



PATOS MARINZA CRUDE OIL SALES CONTRACT

BETWEEN

ALMA PETROLI SPA

AND

**SAXON INTERNATIONAL ENERGY LTD,
ALBANIA BRANCH**

Contract No: PM-OS-010-05

DOCUMENT DISTRIBUTION HISTORY

Saxon International Energy Ltd.	Alma Petroli Spa
Richard Wadsworth	Serena Monghini
Art Agolli	Giovanni Mezzadri
Suneel Gupta	Giorgio Marangoni
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DOCUMENT REVISION HISTORY

Rev.	Date	Remarks	By	Approved
0	17 th Jan 2006	Draft for Alma Petroli Review	RLF	
1	9 th Feb 2006	Revised Draft from Alma Petroli	G. Marangoni	
2	10 th Feb 2006	Comments on Rev 1	RLF	
3	17 th Feb 2006	Final Comments and Revisions	A. Agolli	

CONTENTS

1 Form of Contract

This Crude Oil Sales Contract is signed today on 20/ 02 / 2006

BETWEEN

ALMA PETROLI SPA, a company organized and existing under the laws of Italy, hereinafter referred to as a "Buyer" or "Alma Petroli" and represented by Giovanni Mezzadri, Project Responsible, ON THE First PART

AND

SAXON INTERNATIONAL ENERGY LTD, a company organized and existing under the laws of the Cayman Islands with a branch registered in the Republic of Albania, hereinafter referred to as "Seller" or "Saxon" and represented by Richard Wadsworth, Project Director, ON THE Second PART

who agree that the Seller will sell and deliver and the Buyer will buy and pay for such quantities of crude oil ("Crude Oil") as the Seller makes available for sale Free on Board ("FOB") Albania on the following terms and conditions:

2 Seller
Saxon

3 Buyer
Alma Petroli

4 Independent Inspector
SGS Italia SpA – Oil, Gas, & Chemicals Services, hereinafter referred to as "Independent Inspector" or "SGS", as nominated by Buyer and accepted by Seller.

5 Term and Duration

- 5.1 This Contract shall be effective for the period (hereinafter, the "Term") commencing on the Signing Date of this Contract ("Effective Date") and ending on the earlier of December 31st, 2006 or on such other date as mutually agreed by both Parties ("Termination Date"); provided however that the terms of this Contract shall survive until such time as the Buyer has paid the Seller in respect of all Crude Oil delivered and sold hereunder and further that this Article and Articles 13 to 18 inclusive shall survive the termination of this Contract.



- 5.2 This Contract shall be extended for successive 12 month periods from the Termination Date unless cancelled by written notice by either party.

6 Product Quality and Quantity

- 6.1 The Crude Oil quantity delivered for sale by the Seller to the Buyer will be determined by the Independent Inspector's analysis of the loaded vessel's tanks.
- 6.2 The crude type is that produced from the Patos Marinza Oilfield in Albania. It will be subject to analysis by the Independent Inspector as agreed to by both Parties. This Crude Oil may be prepared for sale by blending with diluent of approximate 840 kg per m³ density.
- 6.3 The Crude Oil prepared for delivery by Seller to Buyer will have an API gravity minimum of 10.0° (Ten Degrees) at 60° Fahrenheit (15.5° Celsius). For quality improvements from 10.0° (Ten Degrees) API, an adjustment will be applied to the Crude Oil Price as per Article 8.4. The flash point must be above 21° Celsius. Certified by an independent inspector in the delivery tank.
- 6.4 The Crude Oil delivered by the Seller to Buyer will have a minimum temperature of 50° Celsius (125° Fahrenheit) as measured in the ship tanks on the same day of loading. Cooling of Crude Oil for prolonged storage on the vessel is the responsibility of the Buyer.
- 6.5 The Crude Oil prepared for delivery by Seller to Buyer will have a maximum water content of 2% (Two Percent) by volume and a maximum sand content of 0.5% (Point Five Percent) by volume.
- 6.6 The Crude Oil quality and quantity will be determined by the Independent Inspector at the Delivery Point, using internationally accepted ASTM methods, specifically ASTM standard method D1298-99e2. The results will be checked by both the Seller and Buyer. The Delivery Point is defined in Article 7.3. Appendix A is attached to indicate typical crude characteristics of Patos Marinza crude oil.
- 6.7 Measurement of water and sand will be by an internationally accepted ASTM standard method, specifically ASTM D4007-02 (Standard Test Method for Water and Sediment in Crude Oil by the Centrifuge Method). The results may be verified with ASTM D4006-81 (Standard Test Method for Water in Crude Oil by Distillation) and ASTM D473-02 (Standard Test Method for Sediment in Crude Oils and Fuel Oils by the Extraction Method).
- 6.8 All measurements and quantity determinations shall be made at the Delivery Point (Loading Port) by the Independent Inspector. All measurements and quantity determinations will be made in compliance with ASTM procedures accepted by both the Seller and Buyer and as defined in Articles 6.6 and 6.7 above. All measurements and quantity determinations shall be final and binding upon the Parties and shall be used by the Seller as the basis for the calculation of Seller's Commercial Invoice for payment of all Crude Oil quantities delivered hereunder.

