

**BRAZILIAN NAVAL COMMISSION IN WASHINGTON**  
5130 MacArthur Blvd. N.W.  
Washington, D.C. 20016-3316

**Contract Between**

**Brazilian Naval Commission in Washington**

**and**

**Clipper Oil Company**

**for**

**Supply of Marine Fuel and Lubricant for the Brazilian Navy ship  
NE Brasil at the Ports of Baltimore and San Juan**

**CONTRACT N° 70200/19-05/00**

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**Brazilian Naval Commission in Washington**  
5130 MacArthur Blvd., NW.  
Washington, D.C. 20016-3316

**CONTRACT N° 70200/19-05/00**

**Contract entered between the Brazilian Naval Commission in Washington and Clipper Oil for the supply of marine fuel and lubricant for the Brazilian Navy ship NE Brasil at two ports.**

This Contract was entered on this day, November 6<sup>th</sup>, 2019, at the offices of the Brazilian Naval Commission in Washington, located at 5130 MacArthur Blvd., NW, Washington, D.C., 20016, between the Brazilian Naval Commission in Washington, represented by its President, Captain André Luís Ferreira da Silva, holder of the Brazilian Navy ID N° 440446, and Clipper Oil, represented by Mr. Eric Shahtaji, Director of Sales, holder of passport number 513596868, with offices at 2040 Harbor Island Drive, suite 203, San Diego, CA92101.

**WHEREAS** this Contract was preceded by the Invitation for Sealed Bid (IFSB) N° 9/2019, and fulfilled all legal requirements of Brazilian Law n° 8.666/1993.

**WHEREAS** the legal instruments Rules for Administrative Agreements of the Brazilian Navy (SGM-102, Rev. 4/Mod.1), item 13.10.1) and Ordinance n° 180/MB/2001, modified by Ordinances 236/MB/2002, 258/MB/2003, 111/MB/2004, 258/MB/2012, 159/MB/2013 and 626/MB/2014 issued by the Commander of the Brazilian Navy, granted authority to the President of the Brazilian Naval Commission in Washington to sign this Contract on behalf of the Brazilian Navy within its area of jurisdiction.

**NOW THEREFORE**, in consideration of the foregoing, the execution of this agreement by each of the parties hereto, and the full and faithful performance of the covenants, representations and warranties contained herein, it is agreed as follows:

**CLAUSE 1 - DEFINITIONS**

As used in this Contract, the following terms shall have the meanings given to them below:

- a) The term "BNC" shall mean "the Brazilian Naval Commission in Washington";
- b) The term "SELLER" shall mean "Clipper Oil";
- c) The term "BUYER" shall mean "Brazilian Naval Commission in Washington" on behalf of "Brazilian Navy";
- d) The Term "End User" shall mean the Brazilian Navy ship "NE Brasil";
- e) The term "Marine Fuel Contract" means an agreement entered into between Buyer and the Seller pursuant to which the Buyer purchase Marine Fuels from the Seller;
- f) The Term "Product" shall mean "Marine Fuel/Lubricant and Fueling Services";

- g) The Term "Fueling Services" shall mean the supply of Marine Fuel and "Lubricant", its transportation until point of delivery and delivery to Receiving Vessel;
- h) The term "Service" shall mean "any service(s) covered by this Contract";
- i) The term "Order for Fueling" shall mean "the official document used by the BNC to request Marine Fuel and Fueling Services";
- j) The Term "Delivery Date" shall mean the date(s) agreed upon as the date(s) for delivery of the Marine Fuel/Lubricant;
- k) The term "Delivery Point" means, The place agreed upon as the location for the delivery of the Marine Fuel/Lubricant;
- l) The term "Party" means Buyer or Seller and "Parties", means Buyer and Seller collectively; and
- m) The term Platts means S&P Global Platts, the oil price reporting agency.

## CLAUSE 2 - OBJECT OF THE CONTRACT

2.1 The supply of "Marine Fuel" and "Lubricant" to Brazilian Navy Ship "NE Brasil" at Baltimore and San Juan ports. Seller shall provide the fuel/lubricant and the fueling services (fuel, transportation of fuel to the specific port and filling the ship's fuel tank in a way that complies with local environmental standards, laws and regulations). The entire chain of services should be strictly in compliance with environmental standards, laws, rules and regulations of Baltimore, USA and San Juan, Porto Rico.

BNC REF	Ship	Port	Product	Fueling Date	Estimated QTD in Liters
DV71200-2019-00009	NE Brasil	Baltimore	Shell Gadinia S3 40	14NOV2019	10,000
PV71200-2019-00032	NE Brasil	Baltimore	MGO - 19.002.4045	14NOV2019	220,000
PV71200-2019-00033	NE Brasil	San Juan	MGO - 19.002.4045	27NOV2019	90,000

2.2 Object Discrimination: The Fuel shall be the MGO according to specifications ISO-8217-ISO-F-DMA as shown in the table below:

CHARACTERISTICS	METHOD	LIMITS
TOTAL ACIDITY (d), mg KOH/g, max.	ASTM D664	0,5
CINZAS, % m/m, max.	ASTM D482	0,01
COLOR ASTM, max.	ASTM D1500	3,0
SULFUR, % m, max.	ASTM D4294 / D2622 / D5453	0,50
STABILITY TO RUST(I), mg/100ml (g), max.	ASTM D2274 / D5304	2,5
CETANE INDEX, min.	ASTM D4737	40,0
FLOW POINT, ° C, max.	ASTM D97	-6
FLASH POINT ° C, min.	ASTM D93	60,0
RAMSBOTTOM CARBON WASTE of the 10% endings % m/m, max.	ASTM D524 / D4530	0,30
VISCOSITY a 40°C, mm <sup>2</sup> /s (cSt)	ASTM D445	2,000 a 6,000
ESPECIFIC MASS 20°C, Kg/m <sup>3</sup> , max.	ASTM D1298 / D4052	876,8
LUBRICITY (c), µm, max.	ASTM D6079 / ISSO 12156-1	520



OBS: Special attention should be given to the maximum limits of the characteristics of SULFUR (% m, max.) and color (max.).

