

EP FLOPEC

**TENDER DOCUMENT
PROCESS N° EP FLOPEC 003-2019
PURCHASE OF THREE (3) HANDYMAX / MR TANKER VESSELS**

FYG, FOLLOWING MAIN VESSEL DETAILS

TYPE	HANDYMAX /MR
VESSEL BUILT	NOT BEFORE OR ON JUNE 30, 2011
LOA	MIN 120 – MAX 184 M
BREATH MOULDED	MAXIMUM 32.5 M
CUBIC NUMBER (LBP x BREATH x DEPTH) / 1000	MAXIMUM 105
CARGO TANKS RECOVER	IN COMPLIANCE WITH SOLAS AND MARPOL REGULATIONS (FULL COATED)
BALLAST WATER SYSTEM PLANT	INSTALLED AND APPROVED BY THE USCG OR A WAIVER ISSUED BY THE USCG UNTIL NEXT DRY DOCK
BUNKERS GRADE	HFO / MGO / MDO / LSHFO / LSMGO
CRANES	1 CRANES SWL 15 TON. x >= 4,5 M OUTREACH / DERRICKS OUTBOARD OF THE SHIP'S SIDE
CARGO AND DECK EQUIPMENT	OCIMF SIRE FULL COMPLY
MOORING LINES QUALITY	IN COMPLIANCE WITH OCIMF - MEG 4
MOORING LINES AND DRUMS	VESSELS SHOULD HAVE A MINIMUM OF 12 LINES ON DRUMS
MOORING EQUIPMENT	VESSEL TO COMPLY WITH OCIMF RECOMMENDATIONS: MOORING EQUIPMENT GUIDELINES
CLASS SOCIETY	MEMBER OF IACS

TENDER DOCUMENTS CONTENT

This document establishes the rules, conditions and criteria applicable for the buying process N° EP FLOPEC 003-2019 of **THREE (3) HANDYMAX /MR tanker vessels, second hand, built not before or on June 30, 2011 and first special survey DRYDOCK already performed according to Class requirements (this is preferred)** that the Empresa Publica Flota Petrolera Ecuatoriana (EP FLOPEC) is launching on behalf of PEGASUS OIL SHIPPING through the Projects S&P Panel Brokers invited for present tender, in general terms, the Tender Document involves:

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CHAPTER I PARTICIPANTS INSTRUCTIONS

1. OBJECT FOR PURCHASE

The object of process EP FLOPEC 003-2019 is the overview of a **PURCHASE of THREE (3) Handymax/MR tanker vessels, second hand, built not before or on June 30, 2011 and first special survey DRYDOCK already performed according to Class requirements (this is preferred)** by PEGASUS OIL SHIPPING INC, a company established in Panama and fully owned by EP FLOPEC.

2. APPLICABLE REGULATION

The present process of purchase will be regulated in accordance with the jurisdiction clause agreed in the respective MOA by the parties.

However, on the basis that EP FLOPEC is an Ecuadorian state-owned entity which controls the administration and decision making process of the buyer, PEGASUS OIL SHIPPING INC, for the purposes of maintaining transparency and protection of the public assets the decision making process will follow the regulations contained in the legislation regulating state-owned companies in Ecuador.

As to the activities, capacities and authorities required from the buyer, PEGASUS OIL SHIPPING INC., the applicable law will be Panama´s corporate legislation.

3. PURCHASE GENERAL CONDITIONS

3.1 Purchase Method:

Private Tender, where PEGASUS OIL SHIPPING INC will benefit by receiving offers through the EP FLOPEC approved brokers Panel for Projects, sale and purchase.

