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

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

***OJSC Naftan planned for November 19, 2015.***

**On November 19, 2015** CJSC Belarusian Oil Company is holding an open tender of commercial bids for long term sale of oil products produced by OJSC Naftan:

|  |  |  |  |
| --- | --- | --- | --- |
| Oil products description | Quantity, tons | Delivery period | Delivery basis |
| Diesel fuel DT-L-K5, grade C/ DT-Z-K5, grade F | Up to 25 000 tons per month  (+/-50% of the agreed monthly lot in the Seller’s option)  (total quantity up to 125 000 tons +/-50% in the Seller’s option) | December 2015  - April 2016 | **FOB port Klaipeda, Lithuania**  AB “Klaipedos nafta”, tanker lot up to 29 000 tons (±10% in the Seller’s option), max draft 13 m;  **FOB port Riga, Latvia**  SIA “Pars Terminal” (former “T2 Terminal”), tanker lot up to 24 000 tons (±10% in the Seller’s option), max draft 9 m, allowed length up to 165 m;  AS B.L.B. “Baltijas Terminals”, tanker lot 6 000 – 8 000 tons (±10% in the Seller’s option), max draft 9 m, allowed length up to 150 m, allowed beam up to 27 m;  **FOB port Ventspils, Latvia**  “Ventspils Nafta Terminal”, tanker lot up to 12 500 tons (±10% in the Seller’s option), max draft 12.5 m, **without segregation, quality guarantee as per GOST;**  **CIF Buyer’s port** (via a.m. ports and terminals). |
| Motor gasoline AI-92-K3 | Up to 30 000 tons per month  (+/-50% of the agreed monthly lot in the Seller’s option)  (total quantity up to 150 000 tons +/-50% in the Seller’s option) | December 2015  - April 2016 | **FOB port Riga, Latvia**  SIA “Pars Terminal” (former “T2 Terminal”), tanker lot up to 20 000 tons (±10% in the Seller’s option);  **FOB port Ventspils, Latvia**  “Ventspils Nafta Terminal”, tanker lot up to 12 500 tons (±10% in the Seller’s option) **without preserving saturated vapour pressure of 60 kPa, without Sulphur content guarantee, with guarantee of quality conforming TU 400091131.006;**  **FOB port Muuga, Estonia**  “Vopak E.O.S.”, tanker lot up to 20 000 tons (±10% in the Seller’s option), max draft 17 m, allowed length up to 340 m,  **CIF Buyer’s port** (via a.m. ports and terminals). |

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

**The tender is subject to deposit.**

The terms of Goods selling:

Seller: BNK (UK) Ltd, United Kingdom of Great Britain and Northern Ireland;

Producer: OJSC Naftan.

The quality of Goods to be sold:

Dt-L-K5, grade C \ Dt-Z-K5 grade F – quality as STB 1658-2012;

Unleaded gasoline AI-92-K3 - quality as TU 400091131.006 **with saturated vapour pressure of 60 kPa guarantee.**

**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 refuse 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 on 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 written notification to the Seller within 1 (one) business day from the information receipt. If such notification is submitted later than 1 (one) business day from the information receipt the additionally confirmed volume of Goods is deemed accepted.

The Seller is entitled to decrease the monthly volume of Goods to be delivered by notifying the Buyer thereupon until the 18th day of the month proceeding the month of Goods delivery.

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 of the agreed monthly Goods lot within 2 (two) banking days from the date of invoicing by the Seller.

Settlement procedure: the Buyer and Seller effect payments through accounts and correspondent accounts in the European banks only.

The price for the oil product is calculated according to a formula.

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

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

**Pl(P)** – average value of the basic quotations rounded to the second decimal place 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’s agency in its publication “Platt’s European Marketscan” or Argus agency in its publication “Argus European Products”.

**D** - the correction (on Goods delivery basis) offered by the Buyer in the bid, in US dollars per metric ton;

**K(P) EUR/USD**– Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE of the European Central Bank (ECB) fixed at 14:15 (CET time) and quoted on www.ecb.int:

- 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 ECB 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(P) EUR/USD +( Рl(F) - Рl(P))/ K(F) EUR/USD**,

**Pl(P)** – average value of the basic quotations rounded to the second decimal place 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’s agency in its publication “Platt’s European Marketscan” or Argus agency in its publication “Argus European Products”;

**D** - the correction (on Goods delivery basis) offered by the Buyer in the bid, in US dollars per metric ton;

**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, given in USD per metric ton for the respective position as per quotations of Platts’s agency in its publication “Platt’s European Marketscan” or Argus agency in its publication “Argus European Products”;

**K(P) EUR/USD** – Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE of the European Central Bank (ECB) fixed at 14:15 (CET time) and quoted on www.ecb.int:

- 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 ECB rate quoted on such day the next following publication shall apply.