- 6.9 The Cost of inspection services for the loading of the cargo shall be charged 100% to the Seller, and the cost for these services for the unloading shall be 100% for the Buyer.
- 6.10 Samples of product shall be retained at loading point for a period of 30 days after the Bill of Lading date. No claims on quality or quantity shall be accepted by Parties after this 30 days period.
- 6.11 Additional definitions and procedures relating to Crude Oil quality and quantity delivered for sale as measured by the Seller are included in the "Procedures for Sampling, Testing, and Measurement of Crude Oil Delivered at Port of Vlore for Export" accompanying this Contract.
- 6.12 Seller shall make available to Buyer two cargoes per calendar month subject to vessel availability, initially in the quantity of 3,500 to 4,000 MT \pm 10% at Buyer's option each. Seller may make greater volumes available subject to size and timing of vessels.

7 Delivery, Laytime, and Destination

- 7.1 Crude Oil will be supplied by the Seller to the Buyer at the Loading Port.
- 7.2 The Loading Port will be Vlore, Albania, or any other port designated by the Seller and accepted by the Buyer.
- 7.3 The Crude Oil Delivery Point from Seller to Buyer will be at the inlet loading flange on board the ship (vessel).
- 7.4 Seller shall have an allowed Laytime of 72 (Seventy-Two) hours for completion of loading the vessel with Crude Oil. Laytime shall commence either when the vessel is moored (secured) in readiness for loading, or when 6 (Six) consecutive hours have elapsed since the issue of the "Notice of Readiness" (NOR), whichever shall occur first. The laytime may exceed 72 hours upon mutual agreement between both Parties. Demurrage costs will be divided equally between the Parties for additional Laytime between 72 and 120 hours. Laytime in excess of 120 hours shall be at the expense of the Seller.
- 7.5 The Demurrage rate shall be calculated as per the Charter Party rates for the vessel and as per the general conditions of sale. If Crude Oil quality during loading does not comply with the technical characteristics as defined in Articles 6.3 and 6.5 and Appendix A – Technical Analysis of Oil Sample by SGS, the Buyer can refuse the Crude Oil and the Seller must provide for vessel transportation costs and discharging oil costs.
- 7.6 The Destination Port will be Ravenna, Italy. The Buyer may modify final destination only with Seller's written approval given 7 days prior to the commencement of loading date.
- 7.7 For the purpose of verifying the destination of the Crude Oil shipment sold hereunder, Buyer shall provide to Seller, within thirty (30) calendar days from the Bill of Lading date, a Certificate of Discharge from the Destination Port, which may consist of:
- a) An independent inspector's Certificate of Discharge or



- b) The corresponding customs fees receipt or other government documents evidencing the port of discharge and the quantity of Crude Oil discharged.

The Port's Certificate of Discharge shall be sent to the Seller at the address shown in Article 16.1.

8 Price Calculation

- 8.1 Cargoes of Crude Oil shall be sold "Free on Board" (FOB) at the Loading Port.
- 8.2 The price (the "Price") for Crude Oil delivered by Seller to Buyer will be denominated in United States Dollars ("US \$").
- 8.3 The Price payable by the Buyer to the Seller for the Crude Oil delivered to the Buyer shall be determined by means of the following Price Table. The Brent Average Price will be determined as the 5 day average Brent Price (2 days before, Bill of Lading date, and 2 days after). If Brent Average is under US\$41 per barrel or over US\$70 per barrel, Buyer and Seller will arrange a new mutually agreed price. The Brent Price shall be that published by Platt's.

