***Comprehensive information on terms and conditions of an open tender of commercial***

***bids for long-term sales of oil products produced by***

 ***Belarusian Gas Processing Plant planned for***

***December 20, 2016.***

**On December 20, 2016** *CJSC Belarusian Oil Company* (hereinafter referred to as *CJSC BNK*) is holding an open tender of commercial bids for long-term sale of oil products produced by Belarusian Gas Processing Plant *RUE PA Belorusneft*:

|  |  |  |  |
| --- | --- | --- | --- |
| Oil Product | Quantity,tons | Delivery terms | Delivery basis |
| Stable Gas Naphtha, Grade B and/or V (SNG)  | Up to 500 tons per month (+/-20% in the Seller’s option)(total quantity up to 6 000 tons+/-20% in the Seller’s option) | January – December 2017  | **DAP** **border of the Republic of Belarus** (transshipment in ports is not allowed to be delivered to an internal railway station)**FOB port Ventspils, Latvia****Ventspils nafta terminals SIA** tanker lot up to 500 mt (+/- 20%), no segregation, quality guarantee as per TY BY 400051902.002-2006;**FOB port Muuga, Estonia****Vopak E.O.S.,** tanker lot up to 500 mt (+/-20%), segregated storage.**CIF Buyer’s port** (through the mentioned ports and terminals) |

**The delivery basis for the a.m. oil product may be changed before the tender date**.

**The tender is held with no price alteration opportunity of the submitted bid.**

**The tender is held with the deposit being made.**

**The terms of the Goods selling:**

Seller: *CJSC Belarusian Oil Company*, Republic of Belarus (hereinafter *CJSC BNK*); *BNK (UK) Ltd*, United Kingdom of Great Britain and Northern Ireland.

Producer: Belarusian Gas Processing Plant *RUE PA Belorusneft*

Quality of the Goods to Be Sold: TY BY 400051902.002-2006

**The partial purchase of the tender volumes of the Goods is possible.**

The shipment of each monthly Goods lot may be agreed in several steps: within the period from the 18th day of the month preceding the month of final price formation accepted for a definite agreed Goods lot till the 5th day (inclusive) of the month of final price formation accepted for a definite agreed Goods lot. At the same time the Buyer has no right to decline the proposed Goods volume in case of receiving the notification up to the 5th day (inclusive) of the month of the final price formation.

Should the Seller inform the Buyer of the volume of a definite agreed Goods lot after the 5th day of the month of the final price formation accepted for a definite Goods lot, the Buyer is entitled to reject the acceptance of the offered Goods volume by a written notification to the Seller within 1 (one) business day from the information receipt. If such a notification is submitted later than 1 (one) business day from the information receipt the additionally confirmed volume of Goods is deemed accepted.

No later than 1 (one) business day from the date when the preliminary EUR / USD (EURO / US Dollar) exchange rate is fixed the Seller and the Buyer sign a respective additional agreement to the contract stipulating the Goods delivery.

The date of invoicing is no later than 1 (one) business day from the date when the preliminary EUR / USD (EURO / US Dollar) exchange rate is fixed.

Currency of price calculation and payment: Euro.

Terms of payment: 100% advance payment for the agreed monthly Goods lot within two banking days (five for Ukrainian resident entities) from the date of invoicing by the Seller.

Settlement procedure: the Buyer and the Seller effect payments through accounts and correspondent accounts in the European banks only (when the Goods are delivered to the countries of the Customs Union – through the banks of the specified countries as per agreement with the Financial Department of *CJSC BNK*).

Formula pricing (FCA, FOB, CIF) is applied.

**The provisional price (Pr(P)) is calculated as follows**:

**Pr(P) = ((Pl(P) +D)\*1,1– k(P))/ K(P) EUR/USD, where**

**Pl(P)** – average value of the basic quotations for the period from the **1st to 18th** **quotation day (inclusive) of the month** preceding the month of the final price formation for the agreed Goods lot, **given in USD** per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”.