3.2 Nature of the Purchase:

Purchase of three (3) Handymax/MR tanker vessels. The goods/Inventory included in the present purchase are offered in the current condition, this means: "AS THEY WERE" AT THE TIME OF INSPECTION AND WITH CLASS MAINTAINED, FREE FROM ANY OUTSTANDING CLASS CONDITIONS AND/OR RECOMMENDATIONS and Delivery at 1SP or 1SA WCSA (NSOBI Pisco) or WCPANAMA, or USG, or CARIBS, or USWC (at buyers option to be declared at the end of negotiation). Sellers will give guarantee of VESSEL FREE of slops sludges or cargo residues on delivery.

3.3 Purchase Mechanism:

The mechanism for the tanker vessels purchase will be through the present Tender. The offers will be evaluated basis the following procedure:

- A) A Purchase Commission nominated by CEO for the vessels purchase.

The Purchase Commission will be responsible of execution of the purchase procedure established in the Tender document until the final report(s) is/are issued for the recommendation of successful offers that will be presented to the CEO of the Company.

The Purchase Commission according to the CEO guidelines will be responsible for the negotiation and terms of the purchase, including technical/ economic conditions and will present a final report(s) for the CEO knowledge and approval.

- B) The offerers will be responsible for all the costs associated with the preparation and delivery of their offers.
- C) The Sellers can send offers for one, two or three vessels, sister vessels are preferred. The ANNEX II shall be submitted for each vessel offered.
- D) The schedule of the purchase procedure for the vessels will be the following:

Tender Launch:	March 14, 2019
Questions to the Tender document:	March 29, 2019 until 17:00 hrs Quito time
Answers to the questions to the Tender document:	April 02, 2019
Reception and assessment of offers:	April 04, 2019 until 22:30 hrs Quito time
Preparation of the reception and assessment of offers Act:	April 05, 2019
Vessel inspection:	April 08-29, 2019
Evaluation of inspection reports:	May 02-10, 2019
Negotiation guidelines by CEO:	May 13, 2019
Start of negotiation:	May 13 at 09:00 hrs, 2019
End of negotiation:	May 21 at 17:00 hrs, 2019
Presentation of report to the CEO:	May 22, 2019
Preparation of the awarding Act and signature of the MOA:	May 23, 2019
Signature of complementary documents to end the transaction:	May 29, 2019
Date of vessel delivery/ reception:	according to MOA

The schedule of the process could be modified by the Commission, if necessary.

On the day and hour determined in this Tender document, the Private Tender will be launched with the publication of the Tender rules along its ANNEX I, ANNEX II, ANNEX III and ANNEX IV as attachments. The Tender will be carried out by email through the brokers in the Projects, S&P Panel of EP FLOPEC.

3.4 Currency of payment:

Dollar of the United States of America.

4. DESCRIPTION OF THE PURCHASE

This process consists on the purchase of three (3) Handymax/MR tanker vessels "AS THEY WERE" AT THE TIME OF INSPECTION AND WITH CLASS MAINTAINED, FREE FROM ANY OUTSTANDING CLASS CONDITIONS AND/OR RECOMMENDATIONS and Delivery at 1SP or 1SA WCSA (NSOBI Pisco) or WCPANAMA, or USG, or CARIBS, or USWC (at buyers option to be declared at the end of negotiation). Sellers will give guarantee of VESSEL FREE of slops, sludges or cargo residues on delivery.

5. CLARIFICATIONS TO THE CONTENT OF THE TENDER DOCUMENT

In case there are clarifications and/or questions to the present Tender document, the brokers may request them through the email address purchasevessels@flopec.com.ec, according to above process schedule; in order for the Purchase Commission to answer all the clarification questions according to the same schedule. Additionally, a copy of the questions and the answers will be sent without identifying the source, to all participant brokers in the present Tender for the vessels purchase.

The clarification questions and answers will form part of the Tender Document and will have the same value.

Note: it will be taking into consideration only the email addresses supplied by the brokers invited.

People authorized to answer clarifications and/or questions: The Commission.