Price Table:

<u>Brent Average</u>	<u>Patos Marinza Price</u>
US \$40.01 to \$45.00 per barrel	US \$ [redacted] per barrel
US \$45.01 to \$50.00 per barrel	US \$ [redacted] per barrel
US \$50.01 to \$55.00 per barrel	US \$ [redacted] per barrel
US \$55.01 to \$60.00 per barrel	US \$ [redacted] per barrel
US \$60.01 to \$65.00 per barrel	US \$ [redacted] per barrel
US \$65.01 to \$70.00 per barrel	US \$ [redacted] per barrel

- 8.4 The Final Price payable shall be calculated on the assumption that the Crude Oil sold shall have a minimum API gravity of 10.0° (Ten) degrees. For each full 0.10 (One Tenth) degree API above 10.0° degrees API, the Price will be increased by US\$0.03 (Three U.S. Cents) per delivered barrel of Crude Oil from the Price Table values above. The Crude Oil shall have a maximum Water content of 2% (Two Percent) by volume and a maximum Sand content of 0.5% (Point Five Percent) by volume. Final Price is considered net weight sediment and water free.
- 8.5 Final Price shall be indicated in US\$ per net barrel of Crude Oil and shall be rounded to four (4) decimal places.
- 8.6 Seller and Buyer agreed to negotiate a new price formula by April 30th, 2006, which will substitute the one in clause 8.3 above.

9 Invoicing and Payment Terms

- 9.1 Payment by Buyer to the Seller shall be as per Seller's Commercial Invoice and shall be made in cleared funds in U.S. Dollars to Seller's nominated bank account or accounts as

specified in Seller's commercial invoice free of all charges and without offset or counterclaim. Payment shall be made by the Buyer to the Seller as per Seller's Commercial Invoice for each quantity of Crude Oil delivered on the thirtieth (30th) day following date of Seller's invoice.

- 9.2 Invoices shall be supported by a copy of the Bill of Lading, a schedule of Platt's Brent Prices used in determining the Final Price, and copies of the Crude Oil Analysis and Quantity Measurement Reports prepared by the Independent Inspector.
- 9.3 Payments due on a Saturday shall be made on the preceding Business Day; payments due on a Sunday shall be made on the following Business Day. Payments due on a Bank Holiday shall be made on the preceding Business Day except where a Bank Holiday falls on a Monday, in which case payment shall be made on the following Business Day.
- 9.4 In the event payment is not received by the payment due date, interest of one-month LIBOR plus Two Per Cent (2%) as quoted by Seller's Nominated Bank will be assessed against the outstanding receivable balance until full payment is received.

10 Responsibility of Buyer

- 10.1 Buyer shall ensure availability of vessel at least twice per calendar month, with arrival times as mutually agreed between the Parties. Confirmation of arrival of vessel shall be at least 10 days. In the event that Buyer is unable to provide a vessel, Seller shall have the right to sell the crude oil allocated for that lifting to a third party.
- 10.2 Buyer shall ensure that the vessel owned by or chartered by the Buyer for the transportation of the Seller's Crude Oil shall comply with the requirements of the "International Ship and Port Facility Security Code", and the relevant amendments to "Chapter XI of Solas" (collectively known as the "ISPS Code"), and with any other relevant maritime or commercial laws relating to the charter or ownership of such vessel.
- 10.3 Buyer shall be responsible for all costs or expenses including but not limited to demurrage, retention, delay or any additional charge, fee or duty levied on the ship at the port of loading, incurred by the Seller as a direct consequence of the vessel's failure to comply with the "ISPS Code" or any other maritime laws or regulations. This includes any demurrage at the Loading Port resulting directly from the ship being required by the port facility authorities to take any action or any special or additional security measure or undergo additional inspections by virtue of the ship's previous ports of call as established in the "ISPS Code".
- 10.4 Prior to loading, Buyer shall provide to Seller a copy of the "International Ship Security Certificate" in accordance with the "ISPS Code".
- 10.5 Notwithstanding any prior acceptance of the vessel by Seller, if at any time prior to transfer of Risk and Title of the Cargo, the vessel ceases to comply with the requirements of the "ISPS Code":
- a) Seller shall have the right not to berth such nominated vessel, and any resulting demurrage shall be for the account of the Buyer.