**D** - the correction on chosen bases: FCA (for DAP deliveries), FOB, CIF offered by the Buyer in the bid, in US dollars per metric ton;

**k(P)** – the correction calculated by the Seller and equal to the value of export customs duty for deliveries to the territory of Eurasian Economic Union countries. For Goods deliveries not to the territory of Eurasian Economic Union countries k(P) = 0. *This value is equal to the export customs duty fixed in the Republic of Belarus for the date of concluding a respective additional agreement to the oil products supply contract.*

**K(P) EUR/USD** – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt available on the following link: <http://www.bloomberg.com/markets/currencies/fxfixings>

- for the volume (lot) of the Goods confirmed for delivery within the period up to the 18th day of the month preceding the month of the final price formation – on the 19th day of the month preceding the month of the final price formation for the agreed Goods lot;

- for the volume (lot) of the Goods confirmed for delivery within period after the 18th day of the month preceding the month of the final price formation – on the date following the date of confirmation the Goods for realization.

 In the event that there is no rate quoted on such day the next following publication shall apply.

**The final price (Pr(F)) of the Goods shall be calculated according to the following formula:**

**Variant I:**

**Pr(F) = (Pl(P) +D – k(F))/ K(P) EUR/USD +( Рl(F) - Рl(P))/ K(F) EUR/USD**, **where**

**Pl(P)** – average value of the basic quotations for the period from **the 1st to 18th quotation day (inclusive) of the month** preceding the month of the final price formation for the agreed Goods lot, given in USD per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”;

**D** - the correction on chosen bases: FCA (for DAP deliveries), FOB, CIF offered by the Buyer in the bid, in US dollars per metric ton;

**k(F)** – the correction calculated by the Seller and equal to the value of export customs duty for deliveries to the territory of Eurasian Economic Union countries. For Goods deliveries not to the territory of Eurasian Economic Union countries k(F) =0. *This value is equal to the export customs duty fixed in the Republic of Belarus for the date of the Goods shipment ex-refinery.*

**Рl(F)** – the arithmetic average of basic quotations rounded to the second decimal place **throughout all quotation days of the month** of the final price formation for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan” indicated while confirming a definite Goods lot, in USD per metric ton;

**K(P) EUR/USD** – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt available on the following link: <http://www.bloomberg.com/markets/currencies/fxfixings>:

- for the volume (lot) of the Goods confirmed for delivery within the period up to the 18th day of the month preceding the month of the final price formation – on the 19th day of the month preceding the month of the final price formation for the agreed Goods lot;

- for the volume (lot) of the Goods confirmed for delivery within period after the 18th day of the month preceding the month of the final price formation – on the date following the date of confirmation the Goods for realization.

 In the event that there is no rate quoted on such day the next following publication shall apply.

**K(F) EUR/USD** – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt available on the following link: <http://www.bloomberg.com/markets/currencies/fxfixings> on the second banking day following the final quotation day of the month of final price formation.

**Variant II:**

**Pr(F)=(Рl(F) + D – k(F))/ K(F) EUR/USD**, **where**

**Рl(F)** – the arithmetic average of basic quotations rounded to the second decimal place **throughout all quotation days of the month** **of the final price** formation for the Goods lot given in USD per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”;

**D** - the correction on chosen bases: FCA (for DAP deliveries), FOB, CIF offered by the Buyer in the bid, in US dollars per metric ton;

**k(F)** – the correction calculated by the Seller and equal to the value of export customs duty for deliveries to the territory of Eurasian Economic Union countries. For Goods deliveries not to the territory of Eurasian Economic Union countries k(F)=0. *This value is equal to the export customs duty fixed in the Republic of Belarus for the date of the Goods shipment ex-refinery.*

**K(F) EUR/USD** – the average value of Euro/US Dollar foreign exchange rates of Bloomberg agency BFIX 14:00 Frankfurt available on the following link: <http://www.bloomberg.com/markets/currencies/fxfixings> throughout **all days of the month of the final price** formation when exchange rates are published.

In case of the Seller’s confirmation of the volume (lot) of the Goods made after the 18th day of the month preceding the month of the final price formation in respect of a definite agreed Goods lot up to the last day (inclusive) of the month, preceding the month of the final price formation in respect of a definite agreed Goods lot, **the Buyer is entitled to choose the variant of final price calculation until the 1st day of the month** of the final price formation in respect of a definite agreed Goods lot by sending to the Seller a respective notice. In case this information is not submitted the Seller shall apply the formula variant that was applied for final price calculation of the first confirmed lot of the Goods in the previous month.