6. MODIFICATIONS TO THE TENDER DOCUMENT

PEGASUS OIL SHIPPING INC., and/or its owning company EP FLOPEC, reserve the right to modify the content of the Tender document, at any time until two (2) calendar days before the deadline to present the offers.

All invited brokers will receive a written notification of any modification to the Tender document.

7. LANGUAGE

The present Tender document, the offers and documents related to the purchase procedure must be presented in English.

8. VALIDITY PERIOD OF THE OFFERS

The offers will have a validity of sixty five (65) days, including vessel inspection, counted from the date of the offer submission.

9. PARTICULAR CONDITIONS

9.1. Payment method

The price of the Handymax/MR tanker vessels objects of this purchase will be paid in full by PEGASUS OIL SHIPPING in Dollars of United States of America via T/T, as stated in the MOA document.

The period of time to pay the full price of the vessel will be according to the terms and conditions of the MOA.

The payment transfer from any international bank will be made to Seller's banking instructions, sending the transfer scanned copy to Sellers via Broker's e-mail address:

The invoice corresponding to the sale/purchase of the vessels will not be conditioned or linked to the delivery/reception of the vessels. It will be issued under the name of Sellers Company.

Although further details of delivery are to be included in the MOA, in respect of authority to deliver, previous the payment has been done by PEGASUS OIL SHIPPING in the form and extent agreed in the MOA, the Seller is obligated to provide in writing to PEGASUS OIL SHIPPING and EP FLOPEC, the name of the person or persons that under responsibility, behalf and representation of the Seller will attend and be present to carry out the physical delivery of the vessel to be purchased.

9.2. Offers reception

On the date and hour established in the above process schedule, the companies interested in selling the vessels must send their offers through the invited brokers, who will send them by email to purchasevessels@flopec.com.ec

The offers, which must be duly subscribed by the legal representative or his delegate in PDF, must contain the information required in ANNEX I, ANNEX II and ANNEX IV of the present Tender.

9.3. Mechanism for reception and opening of offers

The Purchase Commission, will gather officially the day and hour determined in the process schedule, will proceed to review the offers on the email address of the Commission, same that should be followed by the enabling documents established in ANNEX I, ANNEX II and ANNEX IV of this Tender document, and comments to ANNEX III (Buyer's MOA)

They will assess the offers that comply with the following criteria with a checklist system, which means "COMPLY or DO NOT COMPLY":

That has been presented within the period of time for offers reception.

That has attached all documents established in ANNEX I, ANNEX II and ANNEX IV, and comments to ANNEX III (Buyer's MOA)

In any case, offers will not be admitted once the reception period has concluded.

10. OFFERS ASSESSMENT CRITERIA

In the day pointed in the process schedule, the Purchase Commission of the vessels, will analyze the offers for each vessel in order of reception according to the following criteria:

A) The legality of the offers presented.- Understood as the way of presenting the offers with the required documents in ANNEX I, ANNEX II and ANNEX IV, and comments to ANNEX III (Buyer's MOA)

B) Purchase price and other assessment criteria.- Containing the price offered by the participant in numbers and letters;

CRITERIA	WEIGHT
PURCHASE PRICE + POSITIONING COSTS + REGULATION EQUIPMENT COMPLIANCE	40.00%
CARGO CAPACITY	10.00%
VESSEL AGE	5.00%
VETTING	20.00%
SISTER VESSELS OFFERED	5.00%
TECHNICAL EVALUATION (PHYSICAL INSPECTION)	20.00%
TOTAL	100.00%

After the assessment rating of the offers, the Purchase Commission for the vessels will elaborate the "Act of assessment and rating corresponding to above table except technical evaluation" for acknowledgment of the CEO who will issue the guidelines needed for vessels subject to physical inspection, after such physical inspection the Commission will elaborate an update Act of assessment including the physical inspection report for acknowledgment of CEO who will issue the guidelines for starting the negotiation.