**K(F) EUR/USD** – Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE of the European Central Bank (ECB) fixed at 14:15 (CET time) and quoted on [www.ecb.int](http://www.ecb.int) on the second banking day following the final quotation day of the month of final price formation.

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

**Pr(F)=(Рl(F) + D)/ 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, given in USD per metric ton for the respective position as per quotations of Platts’s agency in its publication “Platt’s European Marketscan” or Argus agency in its publication “Argus European Products”;

**D** - the correction (on delivery basis for a definite oil product) offered by the Buyer in the bid, in US dollars per metric ton;

**K(F) EUR/USD** – the average value of EUR\USD exchange rates ЕURO/US DOLLAR FOREIGN EXCHANGE REFERENCE RATE, as fixed by European Central Bank (ECB) under the reference foreign currency exchange rates at 14.15 Central European time (CET) published on the site www.ecb.int throughout all days of the month of the final price formation when ECB 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 previous Goods lot.**

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 ECB** on [www.ecb.int](http://www.ecb.int) (**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 previous Goods lot.**

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 ECB on [www.ecb.int](http://www.ecb.int) (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 or of **Argus agency** in its publication Argus European Products which are an arithmetic average of the average quotations of a quotation day rounded to the second decimal place for the following position:

* For diesel fuel DT-L-K5 grade C \ DT-Z-K5 grade F– quotations for the position “Diesel 10 ppm” published under the heading “Barges FOB Rotterdam” and quotations for the position “ULSD 10 ppm” published under the heading “Cargoes CIF NWE/Basis ARA” (Platts European Marketscan)
* For Unleaded gasoline AI-92-K3 – quotations for the position the quotations for the position “Northwest Europe – barge – Eurobob Oxy” (“Argus European Product”) (Argus European Products)

The final price of the 1st monthly agreed Goods lot is calculated throughout all quotation days of December 2015 (estimated period of shipment - December 2015 – January 2016);

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The final price of the 5th monthly agreed Goods lot shall be calculated throughout all quotation days of April 2016 (estimated period of shipment - April - May 2016).

Contract deposit:

An applicant admitted as the Tender winner (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 under the preliminary price of the first agreed monthly Goods lot (Contract deposit). The date when the money funds are credited to the Seller’s account is deemed the date of Contract deposit payment. To secure the Buyer’s performance of its obligations under the Supply contract the Contract deposit shall remain on the Seller’s account till their complete fulfillment by the Buyer.

The Contract deposit shall be returned to the Buyer under 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 deposit 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 for the Seller. Date of Contract deposit return is the date of money funds debiting from the Seller’s account.

Collateral clause:

Should the capacity of OJSC Naftan 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 loaded on board the tanker 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: Seller’s costs for Goods storing in terminal tanks and in rail tank cars of the general fleet of Ministry of Transportation (Seller’s own (leased) rolling stock), Seller’s costs for the usage of railways facilities and other related costs including other vessels demurrage claims. 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 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 hereunder 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% from 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%  from 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 such circumstances for the default are the consequence of force-majeure circumstances beyond the Seller’s and the Buyer’s control arising after the Supply contract is concluded and if the a. m. circumstances directly affect the full or partial fulfillment of the Buyer’s and the Seller’s obligations under the Supply contract including but not limited to: war, military actions, blockade, strikes, earthquake, flood, fire and other natural calamities, actions of the government and concern Belneftekhim in case they directly or indirectly affect the activity of the Seller and the Buyer, as well as unplanned shutdown and servicing of OJSC Naftan facilities.

Governing law and arbitration

The Contract to be concluded by the Applicant admitted as the Tender winner with BNK (UK) Ltd. shall be governed by the law of the Federal Republic of Germany.

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 Arbitration Institute of the Stockholm Chamber of Commerce in accordance with the Regulation thereof. The number of the arbitrators shall be three. The arbitration shall be held in Stockholm. The language of the arbitral proceedings shall be Russian.

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 Leshchinsky street, office 310, Minsk.

Tender time and date: **November 19, 2015, 16:00** (local time).