In case of the Seller’s confirmation of the volume (lot) of the Goods made within the period starting with the 1st day of the month of the final price formation in respect of a definite agreed Goods lot **the Buyer is entitled to choose the variant of final price calculation until the moment of Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE publication made by Bloomberg agency** on its web site (**K**(P) EUR/USD) on the date following the date of confirmation the Goods for realization, by sending to the Seller a respective notice. In case this information is not submitted the Seller shall apply the formula variant that was applied for final price calculation of the first confirmed lot of the Goods in the previous month.

For the first delivery under the Contract the Buyer is entitled to choose the variant of final price calculation until the 1st day of the month of the final price formation by sending to the Seller a respective notice. In case of the Seller’s confirmation of the volume (lot) of the Goods made within the period starting with the 1st day of the month of the final price formation the Buyer is entitled to choose the variant of final price calculation until the moment of Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE publication made by Bloomberg agency on [www.bloomberg.](http://www.bloomberg.)com (K(P) EUR/USD) on the date following the date of confirmation the Goods for realization, by sending to the Seller a respective notice. In case this information is not submitted within the stipulated period the Seller shall apply the second formula variant of the final price calculation.

**Basic quotations are the quotations of «Platt’s»** agency in its publication «Platt’s European Marketscan» which are an arithmetic average of the average quotations of a quotation day rounded to the second decimal place for the position «Naphtha» published under the heading «Cargoes CIF NWE/Basis ARA» and «Barges FOB Rotterdam».

The final price of the 1st monthly agreed Goods lot is calculated throughout all quotation days of January 2017 (estimated period of shipment January - February 2017);

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The final price of the 12th monthly agreed Goods lot shall be calculated throughout all quotation days of December 2017 (estimated period of shipment December 2017 - January 2018).

**Requirements for admittance to participate in the Tender:**

***Application:***

To take part in the Tender the applicant is to submit to *CJSC Belarusian Oil Company* an application stating the planned Goods volume to be purchased not later than December 19, 2016. On the basis of the Goods volume to be purchased, the amount of the bidding deposit shall be calculated. It is also essential to provide details necessary to conclude Tender Participation Agreement. It is highly recommended to send the application written on the company’s letterhead.

***Documents:***

To take part in the Tender not later than December 19, 2016 all the bidders shall submit to *CJSC BNK* the following copies of their constituent and statutory documents*:*

* Company Charter;
* Registration Certificate;
* Extract from Commercial Register of Country of Incorporation or equivalent proof of legal status and legal capability, recognized as corporate existence by legislation of country of incorporation;
* Power of Attorney confirming the ability of the person, authorized to sign on behalf of the applying company.

The documents to be submitted should be translated into Russian and affixed with Apostille.

The documents should be submitted separately from the bidding offer by post or courier in a sealed envelope bearing the name of the company and being marked “Constituent Documents of a bidder for participation in the tender for selling (*specify the type of oil products*) to the following address: 4a-305 Leshchinsky Street, Minsk, Republic of Belarus, 220140.

It is not necessary to submit the constituent documents should they have been submitted to *CJSC Belarusian Oil Company* earlier and taken for consideration.

***Tender Participation Agreement:***

In order to get admission to the tender the Applicant is to sign a Tender Participation Agreement with *CJSC Belarusian Oil Company*. The signed Tender Participation Agreement is to be submitted to *CJSC Belarusian Oil Company* not later than December 19, 2016.

***Bidding Deposit:***

The terms of the tender provide for bidding deposit.

In order to get admission to tender participation the applicant concludes a Tender Participation agreement with *CJSC Belarusian Oil Company* and effects payment to its account of the deposit in the amount estimated as 10 Euro per 1 ton of the **estimated** **maximum** monthly Goods lot claimed to be purchased.

After the tender winner is defined the deposit amount is returned to the other applicants  within 7 (seven) banking days from the date the Seller receives a respective written applications from the applicants.

After the participant is acknowledged as the winner, the deposit shall be returned after the Supply Contract is concluded and Contract Security is remitted to the Seller.

The deposit of the tender winner shall be unilaterally kept by the Seller should the tender winner reject concluding the Supply Contract within 2 (two) business days from the date of written notification on tender award or if the Tender winner fails to remit the amount of Contract Security within 2 (two) banking days from the date of the Seller’s invoicing.