2. 3 Object Discrimination: The Lubricant SHELL GADINIA S3 40 must be similar to MARBRAX CCD 410 lubricant with the characteristics shown in the table below:

TYPICAL ANALYSIS	
DEGREE SAE	40
Density a 20/4°C	0,897
Flash point (COC)(°C)	>230
Point of fluenty (°C)	-21
Viscosity a 100°C (cSt)	14,1
Viscosity index, min.	95
Total basicity index (mgKOH/g)	12
Sulfated ash (% weight)	1,59
Corrosion to the copper blade 3h, 100°C	1b

### CLAUSE 3 - PERFORMANCE

- 3.1 BNC will send an Order Confirmation to Seller containing the actual requested quantity at least 5(five) business days prior to the delivery date, and Seller must confirm the order in writing to BNC within 48 hours. The Order Confirmation must contain: name of Vessel, delivery date, delivery point, delivery time, quantity, method of delivery, volume, ETA/ETD, IMO number. Seller and BNC/End User should jointly decide the delivery time, which preferably should be close to the Vessel ETA. BNC should also notify the Seller of any special condition, difficulty, peculiarity, deficiencies in respect to the particular Vessel.
- 3.2 Seller agrees to sell and deliver the volume of fuel and lubricant requested by the BNC, at a specified date, time and place.
- 3.3 The Marine Fuel supplied hereunder shall be commercial grade and in accordance with ISO-8217-ISO-F-DMA. The BNC shall be responsible for nominating to the Seller the grade and specification for each delivery at the location in question.
- 3.4 Adverse Conditions: If conditions are adverse, caused by weather, sea, harbor, mooring or any other condition that makes the fueling operation dangerous, this should be cause for rescheduling the delivery, with no onus on the parties.
- 3.5 The Marine Fuel sold under each operation shall be of a commercial Marine Fuel grade. BNC shall inform to Seller the proper grade of Marine Fuel for use in the Receiving Vessel. End User shall be responsible for confirming that Specifications of the Marine Fuel are accurate and suitable for use in the Receiving Vessel.
- 3.6 The volume of Marine fuel actually delivered shall be verified by the readings of the barge's tank gauges or the vehicle meter if delivery is made by truck.
- 3.7 The company shall held responsible for all charges related to salary, overtime, additional social charges and other expenses related to its employees.
- 3.8 The company shall maintain all its qualifications presented in the "Qualification Documents" and also comply with all requirements in the IFSB 9/2019.
- 3.9 Price in this contract is in US dollars, per liter, "firm and fixed". ★

★ PER NOTE 7.3

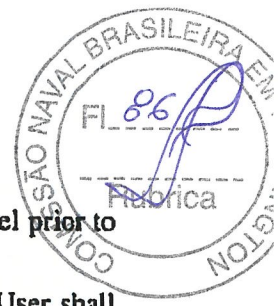
- 3.10 Seller is responsible for the services of his subcontractors and will be liable for any environmental damages caused by them such as spills, leaks or others. Seller and his Subcontractors shall be jointly and severally liable for injuries, loss and damage caused directly or indirectly in whole or part by Seller or Seller's Subcontractors and Representatives.
- 3.11 Seller shall take during the Marine Fuel delivery process four (4) samples of the delivered Marine Fuel. The End User shall have its representative witnessing the samples. The samples shall be securely sealed and labelled by Seller, and two (2) samples shall be given to the End User, one (1) of which is for MARPOL compliance purposes. The two (2) remaining samples shall be retained by the Seller for verification of quality, if required. The Seller shall keep the samples at least third (30) days.
- 3.12 Upon delivery, the seller must submit a technical report containing at least the following oil specifications:
- a) Kin Viscosity;
  - b) Carbon Residue;
  - c) Ashes;
  - d) Sulfur;
  - e) Cloud Point;
  - f) Water and Sediments; and
  - g) Color.

#### CLAUSE 4 – QUANTITY MEASUREMENTS

- 4.1 The actual quantity of the Marine Fuel for each delivery will be determined upon the presentation of the Order Confirmation by BNC to the Seller. The quantity of marine fuel confirmed by BNC may vary by +/- 20% of the estimated quantity stated in this contract.
- 4.2 The Order Confirmation is subject to the Seller's acknowledgment. After the order is confirmed by the Seller, no change in quantity will be allowed, except as provided on Clause 4.3 of this contract.
- 4.3 There will be a quantity variation tolerance of +/-5% between the quantity of Marine Fuel stated in the Order Confirmation and the delivered quantity.
- 4.4 The volume of Marine Fuel actually delivered under this contract shall be determined by Seller from the tank gauges of the Barge, the onshore storage tank, pipeline meter or vehicle meter, depending on the delivery method. End User shall witness such measurements. The charges for Marine Fuels are going to be calculated based on these measurements. Adjustment in volume owing to difference in temperature shall be made in accordance with ASTM Petroleum Measurement Tables.
- 4.5 All measurements made by the Seller and witnessed by End User shall be final and binding save for manifest error or fraud.

#### CLAUSE 5 - DELIVERY

- 5.1 The delivery shall be made in accordance with the Order Confirmation mentioned on Clauses 3.1 and 4.1. The Seller shall contact BNC to confirm the schedule, quantity, point of delivery.



