

GENERAL TERMS & CONDITIONS

1. Bidders (hereafter called "Owners") are required to offer **one self-propelled Tanker of about 2500-3500 Metric Ton total cargo carrying capacity** (capable of handling two cargos simultaneously) as per maximum permissible draft/ load line for Bunker supply of Petroleum Products Marine Gasoil (MGO), Low Sulphur Fuel Oil (LSFO 0.5 pct Sulphur) and High Sulphur Fuel Oil (HSFO), (hereafter referred as "Bunker Fuels") for coastal /foreign going vessels inside port, anchorage or outer port limits of Port of Colombo/ Trincomalee or at any other Ports within the territorial waters of Sri Lanka.
2. Lanka IOC (hereafter referred as "Charterer") requires the Tanker from owners by/ before three months (90 days) from the date of awarding of the tender. Upon finalizing of the tender, Award Letter/ Letter of Intent (LOI) shall be issued and the selected owner (bidder) should be able to position the Tanker at Port of Colombo or Trincomalee by or before three months (90 days) from the date of award.
3. The Tanker offered by the owners may be owned or on bare boat chartered. In case of chartered Tanker, a legally valid agreement should be submitted.
4. In case, the owners fail to comply with above conditions, Charterer reserves the right to cancel the Award Letter/ LOI.
5. Delivery/redelivery of the Tanker shall be at Port of Colombo/ Trincomalee or any other Port within territorial waters of Sri Lanka.
6. **Technical Specifications (minimum requirements):** Tanker should be ocean going Oil Tanker suitable for Bunker delivery operations conforming to the following specifications:
 - a. Cargo carrying capacity: **2500 – 3500 MT**
 - b. Flag: Sri Lankan Flag
 - c. Length Over All (LOA): max 100 meters.
 - d. Class: Class to be from a IACS members classification society.
 - e. Tanks: 10 – 12 tanks
 - f. Products: minimum 2 Products can be stored at a time (and double valve segregated).
 - g. No of pumps: minimum 2
 - h. Pumping rate: minimum 250 – 500 MT per hour.
 - i. Type of Hull: Double Hulled and double bottomed.
 - j. Bow/Stern Thruster: Bow/Stern Thruster required always in working condition
 - k. Draft: 9.75 meters max at Port of Trincomalee/ 4.6 meters max at Port of Colombo.
 - l. Ballast tanks/ Slop tanks: Segregated Ballast Tanks. Slop tanks should be empty to receive shore line flushed quantity and to pump it back to the terminal subsequently and/or as and when required.
 - m. Cargo handling: Double Valve Segregation between cargo tanks of the same tank group and complete isolation between different tank grouping.
 - n. Tanker should have been certified as seaworthy on the annual inspection reports issued by Classification Society acceptable to the Director General of Merchant Shipping, Sri Lanka.
 - o. Cargo heating system: Preferably required for Fuel Oil Tank group.

- p. Tanker should be insured and the Owners should possess a valid P&I Club cover from one of International Group of P&I Clubs.
- q. Tanker should have suitable floating fenders size of 3.5m length & 2m dia minimum and other equipments required for safe operation of Bunkering. Additionally, Tanker should also have suitable rubber Fenders fitted over the hull for protection from damage.
- r. Tanker should have Automatic Identification System (AIS) and Global Maritime Distress Satellite (GMDS) equipment to cover up to A3 sea area.
- s. Tanker should always be equipped with telephone communication, e-mail system and multifunction printer/scanner/copier for necessary communications with the Charterers.
- t. Tanker should always have flexible hoses, including standby hoses, of minimum 30m length on-board for each product grade suitable for delivery of Marine Fuels. Hoses for IFO grades should be of 6 inch diameter and for MGO should be 4 inch diameter. Bunker delivery pressure may vary from 1 bar to 8 bar depending upon the request from the Bunker receiving vessel and delivery hoses should be capable of handling such pressure.
- u. Tanker crew must be well conversant in English language.
- v. Crew Certification should be acceptable to Director General Merchant Shipping, Sri Lanka.
- w. Tanker is required to provide lodging & boarding to the Surveyor appointed by the Charterer at all the time during Tanker loading and Bunker delivery operations without additional cost to the Charterer.