On the day and hour established in the schedule for negotiation, it will be carried out with the offering companies through the correspondent brokers, which offers have been accepted by the Purchase Commission; the negotiation will be carried out by email within the time period

established in the schedule, in case more time is needed for negotiation, this time period will be extended according to the decision of the Commission.

End of negotiation- Once negotiations are concluded or the time period established in the schedule has ended, the Purchase Commission will send to the CEO a negotiation report, presenting a list of the final offers in order to approve the declaration of successful offers to the best offerers, and to apply if needed what is stated in the clause 11.

For the participants, which offers are not successful, a communication will be sent thanking their offers.

The Resolution declaring the offers successful will include the name of the offering company and the value for which the purchase agreement will be finalized. This Resolution will be private and confidential.

11. CRITERIA FOR DECLARING AN OFFER SUCCESSFUL FOR EACH VESSEL

An offer will be declared successful when an offerer has presented a proposal that qualify with the best offer negotiated considering the price agreed.

If there are more than one qualified offers, and the participant with the first option, once the process result has been notified, does not maintain their offer, decline to sign the MOA, or have the offer cancelled by any reason that will be included in the Purchase Commission report; the offers that have reached the second and third ranking in the offers assessment will be considered as successful offers, in the same order.

EP FLOPEC on behalf of PEGASUS OIL SHIPPING will make a decision as to the successful offer by reviewing the various offers presented; on the basis of the criteria mentioned before and considering the best offers received and negotiated to the benefit of PEGASUS OIL SHIPPING INC.

12. CAUSES FOR DECLARING THE PURCHASE PROCESS VOID

EP FLOPEC on behalf of PEGASUS OIL SHIPPING could declare the present process void when:

1. No offers have been presented.
2. All the offers are rejected or disqualified, for not complying with the established in the Tender document.
3. In the case none of the offerers keep their offer valid, declined to sign the MOA or the complementary documentation for enabling the process, or the declaration of an offer as successful is annulled as a result of false or incomplete information being provided by the offerer.
4. Exist circumstances in which, to the Commission criteria, give chance to a significant modification to the object of present Tender.
5. It is suspected that between some offerers there are agreements or deals that may alter the transparency of the process.

13. CRITERIA TO DISQUALIFY OFFERS

All offers found in any of the following assumptions will be disqualified:

1. That during the procedure offerer is under liquidation and/or dissolution.
2. That presented offer include false information or data.
3. That doesn't supply properly and in due course the information required on the Tender document, making it not possible the assessment or appreciation.
4. That doesn't comply with any of the qualification criteria established in the Tender document.
5. That is not signed by the people representing legally to the offering company.

14. NOTIFICATION OF THE SUCCESSFUL OFFERS FOR EACH VESSEL

EP FLOPEC on behalf of PEGASUS OIL SHIPPING must declare successful offers or declare the procedure void, in accordance with the decided criteria and not subject to any claim or challenge.

Through written communication addressed to the successful offerers EP FLOPEC on behalf of PEGASUS OIL SHIPPING will inform the result of the process, requesting the successful offerers to provide the following documentation duly apostilled and authenticated:

1. The address of the office legally registered, name of the contact person for celebrating and signing of all complementary and enabling documentation of the process.
2. Company Constitution and inscription certificate in its country of origin.
3. Valid appointment of the legal representative of the successful offerers or its delegate.

Once the notification declaring offers successful is sent by EP FLOPEC on behalf of PEGASUS OIL SHIPPING to the offering companies, it will have a period of time no greater than ten (10) working days to submit the documents mentioned above.

Subject to clause 11 relating to second and third ranking offers, the rest of the participants will receive written notification.

The successful offer companies or its representatives will be the responsible parties to PEGASUS OIL SHIPPING and EP FLOPEC for the execution and fulfillment of the purchase process.

15. ASSIGNMENT OF RECEIVABLES

The successful offers, could not hand over or sale, neither total nor partially in favor of a third company the rights and obligations derivate of the current purchase process.