- 5.2 A member of the End User crew shall confirm the quantity and specifications of the fuel prior to commencement of delivery. If there is no objection, delivery may begin.
- 5.3 Once the delivery is completed and the quantity is checked, one member of the End User shall sign a receipt with duplicate copy, one for the ship and one for the Seller. A copy of this receipt shall be submitted with the invoice for the payment.
- 5.4 Time is essential with respect to delivery of the Object in this Contract and the performance of the service. If the Clipper Oil encounters or anticipates difficulty in meeting the delivery schedule, Seller shall immediately notify BNC, giving all pertinent details (including statement of the cause(s) and of the efforts made to eliminate or diminish the effect of the delivery delay or impediment). However, such data must be informational only and must not be construed as a waiver by BNC of any delivery schedule or date or of any rights or remedies provided by law, or in equity, or under the Contract.
- 5.5 Seller must present alternatives to carry out the supply. BNC must be consulted and the alternative solution can only be implemented upon BNC approval.

**CLAUSE 6 - EXCUSABLE DELAYS**


- 6.1 Neither BNC nor the Clipper Oil shall be liable for delays or deemed to be in default by reason of any failure or delay in performing any of its obligations under the Contract to the extent that such failure or delay is directly due to force majeure or Acts of God that prevent performance of the Contract and that are beyond the affected party's reasonable control and could not have been foreseen or avoided by exercising due care. Force Majeure and Acts of God may include: natural disasters, floods, hurricanes, adverse weather, or sea conditions. Perils of the sea, war (declared or undeclared), embargoes, civil insurrection, riots, strikes, labor disputes, accidents, fires, explosions, mechanical breakdown or any cause beyond reasonable control of the affected Party.
- 6.2 Whenever either Party's performance is prevented or delayed as a result of "Force Majeure" the affected Party shall notify the other, of such failure or delay by a written notice, within twenty-four (24) hours from the date of actual occurrence of "Force Majeure" circumstance set forth herein.
- 6.3 Each Party shall use reasonable diligence to cure or correct any condition of "Force Majeure" affecting performance by such Party.
- 6.4 If applicable, the Seller will make every effort to help BNC find alternative sources of supply.

**CLAUSE 7 - PRICE**

- 7.1 The total price of the services under this Contract is "firm and fixed", it is in US dollar, unit of issue is liter, and it shall include all expenses, direct or indirect, that might arise during the performance of the service, including all taxes and fees, transportation, labor, fiscal, insurance, administration fees, consumption materials, and any and all other fees or expenses necessary for the full compliance with the object of the Contract.
- 7.2 The agreed price per Liter for each supply is:

Ship	Port	Fueling Date	Product	Estimated Total QTD (Liters)	Estimated Total Price USD
NE Brasil	Baltimore	14NOV2019	Shell Gardinia S3 40	10,000	4.2124

NE Brasil	Baltimore	14NOV2019	MGO - 19.002.4045	220,000	0.6413
NE Brasil	San Juan	27NOV2019	MGO - 19.002.4045	90,000	0.6736

★ 7.3 The final prices to be shown in the invoice will be calculated in accordance to S&P PLATTS index of the delivery day and the Bidder's offer previously presented in its Price Proposal. The invoice must be accompanied by the delivery confirmation signed by a ship crew member. 

**CLAUSE 8 - INVOICE**

8.1 The Seller shall provide an invoice after each delivery. Invoice shall be accompanied by the delivery confirmation signed by an End User's crew member. All invoices shall display:

- a) Invoices shall be addressed to Brazilian Naval Commission in Washington;
- b) Name of the Ship;
- c) Contract Number;
- d) Total delivered quantity;
- e) The price in US dollars and per liter;
- f) Product discrimination;
- g) Date of delivery; and
- h) Port name;

8.2 Invoices must be accompanied by valid documentation, in this case a copy of receipt signed by a crew member of the Receiving Vessel certifying the fuel supply;

8.3 Invoices must be issued by the Seller in the Seller's Letterhead. Invoice issued by subcontractors will not be accepted;

8.4 All invoice must contain the Seller's banking information for payment;

8.5 Invoices shall be sent to our contract division to etna@marinha.mil.br and luciano-gomes.silva@marinha.mil.br.

**CLAUSE 9 - TERMS OF PAYMENT**

9.1 Payment shall be on Net-30-Day term.

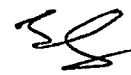
9.2 Administrative proceedings for payment will begin immediately after Invoice and its attachments are received by BNC. All payment to Seller will be made within 30 days after the invoices receipt as long as the invoices are in conformity with the stipulations on Clause 8.

9.3 If the invoice does not contain the information required (as per Clause 8), the BNC will contact the Seller to request a compliant one. Payment will begin to be processed only when the fully compliant invoice is received by BNC.

**CLAUSE 10 - DEFAULT**

10.1 In the event of material breach by either party of its obligations under this Contract, or, in the case of Seller, non-delivery of conforming Service in accordance herewith, the aggrieved party may, but is not required, terminate this Contract for default in whole or in part, and seek the





remedies as set forth below. The ultimate decision as to whether the product is in conformity with this Contract shall be the decision of the End-User alone.

- 10.2 BNC may terminate this Contract, completely or in part, for Seller default by written notice. If BNC terminates this Contract in part, Seller shall continue performance of this Contract to the extent not terminated.
- 10.3 In the event of termination due to Seller default, BNC shall have all remedies provided in this Contract and all rights and remedies available under applicable law. The rights and remedies of BNC under this Contract are cumulative with, and in addition to, all other rights and remedies available under applicable law.

### CLAUSE 11 – NOTICES

All required notices or permits to be given hereunder shall be in writing and in English, and shall be delivered by email or certified mail. Addresses of the Seller and the Buyer are listed below. The effective time of notice shall be upon the receipt date.