**Tender bid should be presented on the letterhead of the Company, stamped and signed by an authorized person indicating its name and position.**

We shall consider bids entered to CJSC Belarusian Oil Company not later than 16:00 (local time) November 19, 2015. 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 with a note.

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

Documents may be sent via fax (fax number to be advised later) from 12:00 till 16:00 (local time) on November 19, 2015.

In addition, 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 November 19, 2015.

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.

Language of the bid: Russian, English.

The term of validity 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 November 25, 2015.

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, upon such Applicants agreement.

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.

Conditions of participation:

Documents:

To take part in tender all the bidders not later than November 18, 2015 submit to CJSC Belarusian Oil Company the following copies of foundation and registration documents:

- Statute;

- 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 of the person, authorized to sign on behalf of the company.

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

The documents should be separately submitted from the bidding offer by post or courier in a sealed envelope with a note “Documents of Association of a bidder for participation in the tender for the purchase of (*specify the oil product*) (to the following address: 4a-305 Leshchinsky Street, Minsk, Republic of Belarus, 220140).

It is not necessary to submit the documents should it be submitted to CJSC Belarusian Oil Company earlier and taken for consideration.

In order to get admission to the tender the Applicant is to sign a Tender participation agreement with CJSC Belarusian Oil Company.

The bidding deposit:

The terms of the tender provide for bidding deposit.

In order to get admission to tender participation the applicant concludes Tender Participation agreement with CJSC Belarusian Oil Company and effects payment to its account of the deposit in the amount estimated on the assumption of **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 applicant  not admitted as the tender winner within 7 (seven) banking days from the date the Seller receives a respective written application from the applicant.

After the participant is admitted 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.

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 November 18, 2015. On the basis of the Goods volume to be purchased, the amount of the deposit shall be calculated. It is also essential to provide details necessary to conclude Tender Participation agreement.

The signed Tender Participation agreement is to be submitted to CJSC Belarusian Oil Company not later than November 18, 2015.

The date of deposit payment is not later than November 19, 2015. 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;

- 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 a tender without stating the reason for such decline.

Mandatory information to be included to the bid:

- **Name of oil product**

- **Claimed volume to be purchased**

- **Price** (correction should be specified on basis FOB and CIF – for deliveries on bases FOB and CIF respectively) in US dollars per metric ton;

- **Goods delivery basis** (FOB, CIF as per INCOTERMS 2010);

- **The country of Goods destination**.

**The Buyer has the right to choose the Goods delivery basis until the moment the commercial bid is submitted. When submitting the commercial bid to an open tender held by CJSC Belarusian Oil Company the Buyer is obliged to specify in its bid the volume of oil product planned to be purchased at a definite delivery basis, without the option to choose the delivery basis in Buyer’s discretion after the Buyer is elected as the Tender winner.**

**The Buyer 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 successful Applicant admitted 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.

The applicants not admitted as tender winners 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.

The Tender applicant admitted as 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’s wording the draft of which is placed on the site** [**www.bnk.by**](http://www.bnk.by) **with**:

- BNK (UK) Ltd. (Great Britain) for Goods delivery on the basis FOB, CIF Buyer’s port.

**The offers made by the Tender applicant admitted as the Tender winner regarding the amendments and supplements to the essence of the draft contract presented by CJSC Belarusian Oil Company on 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.**

Submission of application to participle in the tender is considered as consent with all the conditions of 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.

The Applicant has the right to refuse participation in the Tender till 16:00 (local time) on November 19, 2015 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.**

Contact information:

Aleksey Zadorozhny – Deputy Head of Marketing Department. Mobile phone: +375 33 630 09 33, e-mail: [zadorozhny@bnk.by](mailto:zadorozhny@bnk.by)

Eugene Kuncevich – Head of the group for oil products supply to foreign markets of Marketing Department. Mobile phone: +375 33 630 09 26, e-mail: [kuncevich@bnk.by](mailto:kuncevich@bnk.by)

Egor Predko **-**  specialist of Marketing Department

phone: +375 17 279 93 00 (ext. 9333), e-mail: [predko@bnk.by](mailto:kutko@bnk.by)

Violetta Lado– specialist of Marketing Department, phone: +375 17 279 93 00 (ext. 9532), e-mail: [lado@bnk.by](mailto:lado@bnk.by)

Olga Lukashevich – specialist of Marketing Department,

phone: +375 17 279 93 00 e-mail: [lukashevich@bnk.by](mailto:lukashevich@bnk.by)

**Fax: +375 17 279-93-01; E-mail:** [**info@bnk.by**](mailto:info@bnk.by)