16. OTHER CONSIDERATIONS

16.1. Inspection of vessels

The Buyer can inspect the Handymax/MR vessels, in order to verify their physical condition, description, specifications, blueprints, documents and logs wherever the vessels are located, after obtaining access to the facilities.

The Seller shall provide full access to Class´ survey status history.

The Sellers must inform if vessel has been involved in any collision, pollution, detention, or any other major accident or incident in previous 12 months.

Date for the vessel inspection.- The Handymax/MR tanker vessels can be inspected at any time established in the schedule process.

Since there are goods, which physical characteristics don't allow to the interested party to fully verify the specifications declared in Seller's Inventory to be provided to Buyers, The Seller is responsible for the discrepancies that may exist upon delivery of the vessel, except the parts used as replacement prior to delivery.

16.2. Delivery and clearance of the vessel (s)

The delivery of the vessel(s) will be effective once the payment of the agreed amount is made and the proper subscription of the enabling documents described in the respective MOA(s).

The acts of vessel(s) delivery will take place "AS THEY WERE" AT THE TIME OF INSPECTION AND WITH CLASS MAINTAINED, FREE FROM ANY OUTSTANDING CLASS CONDITIONS AND/OR RECOMMENDATIONS and Delivery at 1SP or 1SA WCSA (NSOBI Pisco) or WCPANAMA, or USG, or CARIBS, or USWC (at buyers option to be declared at the end of negotiation). Sellers will give guarantee of VESSEL FREE of slops, sludges or cargo residues on delivery, once the last voyage on Seller's account is finished and according to the schedule used for completing the crew disembark, through a protocol of delivery and acceptance of the vessel made in the act.

For the delivery, Sellers will previously obtain the release of maritime liens, if any. On the other hand, the Buyer is forced to change the name of the vessel(s), as well as, to paint her in such way that the name, brand and owner logo are hidden, avoiding any linked relation with Sellers once the delivery of the vessel(s) is/are made. After delivery any tax, right or charge will be on the Buyers account.

In case that within the period of time comprehended between the act of declaration of offers as successful and the delivery of the vessel(s) a damage or accident happened to the vessel(s), in which the insurance company of Sellers declares as total loss, the sale and purchase operation will be cancelled, with no responsibility of any party, in these assumption, the values paid by the Buyers for any concept, will be reimbursed, with interest payment (Libor 30 days + 1%), within a period of time no greater than thirty (30) calendar days counted from the date of the insurance company statement.

Once the vessel(s) is/are delivered to the Buyers, the Sellers will notify to flag maritime authority and other relevant entities, about the sale of the vessel.

All taxes, labor fees, rights and expenses related to the purchase, registration, flag state of the vessels and others raised within the clearance process will be on the Buyers account.

The components and equipment integrating the vessel are sold in the quantity and conditions in which "AS THEY WERE" at the time of inspection, such as it is mentioned in Inventory to be provided by Seller along the offer, and the same will be part of the MOA

It is also established that the bunkers on board of the vessels must be paid separately by the Buyers, at the regular price in the invoice for the last supply or according to MOA negotiation.

It is also established that the Buyers, its personnel or designated crew, will be able to go on board the vessels for familiarization purposes as per MOA terms.

The Buyers will have to carry out the paperwork for certificates, permits and approvals that the maritime authorities request for their temporary or definitive mobilization. Furthermore, it is forced to observe and attend the accords, treats and national and international dispositions issued in matters of maritime safety, environment protection and sea life, as well as the treats, accords, protocols and to the International Maritime Organization (IMO) code for implementation of mandatory instruments, which on these matters are currently in force.

The Sellers will provide Buyers a Certificate issued by the competent authorities stating that the Vessel is free from encumbrances, of whatsoever nature and must not reference any mortgages, maritime liens, debts, taxes, financial liabilities.

The Sellers will arrange at their costs all necessary procedures to delete the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery.