The applicant has no right to purchase Goods in the volumes larger than the amount of remitted deposit allows.

The payment, utilization and refund of the deposit and participant’s liability are defined by the Tender Participation Agreement.

The date of deposit payment is not later than December 20, 2016. The date of deposit payment is the date of crediting the money funds to the account of *CJSC Belarusian Oil Company*, or submission to *CJSC Belarusian Oil Company* of a banking payment document (SWIFT) confirming the actual payment of the deposit.

Currency of deposit payment is Euro.

***The following companies shall not be admitted for participation:***

* Companies that did not pay the deposit on due time;
* Companies with unfair cooperation history regarding *CJSC Belarusian Oil Company, OJSC Naftan, OJSC Mozyr OR, Republican Unitary Enterprise Production Association Belorusneft, Unitary Enterprise Belarusian Oil Trade House* and *Belarusian Oil Company*’s affiliated entities;
* Companies against which charges have been issued by the law machinery or other public bodies of the Republic of Belarus or by corporate group *Belneftekhim* prohibiting cooperation with such companies.

*CJSC Belarusian Oil Company* has the right to decline participation of a company in the tender without stating the reason for such a decline.

**Terms of tender:**

**Form of the tender: open tender of commercial bids with no price alteration opportunity of the submitted bid for the stipulated Goods lot.**

Place of tender: *OJSC Belarusian Oil Company*, 4a-310 Leshchinsky Street, Minsk, the Republic of Belarus.

Tender time and date: **December 20, 2016, 16:00** (local time).

We shall consider bids entered to *CJSC Belarusian Oil Company* not later than 16:00 (local time) December 20, 2016. Please, submit documents to the following address:

 4a-305 Leshchinsky Street, Minsk, Republic of Belarus, 220140.The documents should be sent by post or courier in a sealed envelope marked with

“The open tender of commercial bids for selling (*specify the type of oil products*)”. DO NOT OPEN”.

The documents may be sent via fax (fax number to be advised later) from 12:00 till 16:00 (local time) on December 20, 2016.

The scanned documents may be sent by e-mail (e-mail address to be advised later) from 12:00 till 16:00 (local time) on December 20, 2016.

At the same time it is more preferable to send the commercial bids in a sealed envelope. The tender organizer bears no responsibility for the faulty operation of fax or e-mail connection.

**A tender bid should be presented on the letterhead of the Company, sealed and signed by an authorized person indicating his/her name and position.**

Language of the bid: Russian, English.

Mandatory information to be included into the bid:

* **Name of oil product**
* **Claimed volume to be purchased**
* **Price** (correction should be specified on basis FCA st. Rechitsa for deliveries on basis DAP border of the Republic of Belarus; the correction specified on basis DAP border of the Republic of Belarus, will be adjusted to basis FCA st. Rechitsa *CJSC Belarusian Oil Company* and will be applied to calculate the price of the Goods, and on basis FOB or CIF – for deliveries on bases FOB or CIF respectively) in US dollars per metric ton.
* **Goods delivery basis** (DAP border of the Republic of Belarus as per INCOTERMS 2010, FOB port of destination, CIF port of destination).
* **The country of Goods destination (mandatory!)**

**When submitting the commercial bid to an open tender held by *CJSC Belarusian Oil Company* the Applicant is obliged to specify in its bid the volume of oil product planned to be purchased. The Applicant is obliged to specify the above mentioned information in his bid. The commercial bids submitted by the Tender applicants containing additional conditions contradictory to those speculated  in the present notice and regarding organizing and holding of the present Tender shall not be accepted by *CJSC BNK* for consideration when Tender results are summarized.** The term of consideration of the bid: not less than 4 (four) working days (in the Republic of Belarus), excluding the day of tender bids opening, i.e. up to December 26, 2016. Expiry Date of the Tender is – not less than 5 (five) working days (in the Republic of Belarus), excluding the day of tender bids opening, i.e. up to December 27, 2016.

In case the tender deposit is not credited to *CJSC BNK’s* accounts till the tender closing date the bid from the applicant admitted to tender participation on SWIFT basis shall not be taken into account when tender results are summed up.

