

**ORIGIN: KAZAKHSTAN**

**COD 2111B. FOB TANK TO TANK / TANK EXTENSION CI DIP AND PAY:  
ROTTERDAM, HOUSTON, FUJAIRAH, JURONG, QINGDAO, SHANGAI.**

1. Seller issues SCO.
2. Buyer issues ICPO with banking details.

Seller issues commercial invoice to Buyer. Buyer sign and return commercial invoice to Seller within 48hrs.

3. Seller issues to Buyer via email:

- \* Statement of product availability
- \* Q&Q product passport inspection certificate
- \* Commitment to supply
- \* Product certificate of origin
- \* Company certificate of conformity.
- \* Tank Storage Receipt
- \* ATV

4. Upon confirmation of seller's Tank Storage Receipt TSR, Buyer finalizes the extension of the Tank Storage for a minimum of 3-5 days' duration required by buyer for the inspection and DIP test analysis by SGS of the product.
5. Upon confirmation of the storage extension, Seller issues Injection Report, DTA and SGS Report from onshore tank accordingly for buyer and its SGS Agents to proceed with the dip Test inspection process on Seller's tank.
6. SGS Inspection Company proceeds with the inspection and dip test of product in favor of Buyer at the storage facility. Upon Successful Q&Q Dip Test on the product, SGS issue the inspection report certificate to Buyer.
7. Buyer makes the payment for the Total Value of the Product Injected into the Tanks through the means of MT103-TT. Seller provides all the necessary export documentations to Buyer and Seller changes the ownership title to Buyer company name; Buyer commences lifting of the product with its Vessel Tanker.
8. Seller releases payment to all intermediaries involved in the transaction, and subsequently monthly shipment continues as per terms and conditions of the sales and purchase Agreement contract between Buyer and Seller.

**PROCEDURES ARE NOT NEGOTIABLE.**

Buyer must be logistically and financially prepared before starting the transaction.

Product is already positioned in the offered ports, but in first-come, first-served basis.

To start the transaction Enerdealers will have to receive formally written by email from the Buyer, where it is explained the chosen procedure, product, quantity and port, with CIS, logistics agreement and Commitment Letter. After successful DD on the Buyer Enerdealers will introduce the buyer with the Seller or Seller mandate to move forward with the transaction.

**DO NOT SEND THE ICPO IF YOU DO NOT UNDERSTAND THE PROCEDURE.**

All communications between Buyer and Seller will be in CC to [ceo@enerdealers.com](mailto:ceo@enerdealers.com).

Refineries place the product in transit at the ports of sale, in the tanks at the TANK FARM terminals, which are located within customs territory, which is controlled by Port Authority in a restricted area for authorized personnel only. Port Authority controls the product, so not just any person or buyer can enter the tanks.

## PROCEDURE EXPLANATION:

### Step 2:

After receiving the ICPO with CIS and Commitment Letter from the Buyer, the Seller proceeds to approve the purchase and the TSA.

The issuance of a Commercial Invoice by the Seller implies that the Seller has made an ASSIGNMENT OF THE PRODUCT TO THE BUYER'S NAME with the Ministry of Energy of Kazakhstan, the Port Authority, and the Seller's TANK FARM. **This action generates expenses for the Seller.**

Each day that the ASSIGNMENT OF THE PRODUCT TO THE BUYER'S NAME remains in effect represents one day of cost for the Seller. For this reason, the Seller requests that the Buyer acts promptly upon receiving the Commercial Invoice, to minimize Seller's expenses.

**Buyer must be ready to proceed before sending the ICPO, to avoid delays after the product has been assigned. Funds for the tank extension of the Seller, must be ready in advance by the Buyer, prior sending the ICPO.**

### Step 3:

1. The ATV is not for physical verification. In this first stage of the transaction the ATV that Buyer is going to receive with the PPOP, cannot be physical for few logistic and administrative reasons...

When any Buyer wants to conduct Dip Test to the product on the Seller's tank, it has to be authorized by the Port Authority. This means that the tank farm of the Seller will have to send the different documents and endorsements to Port Authorities, to give permission to the inspector of the Buyer, to enter in the restricted area at port (controlled by Port Authorities), to open the save sealed tanks of the Seller, to take the sample and prepare the certification (SGS, Saybolt, Intertek...) when the moment arrives.

Buyer will get authorization to physically conduct dip test, after having verified with Port Authorities that the product is in the tank farm that the Seller has told. In this procedure it would not have sense that the Buyer proceeds or pays the extension of the tanks for the Dip Test before being able to verify that the product is there. Buyer receives the PPOP to verify in advance in a simple and faster way, without cost, that the product is where the refinery tells the Buyer, by using the ATV (mail or call) and the TSR of the refinery.

