



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Ref: ISPRL/GC/76-EOI-2023/01

Dated 06.04.2023

**EXPRESSION OF INTEREST FOR SALE OF CRUDE OIL FROM  
ISPRL VISHAKHAPATNAM**

**1 Background**

- 1.1 Indian Strategic Petroleum Reserves Limited (ISPRL) is a Special Purpose Vehicle (SPV) which is a wholly owned subsidiary of Oil Industry Development Board (OIDB) under the Ministry of Petroleum & Natural Gas, Government of India (GOI).
- 1.2 To ensure energy security, Government of India entrusted ISPRL to set up Strategic Crude Oil Storages in the country.
- 1.3 The crude oil storages located on the East and West coast of India have been constructed in underground hard rock caverns. Crude oil from these caverns can be supplied to the Indian Refineries either through pipelines or through a combination of pipelines and coastal movement through ships.

**2 Present Proposal**

- 2.1 ISPRL intends to sale crude oil from ISPRL Visakhapatnam location to Indian PSU Oil Marketing Companies (OMCs).
- 2.2 ISPRL seeks an Expression of Interest from Indian PSU Oil Marketing Companies who may be interested in taking 300TMT of BASRAH Light grade crude oil from ISPRL Vishakhapatnam in 3 months from the date of award of EOI. ISPRL reserves the right to decrease/ increase the offered crude sale quantity.

**2.3 Terms of sale shall be as under:-**

- a Quantification of crude:** The crude oil receipt quantity shall be jointly assessed by buyer and ISPRL and also certified jointly by independent third party surveyor. The joint certificate in BBL and MT as per Surveyor's report shall be final and binding on both the parties. The receipt quantity shall be finalized basis Refinery tank gauges/shipping Vessel as applicable. The quantities so jointly certified will form the basis for raising invoice to buyer. The cost of surveyor will be equally shared by ISPRL and Buyer.

As a buyer's obligation, buyer has to pay Customs Duty /NCCD applicable on purchase of products taken from bonded warehouse.

It may be noted that crude under sale is stored as bonded product in cavern A at Visakhapatnam.



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Ref: ISPRL/GC/76-EOI-2023/01

Dated 06.04.2023

- b Determination of Crude oil Value:** OSP declared by SOMO IRAQ for Basra Medium crude for BL/ receipt/transfer month shall be used to arrive at the landed cost of crude oil at Vishakhapatnam as per the attached methodology in **Annexure A**.

Indicated API for Basrah Crude is 29.8 stored in Cavern A, Visakhapatnam and samples for API purpose shall be collected from Cavern A as well as from receiving tanks for establishing API value based on mutual agreement.

API discount shall be calculated as per escalation/ De-escalation formula applied by SOMO for Basrah Light.

Historical differential (from August 2021 to December 2021) of OSP between Basrah Light and Basrah Medium will be used for deriving OSP of Basrah Light as given in **Annexure A**.

Quantities shall be net of free water and suspended sediment and water. Suspended sediment and water shall be determined from analysis of the Crude Oil samples

- c** Other charges like freight etc will be as per attached **Annexure A**.

ISPRL will offer the crude at landed cost basis at Visakhapatnam as per the attached Annexure A methodology, plus the premium quoted by the buyer and net of VAT/CST as applicable.

- 2.4 The transfer and full settlement:** The last date for each pipeline transfer and full settlement in buyers vessel/ tanks shall be deemed B/L date or crude receipt/transfer date for arriving at the crude price.

- 2.5 SPM:** The dispatch of crude shall be through SPM facility owned by HPCL Vishakhapatnam. The Buyer, if required will have to enter into separate agreement/arrangement with HPCL for ensuring the availability of SPM with HPCL. Buyer shall ensure receipt, off take and transportation of the Crude Oil from the Delivery Point to Buyer's Facilities.

The SPM charges will be payable to HPCL by the party directly as per the agreement between party and HPCL. All Port charges of whatsoever nature including rates, tolls and dues of every description as may be applicable from time to time, related to Shipping Services and port access, including but not limited to the Vessel entering, berthing at, leaving or otherwise using the services or facilities of all or any part of the HPCL Facility and Port and other charges of HPCL Vishakhapatnam SPM utilization will be paid by Buyer.



## INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Ref: ISPRL/GC/76-EOI-2023/01

Dated 06.04.2023

### 2.6 Transfer of Title and Risk

- Seller shall sell and deliver Crude Oil at the Delivery Point to Buyer for onward transmission to Buyer's Facilities.
- Property (title) in and all risks including risks of loss of the Crude Oil delivered hereunder shall pass from Seller to Buyer at the Delivery Point upon delivery of the Crude Oil to the Buyer at such point.
- Property of the Crude Oil delivered hereunder shall pass from Seller to Buyer when it passes the ISPRL pipelines permanent flanges connection to the HPCL owned pipeline for SPM/Refinery. Title and risk of loss, contamination or damage to the crude oil delivered hereunder shall pass from Seller to the Buyer when the oil passes the ISPRL pipelines permanent flanges connection to the HPCL owned pipeline for SPM/ Refinery.

### 2.7 Inspection

- The Seller shall appoint a mutually acceptable independent Inspector/Surveyor for determination of quantity and quality of the Crude Oil and the cost for such inspection shall be shared equally between Buyer and Sellers. ISPRL will make 100% payment to surveyor and bill 50% of the cost to Buyer.
- The quantity and quality of the Crude Oil delivered as determined by the independent Inspector/Surveyor at the loading terminal shall be final and binding on both the Buyer and the Sellers', save for fraud or manifest error.
- Inspector's/Surveyors determinations shall, absent fraud or manifest error, be final and binding on both Parties for invoicing purposes but without prejudice to the rights of either party to file a claim for quantity and/or quality.

2.8 **VAT/CST:** ISPRL shall be bearing applicable Andhra Pradesh VAT @ 5% charges on the crude oil cost. In case of Inter-state Sale, ISPRL shall be paying applicable CST rate. As per Andhra Pradesh VAT Act, buyer is liable to deposit 50% of VAT liability. Hence, buyer will be required to deposit 50% VAT liability with VAT department. In addition, if there is any liability to pay CST in advance, the same shall also be paid by the buyer.

### 3 General information and instructions

- 3.1 This EOI is non-binding in nature and submission of information should not be considered as short listing/ selection for company.
- 3.2 ISPRL reserves the right to terminate EOI process at any point of time without assigning any reason whatsoever.
- 3.3 It is clarified that mere response to EOI cannot be confirmed as selling of Crude oil.



INDIAN STRATEGIC PETROLEUM RESERVES LIMITED

Ref: ISPRL/GC/76-EOI-2023/01

Dated 06.04.2023

**4. Modalities of Payment Terms**

- 4.1 The Buyer shall make payment to ISPRL, within 30 days from the date of receipt of final price invoice (Receipt of final price invoice = Day 0) ("Due Date"). If the 30<sup>th</sup> Day Falls on Saturday / Sunday/ banking holiday in Mumbai, payment should be made on the next bank working day. Delayed payments shall attract interest at SBI Base rate + 1%. The interest shall be calculated on basis of actual days of delay beyond the agreed payment terms.
- 4.2 **Exchange Rate:** Financial Benchmarks Pvt. India Limited (FBIL) exchange rate prevailing on the deemed B/L date or crude receipt/transfer date shall be considered for calculating the crude value in INR and raising of invoices. In case, FBIL exchange rate is not published on deemed B/L / receipt / transfer date, exchange rate prevailing on previous working date shall be considered.
- 4.3 All information received by ISPRL as part of EOI will be ISPRL's property and shall be kept confidential and utilized for its internal purpose only.

This statement is submitted by :  
Name :  
Signature and Date :  
Position / Designation in the Company :  
Company Stamp :

**5 Submission of EOI**

- 5.1 Indian PSU Oil Marketing Companies interested in taking the Basrah light Crude oil from the SPR Vishakhapatnam location may submit their LOI in the attached Price bid format by 12.04.2023, 16.00hrs (IST) to following address by hard copy or email:-

Deputy CEO  
Indian Strategic Petroleum Reserves Limited  
OIDB Bhawan  
3<sup>rd</sup> Floor, Plot No. 2  
Sector – 73  
Noida – 201301  
Uttar Pradesh, India  
Email: [ajay.dashore@isprlindia.com](mailto:ajay.dashore@isprlindia.com)  
Tel: 0120-2594647