The evaluation criteria for the bids for the purposes of determining the best one:

1) the highest offered price correction,

2) the largest volume to be purchased.

Should several bids containing equal terms of purchase of a definite oil product be submitted, the volume of the product subject to sale shall be distributed among them in equal shares provided that it is agreed with the Applicants.

The currency of the bid: US dollars

Tendering process: in accordance with local time of the Republic of Belarus.

During tendering the *CJSC Belarusian Oil Company* has the right to ask participants to clarify the terms of submitted tender bids.

The Tender Winner shall be notified not later than 1 (one) business day from the date the Tender is closed and the Tender commission has made a decision on Tender results – not later than on December 27, 2016.

The applicants that fail to win the tender shall be notified on Tender results within 2 (two) business days from the date the Tender is closed and the Tender commission has made a decision on Tender results– not later than on December 28, 2016.

**Contract Conclusion with the Tender Winner**

The Tender Winner is obliged within 2 (two) business days from the date of the written notification to conclude a Supply Contract in *CJSC BNK* wording **the draft of which is placed on the site** [**www.bnk.by**](http://www.bnk.by) **with**

* *CJSC Belarusian Oil Company* for Goods delivery on the basis DAP border Republic of Belarus.
* *BNK (UK) Ltd*. (Great Britain) for Goods delivery on the basis FOB, CIF.

**The offers made by the Tender Winner regarding the amendments and supplements to the draft contract presented by *CJSC Belarusian Oil Company* on the site** [**www.bnk.by**](http://www.bnk.by) **may be taken by *CJSC Belarusian Oil Company* for consideration subject to the principle of the rights equality in respect of all Tender applicants.**

The Tender Winner may conclude a contract on delivery basis DAP border of the Republic of Belarus with *BNK (UK) Ltd* – an affiliated company of *CJSC BNK* (the contract is to be concluded within 2 (two) business days from the date of written notification) and the price of the tender bid in this case shall be increased by 0,01 USD per ton.

When concluding the contract on delivery basis DAP border of the Republic of Belarus the railway rate for transportation of 1 metric ton of Goods shall be added to the price on delivery basis FCA st. Rechitsa received as a result of the Tender. Subject to changes of railway transportation rate by the Belarusian Railways, the contract price on the basis DAP border of the Republic of Belarus shall be re-calculated. The railway rate for transportation of 1 metric ton of the Goods from station Rechitsa of the Belarusian railways to a specified border station of transition operating at the moment of the additional agreement signing for preliminary and final price calculation when the preliminary selling price is defined and for the date of the Goods shipment when the final selling price is defined shall respectively apply.

Contract Security:

The Tender Winner (the Buyer) undertakes to effect payment to the Seller’s account within 2 (two) banking days from the day of the Seller’s invoicing in the amount of 10% from the cost of the **maximum** monthly Goods lot calculated at the preliminary price of the first agreed monthly Goods lot (Contract Security).

The date when the money funds are credited to the Seller’s account is deemed the date of Contract Security payment. To secure the Buyer’s performance of its obligations under the Supply Contract the Contract Security shall remain on the Seller’s account till complete fulfillment of the obligations by the Buyer.

The Contract Security shall be returned to the Buyer upon its written request after the final settlement of the Parties under the Contract, or may be used for repayment of the Buyer’s outstanding amounts to the Seller under the Contract. The Contract Security or part thereof remaining after the repayment of the Buyer’s outstanding amounts to the Seller under the Contract, if any, shall be returned by the Seller within 15 (fifteen) banking days from the date of receipt of the Buyer’s invoice provided that the Reconciliation Report signed by both Parties is available to the Seller. The Date of Contract Security return is the date of money funds debiting from the Seller’s account.

Additional Provisions:

**The shipment of the full volume of the a.m. quality of the Goods is possible only if 100% advance payment has been effected and if the railway confirms the transportation of a respective volume of the Goods not later than the 20th day of the month preceding the month of shipment.**

**The shipment shall start not later than the 1st day of the month of shipment. Every day of delay in payment or railway confirmation results in undershipping approximately 20 tons of the Goods per each 24 hours.**

Should the capacity of Belarusian Gas Processing Plant *RUE PA Belorusneft* be decreased or temporary discontinued the Buyer accepts the factually delivered volume of the Goods without demanding from the Seller the delivery of the full volume of the agreed Goods lot.