- b) Buyer shall be obliged to substitute such vessel complying with the requirements of the "ISPS Code".
- 10.8 Buyer shall ensure that any shipping agent / charterer shall comply with the requirements of the "ISPS Code" and other maritime laws and regulations, and that any delays caused by failure to meet such requirements shall be for the account of the Buyer.
- 10.9 Buyer shall ensure that the vessel is equipped with such equipment (connecting flanges, etc.) compatible to those facilities provided at the Port of Loading by the Seller.

11 Responsibility of Seller

- 11.1 Seller shall ensure that the Loading Port and associated facilities shall comply with the requirements of the "ISPS Code" and other maritime laws and regulations. Seller shall provide Certificate of Origin and original Bill of Lading and a pro forma invoice via courier to the Buyer on the date of Bill of Lading.
- 11.2 Seller shall be responsible for all costs or expenses including but not limited to demurrage, retention, delay or any additional charge, fee or duty levied on the ship at the port of loading, incurred by the Buyer as a direct consequence of the Loading Port and associated facilities' failure to comply with the "ISPS Code" or any other maritime laws or regulations.
- 11.3 Prior to loading, Seller shall provide to Buyer a copy of the "International Port Security Certificate" in accordance with the "ISPS Code".
- 11.4 Seller shall provide to Buyer, specifications of loading facilities (loading pumps, loading hoses and connection flanges, etc.) available at the Loading Port.
- 11.5 Every month ("M") Seller shall provide Buyer with an estimated schedule of loadings for the following three months M1+M2+M3.

12 Title and Risk

- 12.1 Title to, and risk of loss and liability for, all Crude Oil delivered hereunder shall pass from the Seller to the Buyer at the Delivery Point defined as when the Crude Oil passes the inlet loading flange on board the vessel.

13 Language, Law and Confidentiality

- 13.1 The governing language of this contract shall be English.

13.2 The construction, validity and performance of this Contract shall be governed by and construed in accordance with the laws of England under the jurisdiction of the High Court in London.

13.3 The parties shall keep all the terms and conditions of this Contract confidential.

14 Arbitration

14.1 Any dispute arising out of or in connection with this Contract which cannot otherwise be settled by mutual or amicable negotiations between the Parties, shall be referred to and finally settled by arbitration under the UNCITRAL Rules, which Rules are deemed to be incorporated by reference in to this Article except to the extent that they conflict with the express provisions of this Contract in which event the provisions of this Contract will apply. The arbitration will take place in Vienna and proceedings will be conducted in the English language.

14.2 The number of arbitrators will be three in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce (ICC). A Party wishing to refer a dispute to arbitration must appoint it's arbitrator and send written notice of such appointment to the other Party requiring the other Party to appoint its own arbitrator within 14 days of that notice and stating that it will appoint its own arbitrator as sole arbitrator unless the other Party has appointed its own arbitrator and given notice of such appointment within the 14 days specified. If the other Party does not appoint its own arbitrator and give notice of such appointment within the 14 days specified, the Party that has referred the dispute to arbitration may, without the requirement of any further prior notice to the other Party, appoint its own arbitrator as sole arbitrator and notify the other Party accordingly. The award of a sole arbitrator appointed in this manner will be binding on both Parties as if he had been appointed by agreement. Where both Parties appoint an arbitrator, the two arbitrators so appointed shall appoint the third arbitrator. This Article shall be without prejudice to the right of the Parties to agree in writing to vary these provisions to provide for arbitration by a sole arbitrator.

14.3 Judgment on the arbitrators' award may be entered in any court having jurisdiction over the relevant Party or its assets.

14.4 In addition any attorney-client privilege and other protection against disclosure of privileged or confidential information, including without limitation, any protection afforded the work-product of any attorney, that could otherwise be claimed by any party shall be available to, and may be claimed by, any such party in any arbitration proceeding. Subject to each Party's right to cooperate fully with the Law, the parties understand and agree that this confidentiality obligation extends to information concerning the fact of any request for arbitration, any ongoing arbitration, as well as all matters discussed, discovered, or divulged, (whether voluntarily or by compulsion) during the course of such arbitration proceeding."