To: Clipper Oil  
Eric Shahtaji  
Contract Number: 70200/19-05/00  
Address: 2040 Harbor Island Drive, suite 203, San Diego, CA92101.  
Email: eric@clipperoil.com  
Tel: 1-619-692-9701

To: Brazilian Naval Commission in Washington  
Attn. Contracts Division  
Contract Number: : 70200/19-05/00  
5130 MacArthur Blvd., N.W., Washington, D.C. 20016  
Email: etna@marinha.mil.br or luciano-gomes.silva@marinha.mil.br  
Tel: (202) 244-3950 ext. 341, Fax: (202) 363-5138

### CLAUSE 12 – ASSIGNMENT AND SUBCONTRACTING

- 12.1 Subcontracting is allowed; however, Seller shall remain responsible for fulfilling the Contract.
- 12.2 Subcontractors shall be legally established company. However, it is the entire responsibility of Clipper Oil for the conduct and performance of his Subcontractors including any irregularity committed by them, any breach of Contract, illegalities and negligence.

### CLAUSE 13 – GOVERNING LAW

- 13.1 The Contract will be governed by the laws of the District of Columbia-USA. The Parties shall fully comply with all applicable federal and State regulations and local laws and rules, which directly or indirectly affect the Marine Fuel supply and delivery.
- 13.2 The Parties shall comply with International and Local Environmental laws, Rules and Regulations.
- 13.3 Seller's Subcontractors must also comply strictly with laws and regulations mentioned on Clause 13.1 and 13.2 and any other law, rule or regulation that applies with the type of operation carried out.

13.4 Controversy or claim arising out of or relating to the Contract shall be determined in accordance with the Maritime and Commercial Laws applicable to this type of trade and the parties shall be subject to the jurisdiction of the federal courts sitting in the District of Columbia and waive the right to assert lack of personal jurisdiction in any legal proceeding.

#### **CLAUSE 14 – PENALTIES**

14.1 In case of failure of the Seller to perform its obligations under this Contract, the BNC will notify the Seller, who will have three (3) days to deliver a response to the BNC, either justifying his performance or contesting the claim of non-performance of obligations. The BNC has the right to reject any unreasonable justification or contestation.

14.2 In the event that BNC rejects the Seller's justification or contestation, the BNC may impose any of the following penalties on the Seller:

a) a written warning;

b) a fine in the amount stated on Clause 14.3; or

c) a temporary suspension of the right to participate in any processes with the Brazilian Naval Commission for a minimum of two (2) years, as well as a prohibition to enter into any contract with the Brazilian Government.

14.3 In the event that Seller fails to deliver the Marine Fuel to the End User and this is an "ad hoc" failure that does not compromise other supplies and the singular situation that caused this delivery failure could have been prevented by Seller and because of that, cannot be excused as "Force Majeure", then Buyer is entitled to collect a financial penalty in the amount of 20% of the estimated price of this delivery. In addition, the Seller has the obligation to help the Buyer find an alternative source of supply of Marine Fuel.

14.4 In the event that Clause 14.3 is applied, BNC shall notify Seller, in writing, about the financial penalty that is being applied and, the amount of it. The maturity of the penalty shall be 15 days from the date of notification. After notification, the Company shall have five (5) business days to appeal.

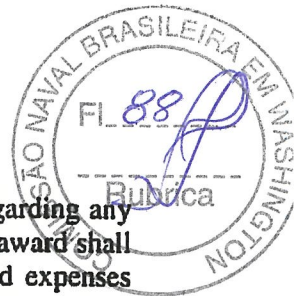
14.5 Nothing in this Clause shall be deemed to restrict BNC's right to terminate the Contract, in whole or in part, in accordance with the terms hereof and to seek any and all rights, remedies and damages available.

#### **CLAUSE 15 – DISPUTES**

15.1 If the parties are unable to, amicably, settle a dispute from this Contract, the controversy or claim shall be determined by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association.

15.2 The place of arbitration shall be Washington, D.C., the number of arbitrators shall be three and the award of the arbitrators shall be final and binding on the parties. Each party shall select one arbitrator within thirty (30) days after the commencement of the arbitration and the two arbitrators shall select a third. If either party fails to select an arbitrator within such time period, the arbitrator selected by the other party shall be the sole arbitrator. If the two arbitrators do not agree on the selection of a third arbitrator within forty-five (45) days after the commencement of the arbitration, the American Arbitration Association shall select the third arbitrator.

15.3 The arbitration and all related documentation shall be conducted in the English language.



- 15.4 The arbitration award shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues or accountings presented or pled to the arbitrators. The award shall be payable in U.S. dollars net of any tax, deduction or offset. Any costs, fees, and expenses incurred in connection with enforcing the award shall be charged against the party resisting such enforcement.
- 15.5 The award shall include interest from the date of the breach or other violation of this Contract. The arbitrators shall also fix the appropriate rate of interest from the date of the breach or other violation to the date when the award is paid in full. In no event, however, should such interest rate during such period be lower than the prime commercial lending rate announced by Bank of America for ninety (90) day loans for commercial borrowers for the corresponding period.
- 15.6 Judgment upon the arbitration award may be entered by any court of competent jurisdiction. Notwithstanding the foregoing, nothing in this Clause shall be construed to prevent BNC from seeking injunctive relief or other interim measures during the impending of the arbitration.
- 15.7 All notices to be given in connection with the arbitration shall be in writing. All notices shall be sent by registered airmail, return receipt requested.

**CLAUSE 16 – SUPERVISION**

BNC will supervise and coordinate all the operations of supply and delivery of Object in conjunction with the End User.