The Seller reserves the right to fix for the Buyer the tanker nomination period without bearing any responsibility to the Buyer for any potential losses. When selling Goods on FOB delivery basis the Buyer is liable for availability of vessels in the port for the lifting of Goods within the terms agreed with Seller. The vessel is nominated by the Buyer as agreed with the Seller.

Should the agreed loading window term be violated or should the Goods not be taken fully or partially the Buyer pays the Seller a penalty in the amount of 2% of the cost of the non-taken Goods per each day of delay, as well as refunds the Seller all the consequent losses, including but not limited to: the Seller’s costs for the Goods storing in terminal tanks and in rail tank cars of the general fleet of the Ministry of Transportation (rented rolling stock), the Seller’s costs for the usage of railways facilities and other related costs, including other vessels’ demurrage costs. At the same time the Seller is entitled either to cancel the delivery of the Goods lot not loaded on board the tanker within the period agreed by the Parties and/or to terminate the contract without bearing any liability to the Buyer for any possible losses.

Should it be impossible to deliver the Goods for the reasons beyond the Seller’s control or if the Buyer breaches the terms of payment, date of signing of additional agreements (to the Supply Contract) on Goods price calculation, the Seller has the right to reduce the volume of the agreed Goods lot to be delivered. The Seller is to undertake all reasonable efforts to perform the agreed monthly deliveries in full. The term of delivery and the validity period of the Supply Contract are subject to prolongation till the full unloading of the contractual volume of the Goods upon the Seller’s and the Buyer’s agreement.

Should the Buyer breach the payment obligations or obligations on shipping orders submission for the period longer than 2 days, the Seller has the right to unilaterally reject the obligations hereunder for the supply of Goods with written notice to the Buyer.

Should the Buyer fail to transfer the money funds within period stipulated by the Parties in the Contract and the respective  Additional Agreement, the Buyer shall be obliged under the Seller’s request to pay the penalty at the rate of 0,05% of the outstanding sum per each calendar day of the delay of transferring including the date of money funds entering the Seller’s settlement account. If delay exceeds 50 (fifty) banking days from the date of shipment the penalty will be imposed at the rate of 2% of the outstanding amount per each calendar day of the payment delay.

The Seller and the Buyer are relieved from any responsibility for the partial or complete default of their obligations under the Supply Contract, if they prove by the documents that proper fulfillment of their obligations became impossible due to shut-down, unscheduled repairs of the Belarusian Gas Processing Plant facilities or due to force-majeure occurrence.

The Parties shall bear no responsibility for the failure to properly fulfil their obligations under the Contract by virtue of laws or other regulations (other documents binding for the Seller / Consignor) currently in force that prevent the Contract fulfilment, adopted by the respective state authorities or organizations and *Belarusian State Concern of Oil and Chemistry (concern Belneftechim*) in particular, in case they were adopted (published) after the Contract signing and directly affect its fulfillment.

Governing law and arbitration

The Contract to be concluded with the Tender Winner shall be governed by the law of the Republic of Belarus.

 All disputes, disagreements or claims that may arise out of or in connection with the Contract including those regarding its amending, termination, execution, invalidity or interpretation are to be settled by the International Arbitration Tribunal of the Belarusian Chamber of Commerce and Industry (BelTPP) in accordance with the Regulation thereof. The number of the arbitrators shall be three. The arbitration shall be held in Minsk. The language of the arbitral proceedings shall be Russian.

The Contract to be concluded by the Applicant announced as the Tender Winner and *BNK (UK) Ltd.* shall be governed by the law of England.

All disputes, disagreements or claims that may arise out of or in connection with the Contract including those regarding its amending, termination, execution, invalidity or interpretation are to be settled by arbitration under the LCIA Rules. The number of the arbitrators shall be three. The arbitration shall be held in London, United Kingdom. The language of the arbitral proceedings shall be English.

The delivery of the Goods is made by railway transport in tank cars of the general fleet of the railways or in *RUE PA Belorusneft*’s tank cars according to the shipping details, which are provided by the Buyer to the Seller in the form of a shipping order. As agreed by the Parties, the Goods may be shipped in rented tank cars, or in those owned by the Buyer; the return of such tank cars to the Republic of Belarus is made by the Buyer at his own expense.