17. MAXIMUM PERIOD OF TIME IN WHICH THE MOA(s) AND LEGAL ENABLING DOCUMENTS WILL BE SUSCRIBED FOR EACH VESSEL.

The MOA(s) will be subscribed according to the process schedule.

If a successful offerer does not sign the MOA according to the process schedule, EP FLOPEC on behalf of PEGASUS OIL SHIPPING will contact the second and third offerers, respectively, according to the assessment rating.

The complimentary and enabling documents will be signed by the parties as per MOA(s) terms.

18. CONFIDENTIALITY AGREEMENT

None of the documents or information exchanged in the present purchase process of the vessel(s) contained in this tender can be supplied to third parties or used by the participant without the previous written authorization of PEGASUS OIL SHIPPING and EP FLOPEC.

19. PAYMENT

If the Buyers does not comply with the payment on time and form, according to the established in the MOA(s), the Seller might cancel the sale and purchase operation and refund any amount paid by Buyers at the MOA subscription within 30 calendar days

20. JURISDICTION.

For everything related to the interpretation and compliment of the present Tender document, the parties subject to the law and jurisdiction of the country as per MOA.

CHAPTER II
INSTRUCTIONS FOR THE PARTICIPANTS

ANNEX I

Documents for assessing the legality of the offer (copies):

OFFERING COMPANY'S ARTICLES OF INCORPORATION
POWER OF ATTORNEY OF THE LEGAL REPRESENTATIVE OF THE OFFERING COMPANY
AUTHORIZATION OR MANDATE ISSUED BY THE LEGAL REPRESENTATIVE OF THE OFFERING COMPANY TO THE BROKER

In case the offer is successful, the offering company will have to provide original documentation duly apostilled.

ANNEX II

SALE AND PURCHASE OF HANDYMAX/ MR TANKER VESSELS

DECLARATION OF WILL TO PARTICIPATE

I, _____

With ID or passport N° _____ issued by _____, as _____ of the company _____,

Express my will to participate in the sale and purchase process N°. EP FLOPEC 003-2019, whose object is the Sale and Purchase of a Handymax/MR Tanker Vessel named " _____ "

I guarantee the technical, operative conditions, the physical condition of the vessel _____ and her attached Inventory, which has had no claims in the past and present regarding her technical, operational and physical conditions.

Furthermore, I declare under oath, the truthfulness and legality of all the information provided in the consigned documents. Moreover, I authorize to PEGASUS OIL SHIPPING and EP FLOPEC to carry out audit practices to prove the content of any information at any time during the stages of the sale and purchase process.

VESSEL NAME AND IMO NUMBER			
PURCHASE PRICE (in numbers and letters)			
INVENTORY LIST (please send inventory list as attachment to present Form)			
EXCLUSION LIST (please send exclusion list as attachment to present Form)			
VALIDITY TIME OF THE OFFER			
(* DO YOU ACCEPT THE TERMS AND CONDITIONS SET OUT ON THE TENDER DOCUMENT?)			
DO YOU ACCEPT TO NEGOTIATE THE ATTACHED MOA TO BE AGREED BY THE PARTIES?			
MAX INTAKE			
BASIS TERMS	DIESEL, API 39	GASOLINE RON 93, API 59	FUEL OIL API 13. 3
DRAFT RESTRICTION 12 M			

(* YES or NO, If you select **YES**, there won't be any further comments to be considered and we will understand that you accept all terms and conditions of this Tender document.

For effects of any process related notification, the address of my represented is:

****insert full style

Phone:

Fax:

Email Address:

Name of Legal Representative

Signature

CHAPTER III

- **ANNEX III.- TERMS AND CONDITIONS OF THE MOA (ATTACHED)**

CHAPTER IV

- **ANNEX IV.- LIST OF VESSEL DOCUMENTS AND QUESTIONNAIRES (ATTACHED)**