**CLAUSE 17 – LIABILITY**

- 17.1 Seller shall be liable for damage of property, for injury or death caused to any person, fines or penalties and expenses incurred or sustained arising out of or in connection with the Contract when such claims, losses, costs, damages, liabilities and expenses arise through the sole and proven negligence of the Seller or his Subcontractors. In this case, the Seller and the subcontractors or third party acting in his behalf shall properly indemnify the Buyer.
- 17.2 Clipper Oil is fully responsible for any accidents involving properties as well as human beings, caused by direct or indirect action or omission of its employees and/or its Subcontractors or third parties acting on its behalf.

**CLAUSE 18 – CLAIMS**

- 18.1 Any dispute as to the quantity of the Marine Fuels based on the density of the Marine Fuels delivered shall be submitted by the Supervisor to the Seller in writing within twenty one (21) days of the date of delivery, failing which, such claim shall be deemed waived and forever barred.
- 18.2 Any dispute of short delivery that does not fall under Clause 18.1, shall be presented by the End User to the Seller at the time of delivery and the End User's representative shall have witnessed such measurement in accordance with Clause 4 Any dispute as to the quantity of the Marine Fuels delivered under this Clause 18.2 shall be recorded at the time of delivery in writing.
- 18.3 Any claim as to the quality of the any item of the Object in this Contract must be submitted by the Supervisor to the Seller in writing within thirty (30) days of the date of delivery. The Supervisor shall promptly furnish the Seller with the results of testing of the retained sample provided to the vessel by the Seller together with full supporting evidence of its claim within ninety (90) days of delivery to enable the Seller to properly evaluate the claim.

18.4 The liability of the Seller for any loss, damage, claim or other expenditure arising out of or in connection with the failure by the Seller to supply the Object this Contract according to specifications, shall lead the Seller, if necessary, to remove the improper product in a location, accepted by Supervisor. If the unsuitable product caused damage of any component Seller also should be responsible for repair costs.

#### **CLAUSE 19 – TERMINATION**

In addition to the provisions of Default Clause, BNC may terminate this Contract by written notice addressed to Seller, if:

- a) Seller fails to comply with any contractual obligations and does not take measures to remedy such default within reasonable time from the receipt of the written notice from the BNC, requesting a solution;
- b) Seller becomes insolvent, undergoes voluntary or compulsory liquidation, except for the purpose of consolidation or merger;
- c) Seller transfers or assigns its rights and obligations under this Contract, without the previous written consent from the BNC; and
- d) BNC may terminate the contract upon its sole discretion, without any explanation, when convenient to its interest without penalties.

#### **CLAUSE 20 – EFFECTIVE DATE**

This Contract will come into force upon signatures by both parties commencing on 11/5/2019, and expiring on 1/05/2020.

#### **CLAUSE 21 – SAFETY**

Seller shall furnish BNC with information on Marine Fuel/Lubricant purchase and delivery, including health, safety and environmental warnings required by international and local laws and regulations.

#### **CLAUSE 22 – AMENDMENT**

22.1 This Contract can only be changed exclusively by means of written Amendment, which must be agreed, dated and signed by both Seller and Buyer.

22.2 Under no circumstances shall oral statements and understandings be valid or binding upon either Buyer or Seller. No express waiver by Buyer shall be construed as a waiver of subsequent breach hereunder or the performance of any of the terms or conditions hereof.

#### **CLAUSE 23 – ENTIRE AGREEMENT**

The terms and conditions of this Contract constitute the full and complete agreement between parties. No other verbal or written agreement shall, in any way, vary or alter any Provision of this Contract unless both parties consent to vary or alter any provision of this Contract in a signed writing. This Contract is intended to be an integrated writing and any prior oral or written agreements between the Parties are merged into this Contract and extinguished. No custom, industry standard or course of dealing between the Parties shall in any way vary or alter the terms and conditions of this Contract.



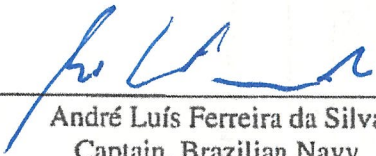


**CLAUSE 24 - COPIES**

This Contract is made in two original counterparts: one for the BNC and one for Clipper Oil and one copy to End User.

And, it is hereby agreed that both parties have accepted the provisions of this Contract, which was read and agreed with and signed by Captain André Luís Ferreira da Silva, President of the Brazilian Naval Commission in Washington, representing BNC, and Mr. Eric Shahtaji, Director of Sales, representing Clipper Oil and witnessed by CDR Raphael Annechino Marques and LCDR Luciano Gomes Silva, BNC representatives, and Lory Green, Clipper Oil representative.

Washington DC, November 5<sup>th</sup>, 2019.



André Luís Ferreira da Silva  
Captain, Brazilian Navy  
President



Eric Shahtaji  
Clipper Oil  
Director of Sales

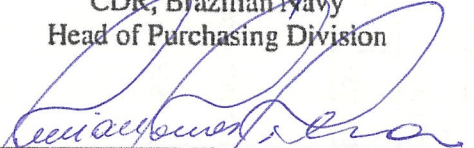
Witnesses:



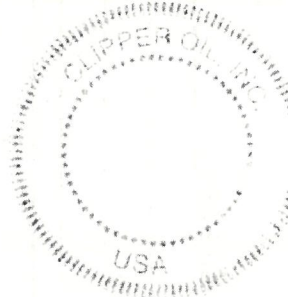
Raphael Annechino Marques  
CDR, Brazilian Navy  
Head of Purchasing Division



Lory Green  
Clipper Oil  
Representative



Luciano Gomes Silva  
LCDR, Brazilian Navy  
Head of Contracts and Public Bids Division



**Bidder's Price Proposal Chart  
IFSB 9/2019**

Company's Reference: Brazilian Navy Bid IFSB 9/2019 Date: October 22nd, 2019

Company Name: Clipper Oil, Inc.