7. Mandatory requirements:

- a. **The offered Tanker must have parallel registration for Sri Lankan Flag as per the guidelines of Director General of Merchant Shipping, Sri Lanka.**
- b. As per local Regulations, Bunker Tanker operating in Sri Lankan waters may be owned by overseas owners but necessarily have to be bareboat chartered by the locally registered companies as per Merchant Shipping Act No. 52 of 1971 and amendments thereafter. Copy of this Act and its amendments can be downloaded from the website of "Director General of Merchant Shipping" on the below link:
http://www.dgshipping.gov.lk/web/index.php?option=com_content&view=article&id=56&Itemid=2&lang=en
- c. The entire requirement for Pollution control or any other requirements by Sri Lanka Government Offices will have to be adhered by the Owners. Any violation of such rules and regulations will be the sole responsibility of the Owners and any penalties and/or fines arising out of the same will have to be fully borne by the Owners. Similarly, Owners to take adequate precaution against pollution, oil spill, leakage etc. during the Bunkering operations and any penalty /fine/ litigation arising out of the same will have to be fully borne by the Owners.
- d. The Tanker Owners will be responsible for any migration/ leakage/ accounting of product in or to the sea and will be responsible to the Port Authority/ Pollution Control Board/ Charterer/ to other regulatory authorities.
- e. Owners shall take comprehensive insurance cover for the Tankers including third party liability & the liability against Marine Oil pollution.
- f. Owners and Tanker must follow MARPOL guidelines for Bunkering.

- g. Irrespective of any reference in the tender with regard to specific guidelines/ regulations promulgated by the Director of Merchant Shipping/ Sri Lanka Port Authority/ Government of Sri Lanka from time to time with respect to acceptability /eligibility of Tankers in Sri Lankan water/ ports, Owners must ensure that the offered Tanker shall comply with all such criteria during the entire charter party period.
- h. Prior to finalization of charter party, Owners must offer their Tanker for inspection to the Charterer/ Marine Surveyors appointed by the Charterer at a mutually agreed place/ Port. In the event of surveyors observing any anomalies and/or defects in the offered Tanker, such anomalies and/or defects to be corrected within reasonable time agreed by Charterer and offered for reinspection. All expenses rendered towards this operation shall be on owner's account.
- i. Tanker should be delivered at Port of Colombo or Trincomalee for inspection & acceptance by Director General of Merchant Shipping, Charterer and by the Independent Inspectors for carriage of Bunker Fuels. All expenses rendered towards this operation shall be on owner's account.

8. Period of Charter:

Lanka IOC PLC intend to charter the Oil Tanker for Bunkering purpose for a period of two years with a provision to extend for another period of one year at the same rates, terms and conditions at the discretion of Lanka IOC (charterer).

9. Quality & Quantity:

- a. Quantity to be loaded to the Tanker will be decided by the charterer from time to time which would differ for each loading. For verification of Tank dips, sounding/ullaging of Tanker, charterer shall engage an approved independent cargo surveyor. Charterer also reserves the right to supply the products through any other means as decided from time to time.
- b. Master of the Tanker will have to submit daily "Noon Report" to the Charterers by email clearly mentioning ROB of bunker and cargo quantity tank-wise with temp.
- c. No product shortages/ loss claims will be permitted. Product value equivalent to any shortages/loss claims will be deducted from owner's charter hire at the end of each month. Owners will also be responsible for any contamination of product. Deductions will be made at the prevailing market rate of the product.
- d. Charterer's surveyor will draw samples of the Bunker Fuels loaded from JCT shore Tanks/ Trincomalee Terminal Shore Tanks into the Tanker, from the receiving manifolds of the Tanker. These Bunker Fuel samples must be sealed and countersigned by Master and the cargo surveyor for retention purpose.