15 Force Majeure

- 15.1 The term of force majeure, as used herein, shall mean epidemic, flood, explosion, fire, lightning, earthquake or any other acts of God, war, riot, civil disturbance, strike (except strike limited to Buyer's vessel's crew), lawful order, decision of or administrative measures of whatever nature or denomination or any other event which was unpredictable, sudden, insurmountable and outside the control of the Parties.
- 15.2 If a Party is prevented, hindered or delayed from performing its obligations hereunder as a result of an event of force majeure, such prevention or delay shall not be considered a breach of this Contract and that Party shall be relieved from its obligations for the duration of such force majeure event, provided however that the Party shall remain obligated during the period of force majeure to comply with the provisions of this Article.
- 15.3 The Party affected by the force majeure event shall give immediate written notice to the other party stating the circumstances of the force majeure event and specifying the obligation or performance under the Contract which has been prevented, delayed or otherwise adversely affected.
- 15.4 The Party affected by the force majeure event shall take all reasonable measures to permit it to resume performance of its obligations under the Contract within the shortest possible time, and shall keep the other Party fully informed of its plans to overcome and mitigate the force majeure event.
- 15.5 Buyer shall not be entitled to claim that force majeure in relation to delays in the fulfillment of its obligations resulting from a breach of any warranty given in this Contract.

16 Notices

- 16.1 Any notice hereunder shall be in writing, either E-mail or facsimiles format acceptable, transmitted to the following addresses:

Seller: Saxon International Energy Ltd, Albania Branch
Address: Lagjia "Kastriot" Rruga "Vasil Pecuke"
Fier, Albania
Telephone: +355 -34-20845/6/7/8
Facsimile: +355 - 34 20850

Attention: Mr. Richard Wadsworth, Project Director

Buyer : Alma Petroli SPA
Address: Via di Roma 67 48100 Ravenna, Italy
Telephone: +39-0544-34317
Facsimile: +39-0544-37169

Attention: Mr. Giovanni Mezzadri, Project Responsible

17 Assignment

17.1 No Party may assign this Contract without the prior written consent of the other Party; such consent not to be unreasonably withheld.

18 Entirety of Contract

18.1 This Contract shall constitute the entire understanding between the Buyer and the Seller with respect to the matters dealt with herein or oral statements which may have been made by the Buyer or the Seller.

18.2 No modification or amendment of this Contract shall be binding unless agreed by Buyer and Seller in writing (E-mail or fax format acceptable).

18.3 If any one or more of the provisions of this Contract shall be unenforceable or ineffective in any respect against a Party to this Contract, the enforceability or effectiveness of this (including such provisions) against the other Party to this Contract will not be in any way affected or impaired.

**For and on behalf of:
The Buyer**

**For and on behalf of:
The Seller**

A.. Serena Monghini.....
Name:

RICHARD WEDNESDAY
Name:

Managing Director.....
Position:

PROJECT DIRECTOR.
Position:


Signature


Signature

ALMA PETROLI S.p.A.
RAVENNA

APPENDIX A

SGS Oil, Gas and Chemicals

TEST REPORT N. L250385/eGE

Date: April 18th 2005 Pag. 1 / 2

Sample of : CRUDE OIL
Arrived on : 24/03/2005
Coming from : ALBANIA
Customer : ALMA PETROLI
Sample conditions : Contained in metallic can
Label description : " PATHOS MARINZA – ALBANIA FEB/2005"

Rif. Lab. : 385

RESULTS

<i>Method</i>		<i>u.m.</i>	
ASTM D 1298	Density @ 15°C (Anhydrous)	Kg/m3	991.0
ASTM D 4006	Water by distillation	% vol.	7.0
ASTM D 2622	Total Sulphur	% wt	5.16
ASTM D 445	Viscosity @ 30°C	mm ² /s	1761
ASTM D 445	Viscosity @ 40°C	mm ² /s.	787.4
IP 77	Salts	mgNaCl/l	112
ASTM D 93	Flash Point	°C	31
ASTM D 3227	Mercaptanic sulphur	ppm	2
UOP 163	Hydrogen sulphide	ppm	2

AW

Saxon International Energy Ltd-Albania Branch
Contract Amendment No: PM-OS-010-05 - 002

Date: 3rd October 2006

To: Alma Petroli Spa

Contract Title: Patos-Marinza Crude Oil Sales Contract.