Company's Representative (print) Eric Shahtaji

Proposal Expiration Date: January 31st, 2020 Signature: 

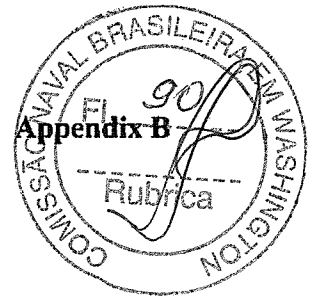
BNC Reference	Ship	Port	Product	Estimated QTD (Liters)	Estimated Delivery Date	Platts Price Oct.18/2019	Supplier's Percentage in relation do Platts	Supplier's Quoted Price per Delivery USD
DV71200-2019-00009	NE Brasil	Baltimore	Shell Gadinia S3 40	10,000	14-Nov-2019	N/A	N/A	\$4.2124 per Liter
PV71200-2019-00032	NE Brasil	Baltimore	MGO (PI-190024045)	220,000	14-Nov-2019	\$0.496 per Liter	plus \$0.1453	\$0.6413 per Liter
PV71200-2019-00033	NE Brasil	San Juan	MGO (PI-190024045)	90,000	27-Nov-2019	\$0.496 per Liter	plus \$0.1776	\$0.6736 per Liter

**Notices:**

1. Any additional information from the bidder must be provided in a company's letterhead, and it must be dated and signed.
2. Prices must be per liter.
3. The Platts percentage offered in the Price Proposal must include all bidder's costs.







## **BRAZILIAN NAVY**

### **NE BRASIL**

#### **BASIC PROJECT**

##### **1.0 – PURPOSE**

**1.1** – The object of this Basic Project is the purchase of Fuel Oils and Lubricants in the Ports of Baltimore (USA) and San Juan (Puerto Rico), for supply to the Brazilian Training Ship "Brasil", participation in the Commission XXXIII Travel Instruction of Marine Guards (VIGM).

**1.2** – Only proposals whose quantities correspond to 100% of the estimated quantity requested for each supply will be accepted.

##### **2.0 – MODALITY AND JUSTIFICATION FOR CONTRACT**

###### **2.1 – Modality:**

Items must be purchased through bidding in the invitation mode, against the lowest price.

**2.1.1** – The vessel docked at the quayside, or the ship on board of one or more ships at berth, shall be considered a normal supply condition. In case the supply is made with the ship in the anchor, or if it is necessary to provide by means of a barge or other type of ship, the costs corresponding to the contracting of the ship will be paid as recommended in item 9. The items will be received on board of the Brazilian Training Ship "Brasil", when it is moored in the ports stated in item 1.1.

###### **2.2 – Justification:**

The Brazilian Training Ship "Brasil", belonging to the Brazilian Navy, had its construction begun in 1981, with the whipping of its keel on September 18 of that year, at the Navy Arsenal of Rio de Janeiro. Launched at sea on September 23, 1983, and it was incorporated into the Navy on August 21, 1986.

Constructed from the "Niterói" Class Frigates project, all of its facilities have been redesigned to give broader support to instruction. In this way, it has, among other compartments, classrooms, navigation instruction room, radar repeater stations and tactical simulation equipment. The ship still possesses a vast list of compartments, such as kitchens, various parades, cabins, auditoriums and recreational rooms for the entire crew. All these compartments are endowed with varied equipment. The Ship carries out the Instruction Journey of Marine Officers Abroad annually, this Commission intends to complement, with emphasis on practical experience, the theoretical knowledge acquired by the military at the Naval School during the school year, to improve the cultural training of future Officers of the Brazilian Navy and represent the Country and Navy in the various ports visited, promoting closer ties of friendship with friendly nations.

The instruction of his paintings is an activity present in the day to day of all the navies of the world, regardless of their size. During the instruction, practical classes of navigation, meteorology, seafaring, naval operations, control of faults and naval administration are carried out, thus performing an important phase of adaptation to the life of board.

In addition, the contact with different cultures and political, economic and military realities of the countries visited awakens in the Marine Guards a more critical and ample view on the opportunities and the challenges posed before Brazil, and also of the Navy, in a globalized world and each complex from the geopolitical point of view.

It is important to highlight that each Instruction Trip is unique, with its own itinerary, where a series of protocol visits are planned on board and other pre-scheduled visits to military organizations of the ports visited.

In the present year of 2019, will be held the XXXII Journey of Instruction of Marine Guards, in the period between July and December, the Brazilian Training Ship "Brasil" will visit seventeen ports in thirteen countries: Salvador and Fortaleza (BRA), Praia (CPV), Casablanca (MAR), Civitavecchia (ITA), Haifa (ISR), Koper (ESL), Split (CRO), Toulon (FRA), Valencia (ESP), Le Havre (FRA), Hamburg (ALE), London (ING), Lisbon (POR), Baltimore e Mayport (EUA) and San Juan (PRI).

Although the Brazilian Training Ship "Brasil" suspends from Brazil fully fueled with fuel, due to consumption during the trip, it will be necessary to refuel abroad, as well as the purchase of lubricating oil.

Therefore, it is of vital importance, for the accomplishment of this mission, the aforementioned purchase, to be carried out in the ports recommended in item 1.1.

For this purpose, the Brazilian Navy has specialized logistics support that meets not only the needs of the ship, but also the requirements of the foreign authorities of the country where the bidding will take place. So as not to interfere with the travel time, nor to end with possible fines or warnings for the ship.

According to article 23, paragraph 3 of the Brazilian Law (Law no. 8.666 / 93): "Competition is the form of competitive bidding, whatever the value of its object, whether buying or disposing of immovable property, except for the provisions of article 19, as in concessions of real use rights and international biddings, assuming in the latter case, subject to the limits of this article, the taking of prices, when the entity has an international registry of suppliers, or the invitation, when there is no supplier of the object or service in the Country".