10. Bunker Fuel deliveries:

- a. Different sizes of reducers to be used for connecting the flexible hoses to the pipeline manifolds between the supplying Tanker and receiving Tanker should be available with the Tanker to effect Bunker supplies. Necessary hose connection/ disconnection for receiving Bunker Fuels into the Tanker from Shore Tank and also for delivering Bunker Fuels from the Tanker to the Tankers will be carried out by the Tanker crew. Periodical pressure and electrical continuity testing of hoses is to be carried out by the owners and test report must be made available as and when required.

- b. Towards partial compliance of MARPOL requirement, a drip sampler to be connected to the delivery hose for collecting the dynamic samples during the entire duration of Bunker Fuel deliveries, for the purpose of retention by Charterer and Vessels.
- c. Owners will be required to position the Tanker at the place of Bunker Fuels delivery well before expected time of arrival (ETA) of Bunker Fuels receiving Tanker irrespective of day/ night/ holidays to the satisfaction of the Charterer and will ensure that there is no loss of business to the Charterer on account of non-placement of Tanker(s).
- d. The Owners will be responsible for both quality and quantity of the product till final delivery and till clean Bunker Delivery Note (BDN) is obtained from the customer/s and hand over same to the office of Senior Vice President (Operations, Imports & Bunkering), Lanka IOC PLC. All deliveries have to be executed by the Tanker under the supervision of Independent Surveyor appointed by the Charterers including sounding/ullaging of Tanker cargo tanks to assess quantity before and after the bunker deliveries to the customers. Owners must accommodate Charterer's Surveyor on the Tanker all the time without any additional cost to the Charterers.
- e. In the event Tanker fails to deliver Bunker Fuel supplies to receiving vessels for whatsoever reasons, owners will be liable for all the losses incurred by the receiving vessel not limiting to the cost of the Bunker supply and all the cost incurred by the charterer.
- f. In the event the owners/Master of the Tanker are unable to fulfil their commitment under the Charter Party, charterer will endeavour to engage alternate Tanker at the sole risk and cost of the owners to carry out Bunker deliveries for which nomination has been accepted. Due to whatsoever reason, charterer is unable to secure an alternate Tanker within a reasonable time prior to the scheduled Bunker deliveries, consequential losses to the charterer on account of its failure to carry out committed delivery of Bunker Fuels shall be on owners account.
- g. Depending upon the requirement of the services of the Tanker, she would also be utilized for coastal service from Colombo/ Trincomalee or any other Ports in Sri Lanka.
- h. Owners and/or Master of the Tanker are required to continuously coordinate with the local shipping agents of the vessels for timely delivery of Bunkers.
- i. Charterer shall provide Bunker Fuels for own consumption of the Tanker. Fresh Water, Lubricants and any other consumables, provisions shall be on the Owners account.

11. Payment:

- a. Owners must submit the monthly charter hire invoice on or before 5th day of successive month to the charterer. The payment will be made within 10 days of receipt of the invoice. In case the Tanker has not performed during the month and has been off hired, the charter hire charges and idle Bunker cost shall be deducted from the payment towards charter hire.
- b. As per the directives of Director General of Inland Revenue Department of Sri Lanka, Charterer shall deduct amounts as applicable for levies/ taxes from the charter hire and shall remit same to the Department of Inland Revenue of Sri Lanka.

12. Termination:

- a. Charterers reserve the right to terminate the Charter Party Agreement at any time by giving 30 days notice in writing to the Owners and thereupon Charter Party Agreement shall absolutely cease upon the expiry of the said period, without prejudice to the rights of the Charterers against the Owners in respect of antecedent breach of any of the terms hereof.

Provided that, notwithstanding the termination of the agreement for any reason whatsoever, the parties shall remain liable to each other for any obligation one may owe to the other of them preceding such termination.