Contract Number: PM-OS-010-05 dated 20 / 02 / 2006

Scope of Contract Amendment:

Pursuant to changes in price effective from 27th September 2006:

Article 8.3 (amended):

The Price payable by the Buyer to the Seller for the Crude Oil delivered to the Buyer shall be determined by the five-day average (two days before Bill of lading, date of Bill of Lading and two days after date of Bill of Lading) of the Price Formula used in the attached worked example for the lifting with a Bill of Lading date 27th September 2006. Buyer shall provide all data necessary for the calculation of the Final Price, including copies of the relevant pages of Platts.

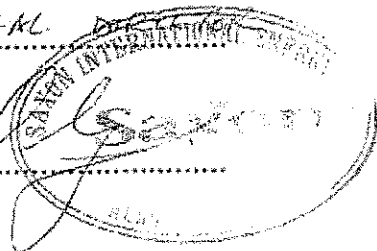
All the other terms and conditions of this Contract shall remain unchanged.

For and on behalf of the Company

SUNEEL GUPTA
.....
(Name)

GENERAL MANAGER
.....
(Title)

.....
(Signature)



For and on behalf of the Contractor

ANTONIO SERENA MONGHINI
.....
(Name)

MANAGING DIRECTOR
.....
(Title)

ALMA PETROLI S.p.A.
RAVENNA
.....
(Signature)

Saxon International Energy Ltd-Albania Branch
Contract Amendment No: PM-OS-010-05 - 001

Date: 17th July 2006

To: Alma Petroli Spa

Contract Title: Patos-Marinza Crude Oil Sales Contract.

Contract Number: PM-OS-010-05 dated 20 / 02 / 2006

Scope of Contract Amendment:

Pursuant to changes in price, vessel and quantities, the following amendments are required:

Article 1:

Saxon shall be represented by Mr. Suneel Gupta, General Director.

Article 6.13 (added):

Seller shall be liable for a penalty for not fulfilling the agreed volume to be loaded. The penalty shall be based on the Charter Party rate per tonne of crude oil agreed between the Buyer and the Charterer. Terms of such penalty shall be mutually agreed in writing between Buyer and Seller prior to confirmation of Charter.

Article 7.4 (amended):

Laytime for the loading shall be dependent upon the volume to be loaded, and mutually agreed in writing prior to confirmation of each Charter.

Article 8.3 (amended):

The Price payable by the Buyer to the Seller for the Crude Oil delivered to the Buyer shall be determined by the five-day average (two days before Bill of lading, date of Bill of Lading and two days after date of Bill of Lading) of the following Price Formula:

See attached worked example (to be inserted).

Buyer shall provide all data necessary for the calculation of the Final Price, including copies of the relevant pages of Platts.

Article 8.4 (deleted)

Article 16.1 (amendment)

Insert the name of Suneel Gupta, General Director, in place of Richard Wadsworth, Project Director.

All the other terms and conditions of this Contract shall remain unchanged.

For and on behalf of the Company

For and on behalf of the Contractor

SMARTEL GUPTA
(Name)

INSOON SEEMAL KARANIC
(Name)

GENERAL DIRECTOR
(Title)

MANAGING DIRECTOR
(Title)

[Handwritten Signature]
(Signature)

ALMA PETROLI S.p.A.
RAVENNA
[Handwritten Signature]
(Signature)

[Handwritten Mark]

[Handwritten Mark]

Worked Example: Based on July 2006 Lift

Platts from 14 al 20 luglio
 HFOB 3.5
 HFOB 0.2
 HCIF 3.6
 HCIF 1%
 Exchange

Bitumen yields 69.3%
 Distilled yield 23.7%
 Naphta yield 6.8%
 0.565

Patos final price B/L 18/07

18-Aug-07

	Bitumen <small>BITUMEN (CANTONI) (CANTONI) (CANTONI)</small>	Olio Comb.Ja <small>OLIO COMBUSTIBILE (CANTONI) (CANTONI) (CANTONI)</small>	Naphta <small>NAFTA (CANTONI) (CANTONI) (CANTONI)</small>	Unit Cost	
				USD/TM	€/TM
GROSS RETURN	166.2	99.10	25.35		
CHARTER COST					
DISCHARGING FEE/INSURANCE...					
CONSUMPTIONS					
PROCESSING FEE					
COSTO GREZZO ALLA TM					
COSTO GREZZO AL BARILE					