In case of hiring the Producer’s tank cars the period of the Buyer’s responsible tank cars usage is fifteen 24-hours’ periods from the moment of dispatching a loaded tank car from st. Rechitsa till the moment of arriving a discharged tank car to station Rechitsa (inclusive) towards the Belarusian Gas Processing Plant of RUE PA Belorusneft. If the period of the Buyer’s responsible tank cars usage is exceeded the Seller may present a bill for the amount of 50 euro per each 24-hours’ period of a tank car delay.

While shipping the Goods on the basis DAP in rail tank cars of the inventory Belarusian railway fleet the Seller shall give the Buyer the right for free usage of such rail tank cars for the periods from the date of delivery of the Goods during the terms corresponding to the delivery periods which are defined in the Clause 14 of the Agreement on International Cargo Transportations (SMGS) that came into effect on 01.11.1951 and also for the period of 48 hours for the discharge of the Goods from the rail tank cars at the terminal station (point) indicated by the Buyer when providing the shipping orders.

The time of the free usage of rail tank cars of the inventory Belarusian railway fleet shall be defined by the calendar dates of the corresponding marks made in the railway bill at the railway stations during the travel of the rail tank cars loaded with Goods. The date of return of the empty rail tank cars to the terminal station (point)after discharge shall be defined by the date of the forwarding railway bill.

In case if the free usage period for rail tank cars of the inventory Belarusian railway fleet is exceeded as a result of Buyer’s action/inaction the Seller shall have the right to raise a claim for contract terms violation and the amount of penalty shall be calculated on the basis of 100 US dollars per each day exceeding the said terms per each rail tank car in respect of which such term was breached.

Invoices issued by the Seller for the exceeded free usage period of rail tank cars of the inventory Belarusian railway fleet shall be paid pursuant to the terms and conditions stipulated in the present Contract. The Buyer shall have the right to demand from the Seller the copies of the documents to confirm the actual reason for the invoiced sum.

For Goods shipment to the **countries of the Eurasian Economic Union (EEU)** in order to justify the 0% VAT the Buyer of the Goods is obliged (for each shipped Goods lot) to provide the Seller with:

* 2 original copies of an application for the Goods import into the territory of the EEU state and on payment of indirect taxes with a reference marked by the tax authority of EEU state at the location of the person importing the Goods into the territory of EEU with information reflecting the data received by tax authorities of the Republic of Belarus as electronic document within the frames of information exchange procedure agreed upon by tax authorities of the EEU states and Republic of Belarus (hereinafter – Application),
* one properly authorized copy of the a.m. Application.

 The date of the incoming correspondence registration at the Seller’s location is deemed as the date of the Seller’s receipt of the Applications. The Application which is not accepted by tax authorities of the Republic of Belarus for registration (not duly drawn or containing incorrect information or if information provided in hard-copies of application(s) does not correspond to the information received through the system of electronic circulation of documents) is deemed not submitted.

 The Buyer’s obligations to submit application(s) for goods import into the territory of the Russian Federation and Kazakhstan shall be deemed fulfilled properly if within 160 days from the date of shipment of each Goods lot the Seller receives from the Belarusian tax authorities a confirmation of the details provided in hard-copies of application(s) for goods import into the territory of the Russian Federation and Kazakhstan and payment of indirect taxes correspond to the information received by the tax authorities of the Republic of Belarus through the system of electronic circulation of documents acting between the EEU member states.

The Application is to be filled in on the form according to Attachment 1 to the Protocol on the exchange of electronic information between the tax authorities of the EEU member-states regarding the amounts of paid indirect taxes, signed in St.-Petersburg on 11.12.2009 (hereinafter – Protocol) and in strict compliance with Rules on filling in Applications for goods import and indirect taxes payment as stipulated by Attachment 2 to the Protocol and Seller’s information letter.

In case the Application contains information which does not correspond to the data of the information letter the Application is considered as not accepted.