In this way, as the Brazilian Training Ship "Brasil" will be traveling abroad and will require fuel resources and lubricating oils to fulfill its mission, it will be necessary to purchase these items through the Bidding Procedure in the "Invitation" Mode.

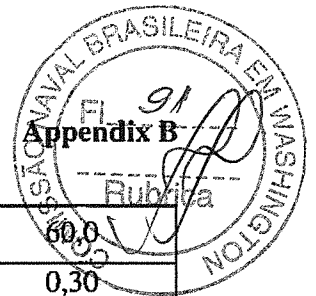
**3.0 – TECHNICAL SPECIFICATION and MATERIAL CHARACTERISTICS**

**3.1 – MARINE GAS OIL (MGO):**

Description	PI	Unit of Issue
Marine Gas Oil - Diesel	19.002.4045	LITER

3.2 – The diesel fuel to be supplied abroad should be Marine Gas Oil (MGO), meeting the ISO-8217-ISO-F-DMA specification described below:

CHARACTERISTICS	METHOD	LIMITS
TOTAL ACIDITY (d), mgKOH/g, max.	ASTM D664	0,5
CINZAS, % m/m, max.	ASTM D482	0,01
COLOR ASTM, max.	ASTM D1500	3,0
SULFUR, % m, max.	ASTM D4294 / D2622 / D5453	0,50
STABILITY TO RUST(f), mg/100ml (g), max.	ASTM D2274 / D5304	2,5
CETANE INDEX, min.	ASTM D4737	40,0
FLOW POINT, ° C, max.	ASTM D97	-6



FLASH POINT ° C, min.	ASTM D93	60,0
RAMSBOTTON CARBON WASTE of the 10% endings % m/m, max.	ASTM D524 / D4530	0,30
VISCOSITY a 40°C, mm <sup>2</sup> /s (cSt)	ASTM D445	2,000 a 6,000
ESPECIFIC MASS 20°C, Kg/m <sup>3</sup> , max.	ASTM D1298 / D4052	876,8
LUBRICITY (c), μm, max.	ASTM D6079 / ISSO 12156-1	520

OBS: Special attention should be given to the maximum limits of the characteristics of SULFUR (% m, max.) and color (max.).

### 3.3 – LUBRIFICANT OIL:

Description	PI	Unit of Issue
Óleo Lubrificante MARBRAX CCD 410	19.001.1561	LITER

3.4 – The MARBRAX CCD 410 lubricating oil to be supplied outdoors should have characteristics similar to those contained in the specification described below:

TYPICAL ANALYSIS	
DEGREE SAE	40
Density a 20/4°C	0,897
Flash point (COC)(°C)	>230
Point of fluenty (°C)	-21
Viscosity a 100°C (cSt)	14,1
Viscosity index, min.	95
Total basicity index (mgKOH/g)	12
Sulfated ash (% weight)	1,59
Corrosion to the copper blade 3h, 100°C	1b

3.5 – Quantities were estimated on the basis of average consumption during previous commissions Travel Instruction of Marine Guards (VIGM).

3.6 – The products to be supplied to this ship must strictly observe the general and specific characteristics cited in this document.

### 4.0 – DELIVERY LOCATIONS

4.1 – Items will be received on board the Brazilian Training Ship "Brasil" when it is moored in the Ports of Baltimore (USA) and San Juan (PRI). There must be strict observance of the norms of the port where the delivery will be made.

### 5.0 – DATES AND QUANTITIES BY PORT

5.1 – Items must be delivered by CONTRACTOR on the dates and ports listed below in the following quantities:

5.2 – The quantities of each item to be supplied are listed below:

ESTIMATED DATE	PORT	ITEM	QUANTITY
November 14 <sup>th</sup> , 2019	Baltimore (USA)	Marine Gas Oil - Diesel	220.000 Liters
November 14 <sup>th</sup> , 2019	Baltimore (USA)	Lubricant Oil MARBRAX CCD 410	10.000 Liters
November 27 <sup>th</sup> , 2019	San Juan (PRI)	Marine Gas Oil - Diesel	90.000 Liters

## 6- COSTS

6.1 – All prices shall be firm-fixed for each port, and should comprise all costs relevant to the provision of service, including transport costs (regardless of modal), fees, taxes, equipment, materials and expenses with personnel, insurance, and costs with environmental protection.

## 7 – DELIVERY MODE

7.1 – The CONTRACTOR shall strictly follow the standards of each port in the case of modal delivery of fuel oil, as well as lubricating oil:

7.1.1 – When at the port of Baltimore - USA, Marine Gas Oil must be supplied preferably by barge.

7.1.2 – When at the port of Baltimore - USA, Lubricant Oil must be supplied preferably by barge.

7.1.3 – When at the port of San Juan - PRI, Marine Gas Oil must be supplied preferably by barge.

## 8 – PRODUCT QUALITY

8.1 – Proof of product quality:

8.1.1 – All deliveries must be accompanied by reports and respective samples that will be analyzed for the authorization of the receipt.

8.1.2 – After each receipt, the reports will be forwarded to DEN for validation.

8.2 – Proof of product volume:

8.2.1 – The volume to be received should be checked in the fuel tank and later ratified with final survey in the tanks of the ship itself.

8.3 – In case of discrepancies in the quality or volume of fuels, the person responsible for receiving the ship will reject the receipt and request the CONTRACTOR for a new supply.

## 9 – PAYMENT

9.1 – Payment will be made through the message processing of the ship to the CNBW certifying the receipt of Oil.

9.2 – Payments will be made by CNBW, upon receipt of the ship's certification message.

9.3 – Each payment will only be made after verification that the CONTRACTOR keeps all the conditions demonstrated for qualification in this offer.