The ATV allows the Buyer to communicate via email or phone with the TANK FARM representatives to confirm the TSR and to agree on how to extend the tanks to perform the Dip Test on the tanks where the Seller stores the product, contracting with SGS (we personally recommend always to do it by email, to have written evidence of the confirmation, even though Buyer's tank manager and the tank manager of the Seller will be already in touch by phone).

Seller's TANK FARM replies to the buyer:

..."I have the product stored in the tanks at our Terminal, and to extend the tanks, you must pay US\$XXX per day”...

Buyer can request the following from the TANK FARM of the Seller:

A certification that the product assigned to the buyer is in quality and quantity stored in the tank farm.

For further assurance, Buyer can request from the Seller:

A letter guaranteeing compliance with product delivery and the procedure.

A letter of reimbursement for the amount due should any eventuality prevent the product from being inspected in the Seller's tanks.

With the documents received, the TANK FARM certification, and the Seller's guarantees, Buyer has all the necessary information to verify and to make the decision to move forward with the transaction and make the payment for the extension of the Seller's tanks, or not.

2. The TSR is a complete TSR, with the coordinates and tank number.

#### **Step 4:**

1. Buyer has the means at their disposal to verify the TSR they have received from the Seller.
  - a) It must include the tank coordinates.
  - b) All TSRs must be registered with the Port Authority. Buyer only needs to contact the Port Authority to verify the TSR.
  - c) Adding to this, has the certification issued by the Seller's tank farm.
2. Buyer must request a minimum 3-day tank extension from Seller's tank farm to obtain authorization to hire SGS to perform a DIP test of the product in the Seller's tanks.
  - a) Buyer may request a refund guarantee letter from the refinery for the amount paid for the 3-day tank extension.
3. Seller's tank farm must send an invoice for the 3-day tank extension. Buyer must make the payment into an account designated by the tank farm, a trust, with an account in a top US bank.

#### **Step 5:**

1. Buyer must promptly pay the seller's tank farm invoice. Once payment has been verified, the Seller delivers to the buyer:
  - a) Injection Report: This injection report corresponds to when the product was injected into the tanks at the Seller's TANK FARM terminal. This report can be verified with the company that issued the report and with the Port Authority.
  - b) DTA: for Buyer to perform a DIP test on the Seller's tanks, if deemed necessary, by hiring SGS to perform the DIP test.
  - c) SGS Report: Of the product in the Seller's tanks, which can be verified with SGS and the Port Authority.

The Seller delivers these three documents, without the Buyer having to make any further payment or submit any other documents.

#### **Step 6:**

Buyer hires SGS to perform the DIP test on the tanks at the Seller's terminal.

1. SGS issues an inspection report.
2. With the SGS report, Buyer makes the decision to accept the product. Buyer must inform the Seller that they accept the product.
3. Seller prepares and sends an INJECTION SCHEDULE to the Buyer, to be signed by the Buyer and the Buyer's TANK FARM.
4. Buyer must have the Buyer's TANK FARM sign the INJECTION SCHEDULE. Typically, Buyer's TANK FARM signs the INJECTION SCHEDULE when the Buyer completes the payment for the days set aside for the product injection, according to the injection schedule.

(This is why we always recommend making the first purchase for a minimum amount, so that the injection days are as short as possible, and so that the Buyer does not have to pay a large sum to the Buyer's TANK FARM for the signature of the INJECTION SCHEDULE on the first transaction.)

5. When Buyer delivers the injection schedule signed by all parties, including the Buyer's TANK FARM, to the Seller, the Seller injects the product into Buyer's tanks.

#### **Step 7:**

The seller completes the product injection into the tanks designated by the Buyer.

1. Seller delivers an INJECTION REPORT to the buyer.
2. Buyer confirms the injected product.
3. Buyer must pay for the full amount of the product received via: MT103TT.
4. Seller delivers all original product documentation, including the product title in the Buyer's name.

#### **Step 8:**

Buyer and Seller sign a contract to continue the purchase and sale business relationship.

**If you understand this procedure and are willing to fulfill the obligations of the Buyer, and if you have sufficient funds to cover commitments and unforeseen expenses, please submit the LOI to initiate the purchase and sale process, with CIS, and Commitment Letter to:**

**[ceo@enerdealers.com](mailto:ceo@enerdealers.com) to the Att of: Ms Diana Gispert.**