## Price Methodology for Purchase of Basrah Light from ISPRL Cavern A Visakhapatnam

## Sample Working

Receipt Month	Feb. 2023	
Last date of transfer (Deemed BL)	28/02/2023	
API of Basrah Light stored in Cavern A	29.800	
Base API of Basrah Medium	29.000	
B/T factor of Basrah Medium (API : 29) (Derived basis formulae (API+131.5)/141.5*1/0.159))	7.134	
Exchange rate date to be considered	FBIL rate as on Date of Deemed BL	
FBIL rate (28.02.2023)	82.6816	
		<b>Landed cost of Basrah Medium at Visakhapatnam from SOMO for Feb. 2023</b>
	<b>Formulas</b>	<b>USD/bbl</b>
Marker prices (Avg. of Dubai & Oman for Feb 2023) <b>(Refer Note -1 (a))</b>	a (i)	82.212
Add: OSP for Basrah Medium for Feb 2023	a (ii)	-1.400
Add: Average OSP Premium of Basrah Light grade over Basrah Medium grade for the period Aug. 2021 to Dec. 2021 <b>(Refer Note-1 (b))</b>	a(iii)	0.900
API Adjustment (Base API of 33 of Basrah Light) (Note 2)	b	-1.280
FOB Cost	c = a (i)+a(ii)+a(iii)+b	80.432
Freight from Basrah Oil Terminal to Viskhapatnam (Note 4)	d	3.970
Cost & Freight (CFR)	e = c + d	84.402
Marine Insurance (including War & SRCC insurance)	f = e * 0.000034	0.003
CIF	g = e + f	84.405
Wharfage charges	h = 17/(B/T)/(USD/INR)	0.029
Custom Duty (incl. NCCD) @ Rs. 57.2/MT	i = 57.2/(B/T)/(USD/INR)	0.097
LC Charges	j = c*105%*85/365*0.0017	0.033
Surveyor charges (Loadport & Disport)	k = USD 2050/760000	0.003
<b>Estimated Import Landed Cost at Visakh (X)</b>	<b>l = g+h+i+j+k</b>	<b>84.567</b>
<b>Addition premium payable (To be quoted) in USD/bbl (Y)</b>	<b>Add Premium</b>	
<b>Price payable to ISPRL (inclusive of VAT/CST) (X+Y)</b>		
<b>Notes:</b>		
1 (a) : Official Selling Price (OSP) of Basrah Medium shall be SOMO's declared official selling price for the scheduled month of loading. Basrah price is based on (Oman + Dubai)/2 as marker crudes. The Oman & Dubai are calculated by taking average of mean of high and low spot assessment of Oman & Dubai as published in Platts Crude Oil Marketwire during schedule month of loading.		
Marker prices of Dubai & Oman for the month of Feb 23 is US\$ 82.212/bbl (Average quotes of Platts Dubai & Platts Oman crude prices for the month of Feb 2023).		
1 (b) : Average OSP Premium of Basrah Light grade over Basrah Medium grade for the period Aug. 2021 to Dec. 2021 was USD 0.90/bbl.		
2) As per contract with SOMO, the pricing basis for Basrah Light is for API 33 degree with API Escalation / De-escalation. The resulting Basrah Light Price is to be reduced by US DOLLAR 0.04 per barrel for each whole one tenth of a degree API below 33.00 degree and to be increased by US DOLLAR 0.04 per barrel for each whole one tenth of a degree API above 33.00 degree".		
3) Base API of Basrah Medium Crude as per the contract with SOMO is 29.00 degrees. Considering the API of 29 degree, Barrel to Metric ton factor comes to 7.134 which is calculated by applying the formula :- ((API+131.5)/141.5*1/0.159).		
4) Freight from Basrah Oil Terminal, Iraq to Visakh to be considered basis 120% of Mid-Afra rates applicable for Aframax vessel (Illustrative working of Mid-Afra is attached in Annexure B)		
5) Total Customs duty is Rs. 57.2/MT (Basic custom duty of Rs. 2.2/MT (incl. SWS) and NCCD of Rs. 55/MT (incl. SWS)). Rs. 57.2/MT to be converted in US\$/bbl considering Barrel to Metric ton factor of 7.134 of Basrah Medium Crude and Exchange rate as Rs. 82.6816/USD as on 28.02.23 (Deemed BL date).		
6) ISPRL crude is stored in Bonded Cavern and Custom Duty of Rs. 2.2/MT (incl. SWS) and NCCD of Rs. 55/MT (incl. SWS) is payable by buyer on withdrawal of crude from Bonded Cavern.		
7) Marine Insurance charge (inclusive of War and SRR insurance) to be calculated on CFR value at a rate of 0.0034%.		
8) Wharfage rate at Visakh to be considered for calculation is Rs. 17/MT, converted in US\$/bbl considering Barrel to Metric ton factor of 7.134 of Basrah Medium Crude and Exchange rate as Rs. 82.6816/USD as on 28.02.23. (Deemed BL date)		
9) LC charges to be calculated at a rate of 0.17% p.a. for 85 days.		
10) Surveyor charges (loadport & disport) to be considered for calculation is USD 2050.		
11) For calculation, Barrel to Ton (B/T) factor to be considered basis API value of the samples taken during the crude oil transfer .		
12) The credit period shall be 30 days from the date of receipt of final price invoice (Receipt date of final price invoice = Day 0)		
<b>Additional Note</b> - Above figures are based on February 2023 rates. However, for this transaction, rate applciale for the month of transaction will be considered.		

