreed in writing by the other party.

SECTION 25. LIMITATION OF REMEDIES.

25.1 Neither the Seller nor the Buyer shall be liable for specific performance, for lost profits or other business interruption damages, or for special, consequential, incidental, punitive, exemplary or indirect damages, in tort, contract or otherwise, of any kind, arising out of or in any way connected with the performance, the suspension of performance, the failure to perform or the termination of the agreement. In particular, the Seller shall not be liable for more than the difference between the prevailing market price and the contract price of the Product to be delivered hereunder, or be liable for any loss of profit or revenues, loss of use of or increased expense of operation of any equipment, impairment of

goods, cost of capital or modifications to or substitutions for the products, facilities or services, downtimes costs, cost of overhead, or other loss resulting from the shutdown of any facilities of the Buyer, including, but not limited to, claims of the Buyer's customers due to added costs or losses, service interruption or failure of supply.

SECTION 26. INDEMNIFICATION.

26.1 Subject to Section 25 above, each of the parties (each, an "Indemnifying Party") hereby agrees to indemnify, defend and hold harmless the other party and such party's agents, representatives, successors and assigns (hereinafter referred to as the "Indemnitees") from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, actions, suits, damages and proceedings, (including, without limitation, interest and penalties, attorneys' fees, consultants' fees and expenses, whether or not an action or proceeding is brought) which any of the Indemnitees may incur or suffer which arise out of, result from or relate to the breach of any representation or warranty or the nonperformance of any covenant or agreement of such Indemnifying Party contained in this Agreement or the exhibits or schedules hereto.

SECTION 27. NOTICE.

27.1 Except as otherwise provided in this Agreement, all notices, statements and other communications to be given hereunder by one party to the other shall be deemed to have been sufficiently given if in writing, or delivered by hand, or sent by telex or facsimile to the address of the other party specified in this Agreement. Any change of address shall be advised to the other party in writing, with at least fifteen (15) days' prior notice.

Seller:

Empresa Colombiana de Petróleos
International Trade & Gas Vicepresidency
International Trade
Calle 37 N° 7-43 Piso 2
Fax 57-1-338 2583 / 234 4757
Tel. 57-1-234 4144 / 234 4444
Bogotá, D. C., Colombia.

Buyer:

To the Buyer's address indicated in the
Special Provisions, or if not indicated therein, to
Buyer's main office.

SECTION 28. MISCELLANEOUS.

28.1 Severability.

If any provision of this Agreement is invalid or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction, (b) such invalidity or unenforceability shall not affect the validity or enforceability of such provision in any other jurisdiction and (c) the parties hereto shall negotiate in good faith to substitute therefor a provision in accordance with the spirit and purpose of this Agreement.

28.2 Consents.

Each of the Seller and the Buyer shall be responsible for obtaining all consents, authorizations, approvals and assurances of whatsoever nature necessary to enable it to comply with its obligations under the Agreement.

28.3 Conflict.

In the event of conflict or inconsistency between these General Conditions and the Special Provisions, the Special Provisions shall prevail over these General Conditions.

28.4 Modification.

The Seller is entitled, by written notice to the Buyer, to amend or modify these General Conditions in order to incorporate changes related to international or government regulations, new procedures adopted by the Terminal Operator, or any other event that may affect the performance of the Agreement. Any such amendment or modification shall take effect immediately upon the sending by the Seller of such written notice, whereupon this Agreement shall automatically be amended accordingly, without the need for any further action. If in the event the incorporated amendments or modifications to this General Conditions substantially affect the performance of this Agreement, the Seller or the Buyer, shall have the right to terminate this Agreement.

Except as otherwise expressly provided above, the provisions of this Agreement may be amended or modified only by an instrument in writing signed by the parties.

28.5 Waiver.

No failure on the part of either party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

28.6 Telephones.

Each party hereby acknowledges to the other party and consents that such party may, without further notice, tape record telephone conversations between the parties' respective representatives in connection with this Agreement or other commercial matters between the parties.

28.7 Entire Agreement.

The Agreement contains the entire agreement between the Seller and the Buyer with respect to the matters set forth in the Special Provisions and supersedes all prior agreements, whether oral or written, in connection therewith.

28.8 Warranties.

The Buyer and the Seller each warrant that it has not in connection with the Agreement relied upon any representations, whether written or oral, made by or on behalf of the other party, but has relied exclusively on its own knowledge, judgment and expertise.

28.9 The U.N. Convention.

The United Nations Convention on Contracts for the International Sale of Goods of Vienna, 11th April 1980, shall not apply to this Agreement.

ANNEX A

Nominated Vessel Requirements

In order to be approved by the Seller as a Nominated Vessel, a vessel nominated by the Buyer must comply with the following requirements :

1) General.

The vessel shall :

- Have P & I (Protection and Indemnity Club),
- Have maximum classification from Lloyds of London or other similar internationally recognized classifying organization.
- Comply with MARPOL and any other international agreements adopted by the Colombian government.
- Have watch and deck officers assigned to the vessel able to communicate in English.
- Shall be a current member in good standing of the International Vessel Owners Pollution Federation Limited (ITOPF).
- Hold ISM Code Certificates.
- Hold a certificate of insurance of the kind provided for in the Civil Liability convention for Oil Pollution Damages (CLC Certificate) issued to it by a signatory state.
- Be covered by insurance in the maximum available per incident through any P & I Club international group member. Such insurance shall include, but not be limited to, excess pollution liability insurance in the maximum amount available per incident.
- Be in full compliance with ISGOTT/OCIMF requirements.
- Arrive at Port with clean ballast which shall be unloaded in daylight.

2) Physical Characteristics.

The Nominated Vessel shall have:

- Min./Max. Total Displacement according to the technical characteristics of the Colombian terminal at which the vessel is calling.
- Oxygen content in its cargo tanks of no more than 8%.
- Minimum arrival draft of a level at which the propeller is fully submerged.

3) Vessel Type.

The vessel shall be of the following types:

- Wet and semi-wet deck seal type vessel.
- Segregated Ballast Tanks (SBT) type vessel.

The vessel shall not be of the following types according to the technical characteristics of the Colombian terminal at which the vessel is calling:

- Dry deck seal type vessel.
- Clean Ballast Tanks (CBT) type vessel.
- Combination carriers.
- Deepwell pump vessels.

4) Equipment.

The vessel shall possess, in a fully operational state, the following :

- An Inert Gas system (IGS)
- A Base VHF radio in CCR
- Closed cargo operation capability
- A fully operational 10 ton minimum SWL crane
- A fully operational 15 ton minimum SWL bow capstan
- A Bow stopper AKD/SMITH type 200 ton SWL
- Manifold flanges according to the technical characteristics of the Colombian terminal at which the vessel is calling.

5) Other.

Such additional requirements as may be imposed by the Port Operator or under Colombian Law, or as may be set forth in such treaties as might in the future be ratified by the Colombian Congress.