## 10 – PACKAGING REQUIREMENTS

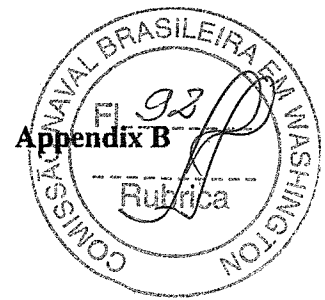
10.1 – In the case of Oil delivered in cans, the cans must have:

- a) the cleaning;
- b) resistance; and
- c) good state of conservation and hygiene.

10.2 – All packages must be marked, labeled with legible characters rather than prominent and easily checked.

10.3 – The marking of the packaging must contain at least:

- a) lot number;
- b) date of manufacture and expiration date;



- c) identification of the person responsible for the product;
- d) registration number in the competent agency;
- e) weight / volume of the product; and
- f) ingredients.

## **11 – CONTRACTOR'S OBLIGATIONS**

**11.1 –** The CONTRACTOR shall comply with all the obligations contained in the Bid, its annexes and its proposal, assuming exclusively the risks and expenses resulting from the good and perfect execution of the object, as well as:

**11.1.1 –** Make the delivery of the object in perfect conditions, according to the specifications, the term and the location contained in the invitation to bid and its annexes, accompanied by the respective invoice, which will include the indications referring to: brand, manufacturer, manufacturing date, expiry date and warranty;

**11.1.2 –** Replace, at its own expense, within the period established in this Basic Project, the object with defects or irregularities;

**11.1.3 –** Communicate to BNC/Ship, within a maximum period of 72 (seventy two) hours before the delivery date, the reasons that make it impossible to meet the deadline, with adequate proof;

**11.1.4 –** Maintain, throughout the execution of the contract, in accordance with the obligations assumed, all qualification conditions required in the bidding;

**11.1.5 –** Execute the contractual object through appropriate persons, assuming full responsibility for any damages or failures that may compromise in the performance of their duties, and the BNC/Ship may require the withdrawal of persons whose conduct is considered inconvenient, also obliging to indemnify CONTRACTED for all damages and losses they may cause;

**11.1.6 –** To assume any and all charges, related to salary, overtime, additional social charges and other related to its employees;

**11.1.7 –** Take responsibility for the fiscal and commercial expenses resulting from the award of this bid; and

**11.1.8 –** Take responsibility for any work accident that may occur during the supply.

## **12 – PURCHASE FORM**

**12.1 –** Requests will be forwarded by email to the winning bidder.

## **13 – FORM AND DEADLINES OF SUPPLY**

**13.1 –** The CONTRACTOR is obliged to supply quality articles and exactly those included in the Supply Orders, strictly observing the place and time determined for delivery, as well as the specifications of this Object Specification;

**13.2 –** The Supply Orders must be sent to the CONTRACTOR at least 5 (five) business days before the date of delivery;

**13.3 –** The ship is not obliged to make supply requests for items they offer in all places, but must only purchase them from the CONTRACTOR;

**13.4 –** The CONTRACTOR undertakes to comply only with requests made by the Logistics Department of the Brazilian Training Ship "Brasil", duly authorized by the Executive Director of the ship;

**13.5 –** Any item to be delivered shall be presented in accordance with its best industrial or commercial form, in perfect condition packaging, original packaging or containers, necessarily stating the brand, manufacturer, expiry date and technical characteristic in order to identify the item;

## Appendix B

**13.6** – Items which packaging or original containers, of any origin or nature, with signs of tampering or deterioration are not received;

**13.7** – Packaging, preservation and transportation must meet the sanitary and other standards in force in the country where it is supplied;

**13.8** – In the supply of the items, the amount to be received must be considered: a WEIGHT or GROSS VOLUME, LIQUID, to refer to the items that will actually be consumed. Items which by their nature are not supplied in kilograms or liters and fractions are excluded;

**13.9** – The conference of the material supplied, as to the quality and quantity of each item in the request, will be carried out by the Service Officer in each port, or by another officer designated by the Brazilian Training Ship "Brasil" who is vested with powers to:

**13.9.1** – Refuse items that are not in accordance with the order and the specifications of the object or that have an insufficient period of validity in function of the average demand of consumption of the ship;

**13.9.2** – Require immediate withdrawal or replacement of any item that is disputed in the supply; and

**13.9.3** – Require the CONTRACTOR to immediately remove any of the employees who are not considered by the vessel capable for the intended purpose, regardless of the justification.

**13.9.3.1** – The Contracted Party is obliged to comply with the technical observations of the conference established in the sub item 3;

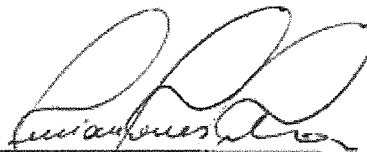
**13.9.3.2** – The conference described in the sub item 13.9 does not exempt the CONTRACTOR from liability for hidden defects or defects observed later in the materials supplied, which can only be checked after opening its packaging or container on board this ship;

**13.10** – If any anomaly is observed in the material received, the CONTRACTOR shall be notified within 5 working days to promote its replacement by another one that satisfies the requirements of the contract, until the next shipping period;

**13.11** – The CONTRACTOR shall be solely responsible for the quality of the material delivered and shall be responsible for any and all costs arising from the performance of technical exams or laboratory and microbiological tests determined by the ship, in case of doubt about the quality of the items;

**13.12** – The provisional or definitive receipt of the object does not exclude the responsibility of the CONTRACTOR for damages resulting from the incorrect execution of the contract; and

**13.13** – In the case of perishable products, the period of validity on the delivery date may not be less than three-quarters of the total period recommended by the manufacturer.



LUCIANO GOMES SILVA  
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Head of Contracts and Public Bids Division