- b. If the offered Tanker is unable to deliver at nominated Port (Colombo or Trincomalee) by the date stated above, in such case, Charterer will have the right to terminate the Charter Party Agreement without any notice period and to recover the incidental cost from owners after submitting the details thereon.
- c. If the offered Tanker is unable to deliver Bunker Fuels for a continuous period of six days and the owners are not able to provide alternate Tanker within this time period to the entire satisfaction of the Charterer, in such case, Charterer will have the right to terminate the Charter Party Agreement without any notice period and to recover the incidental costs and demurrage from the Owners after submitting the details thereon.
- d. In case the Tanker does not perform cargo operations at all times as per the Q88 furnished by Owners and the Owners are unable to provide alternate Tanker, Charterer will have the right to terminate the Charter Party agreement without any notice period.
- e. During the period of charter, if owners/ Tanker fails to follow any Sri Lankan Law, Charterer reserves its right to terminate the charter party agreement without any notice period.

13. Agreement:

- a. Upon finalization of the contract, the Charter Party will be signed within 15 days from the date of LOI with the terms & conditions as mentioned in this document and where not contradicting hereto, as per "Shelltime 4" Time Charter party (Issued December 1984 amended December 2003).
 - b. If the person signing the tender is not the sole proprietor, necessary Power-of-Attorney authorizing the signatory(s) to execute the contract, on behalf of the Proprietor / Firm / Organization is to be produced before signing the Agreement.
14. Any dispute arising out of the contract agreement should be dealt in accordance with the provisions of Arbitration Act No. 11 of 1995 and the venue of Arbitration shall be Colombo, Sri Lanka.

15. Offer submission:

- a. At the time of submission of this tender, attested photocopies of following documents should be attached with tender document. Owners may be asked to produce the originals of following documents for verification during negotiations by the tender committee or prior to issuance of work order, which will be returned after verification.
 - i. Details of the Tanker(s) offered as per application form with Q88.
 - ii. Financial reports of the company (duly signed & stamped) by auditors for previous two financial years.
 - iii. Surveyor's certificate in regard to consumption of bunker fuels for hourly operation whilst idling, steaming in ballast / with cargo & discharge operation of tanker.
 - iv. Certificate of Class.
 - v. GA diagram of the Tanker.
 - vi. Pipeline diagram of the tanker.

- b. The offers must be submitted at the email address chartering@lankaio.com. (After submitting the offer through above email, original documents of offers can also be submitted by the Bidder in a properly sealed envelope mentioning the tender no. on the envelop to the office of -

Senior Vice President (Ops, Imports & Bunker Sales)
Lanka IOC PLC, Level 20, West Tower, World Trade Centre,
Echelon Square, Colombo 01

- c. Offer shall be valid for a minimum period of 30 days from the date of submission of the offer.
- d. Each page of tender document must be signed by the Bidders as token of their acceptance of the terms contained therein.
- e. Lanka IOC reserves the right to summarily reject any offer submitted with counter conditions.
- f. Lanka IOC will not accept any responsibility for non-receipt of offers in our system within the tender validity time.
- g. Tender document received late/ not meeting the tender conditions/ incomplete in any respect, are liable to be summarily rejected.
- h. Lanka IOC reserves the right to negotiate with any or all Bidders as considered necessary.
- i. Lanka IOC reserves the right to reject any or all tenders either in full or in part, without assigning any reason whatsoever.
- j. Before finalizing the contract, bidders may be invited, at short notice for negotiations/verification of documents.
- k. Only the proprietor/ director/ the duly authorized representative of the firm/ organization must attend tender negotiations.
- l. Copy of the draft agreement is attached. The terms not covered in the agreement, shall be governed by "Shelltime 4" and relevant terms with regard to Barge/Tanker charter shall be applicable.

I/we confirm that I/we have carefully gone through the General Terms & Conditions and I/we do hereby agree to abide by the same.