If the Goods delivered to the Buyer within the reported period were received by the Seller under commission agreements from different principals, the Buyer is obliged to provide the Seller with two original copies of the Application bearing a mark made by tax authorities of the Russian Federation / Kazakhstan at the location of registration of a person importing the Goods into the EEU territory with the information corresponding to the data received by tax authorities of the Republic of Belarus as an electronic document within the frames of information exchange procedure agreed upon by tax authorities of the Russian Federation / Kazakhstan and the Republic of Belarus (hereinafter – Application), as well as one properly authorized copy of the Application for each principal.

In order to secure the execution of the terms of the Application submission as well as to compensate the losses caused by delay in proper execution thereof, when concluding additional agreements for oil products delivery, the Buyer undertakes to transfer to the Seller’s account the sum of money as the “Application Submission Security” in the amount calculated as follows:

**Amount of money = ((СтП \*20/120 + ((СтП \*20/120 + А)\*1.2)**, where

**СтП** is the cost of Goods to be shipped.

**A** is the excise duty cost on the basis of excise duty rates fixed for sales within the Republic of Belarus at the moment of money funds transfer (credited).

 The amount of Application Submission Security shall remain in the Seller’s banking account until the Buyer fulfills his obligations in respect of Application submission in full.

 The Buyer may present a bank guarantee for the Buyer’s proper fulfilment of the Application Submission terms for the specified amount. The bank issuing the a.m. guarantee shall have Moody’s rating not lower than Ba1 and\or Fitch rating not lower than BB+ and \ or Standard and Poor’s rating not lower than BB+ or shall be agreed upon by the Parties. The guarantee period shall be not less than 210 calendar days. All charges of all banks related to the bank guarantee, including advising charges by the Seller’s bank shall be at the Buyer’s expense. The text of a bank guarantee shall be preliminary agreed with the Seller in writing. The bank guarantee is to be issued via SWIFT.

When effecting the payment stipulated by the terms of the Contract and/or Additional agreement the Buyer is obliged to provide for the priority remittance of the Application Submission Security amount. In case the purpose of payment is not defined when the Buyer effects the payment the Seller shall be entitled to credit the amount of the Application Submission Security from the total amount of the funds received into his account and to allocate the remaining amount as payment for the Goods to be delivered.

The Application Submission Security shall be paid by the Buyer into the Seller’s account by a bank transfer of the a.m. amount within 2 (two) banking days from the date of the respective invoice unless the Parties agree upon other terms. The date of invoicing is day zero.

The Application Submission Security shall unconditionally pass into the Seller’s (principal’s, principals’) ownership in case of the Buyer’s failure to fulfill his obligations in respect of Application Submission. The Buyer however shall pay the forfeits (fines) in the Seller’s favour to indemnify the relevant amounts of indirect taxes, penalties and administrative charges actually paid (including by means of set-off of tax deduction amounts for VAT purposes to be paid when selling goods (performing works or services), title, set-off from amounts of overpaid taxes, levies (duties)) to the budget of the Republic of Belarus. Should the Buyer fail to fulfil his obligations in respect of the Application Submission within 160 days from the date of each Goods lot shipment, the Application Submission Security shall not be returned to the Buyer including if the Applications are submitted.

The Application Submission Security shall be returned only in accordance with the Buyer’s banking details stipulated in the Contract. The Application Submission Security is returned to the Buyer after the Buyer’s obligations are fulfilled within 10 (ten) banking days from the date the Seller receives the Buyer’s duly drawn written request or may be allocated for repayment of the Buyer’s outstanding amount to the Seller. The date of Application Submission Security return is deemed the date of the amount debited from the Seller’s account.

**Submission of an application to participle in the tender is considered as consent to all the conditions of the tender set in the present notice. In order to be admitted to participate in the tender the applicants should follow the requirements and conditions set in the present notice.**

An Applicant has the right to refuse his participation in the Tender till 16:00 (local time) on December 20, 2016 by submitting a written notice of refusal.

*CJSC Belarusian Oil Company* has the right to cancel or cease the tender and reject all the bids any time before election of the winner, bearing no liability before participant(s) of the Tender that can suffer losses due to such action, without having any obligations to inform the mentioned participant(s) on the reason thereof.

**The applicant should submit the commercial bid in full conformity with the above-given terms. The commercial bid that does not meet the above-mentioned terms shall not be accepted for commission consideration and shall be declined.**

The above date and terms of the tender are preliminary and subject to change.

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