	Basrah Light	Basrah Medium	Difference
Aug-21	2.250	1.350	0.900
Sep-21	2.250	1.300	0.950
Oct-21	0.850	0.100	0.750
Nov-21	0.450	-0.400	0.850
Dec-21	1.950	0.900	1.050
Average	1.550	0.650	0.900

**INPUTS - FEBRUARY 2023**

Freight (USD/BBL) - (Illustrative purpose)	<b>3.97</b>
--	-------------

Monthly average of Dubai	82.0850
Monthly average of Oman	82.3390
Monthly average of Dubai & Oman (Roundoff 3 decimal)	82.2120
Premium / (Discount) Basrah Medium	<b>-1.400</b>

Marine Insurance	0.00340%
Insurance	0.00340%

Wharfage (Rs./MT)	17.00
Custom Duty (Rs./MT)	57.20
LC charges	<b>0.17%</b>
Surveyor charges (Loadport) USD	1946
Surveyor charges (Disport) USD ( Rs. 9000)	109
Surveyor charges (Loadport & Disport) USD	2050

Date	<b>28/02/2023</b>
FBIL Rate as on BL Date	<b>82.6816</b>

Date	Dubai	Oman
1-Feb-23	83.555	83.700
2-Feb-23	80.870	80.980
3-Feb-23	79.750	79.860
6-Feb-23	78.300	78.300
7-Feb-23	80.410	80.45
8-Feb-23	81.900	82.040
9-Feb-23	83.200	83.460
10-Feb-23	83.560	83.910
13-Feb-23	84.395	84.660
14-Feb-23	84.875	85.310
15-Feb-23	83.340	83.560
16-Feb-23	84.010	84.160
17-Feb-23	82.240	82.260
20-Feb-23	82.390	82.460
21-Feb-23	81.940	82.210
22-Feb-23	80.800	80.960
23-Feb-23	80.050	80.630
24-Feb-23	82.060	82.640
27-Feb-23	82.160	82.740
28-Feb-23	81.900	82.480
Average	82.085	82.339
Final Avg.	82.2120	

**Annexure B**

AFRA RULING FOR	Jan-23
APPLICABLE FOR	Feb-23
LTBP LETTER DATED	01-Feb

**AA AVERAGE AFRA WORKING**

<b>EXTRACT OF LTBP'S AFRA</b>			
S.NO.	DWT IN LONG TONS	WS POINTS	DWT MID POINT
1	25000 - 44999	342.50	35000
2	45000 - 79999	242.10	62500
3	80000 - 159999	141.20	120000
4	160000 - 319999	69.40	240000
5	320000-549999	-	435000

**BB INTERPOLATION OF AFRA**

S.NO.	TYPE OF VESSEL	DWT(LT)	DIFF / 1000	MID-AFRA
1	SUEZMAX	145171	0.5983	126.1394
2	CSL TANKERS - LR II	93032	1.7548	188.5230
3	LR-I TANKERS	66112	1.7548	235.7617
4	AFRAMAX	112152	1.7548	154.9715
5	VLCC	311206	0.3559	44.06

**SAMPLE FREIGHT WORKING**

	Formulae	AfraMax
WS Flat Basrah-Vizag (USD/MT) for CY 2023	a	15.78
Mid-AFRA for Aframax (WS) Feb 23	b	154.97
120% of (b)	c=120% * (b)	185.97
Standard nominated Cargo Qty (TMT)		106.532
<b>Total Freight (USD)</b>		<b>3015712</b>
per MT		28.31
BBL/Ton Conversion for Basrah Medium		7.134
Per BBL		3.97



## Price Bid to be quoted by interested Party

**Bidders Bid Reference No.**.....

**Date:** .....

With reference to ISPRL EOI ISPRL/GC/76-EOI-2023/01 dated 06.04.2023, the price for the Crude Oil Grade Basrah Light stored at ISPRL Cavern A Vishakhapatnam with API 29.8 is quoted for taking delivery.

- i. Name of the Buyer :
- ii. Location :
- iii. Quantity : 300 TMT of Crude Oil
- iv. Delivery Month : 3 Months from Date of LOA (can be taken in multiple deliveries too)
- v. Pricing Applicable : Landed cost of Basrah Light crude oil calculated as per **Annexure A**, basis delivery Month OSP as declared by M/s SOMO
- vi. Premium for crude oil grade offered

Crude Oil Grade Name		Additional Premium over Landed cost of crude at Visakhapatnam(USD / bbl)
BASRAH LIGHT 300 TMT		

- vii. Payment : In INR as per exchange rate declared by FBIL on deemed B/L/ Receipt/ transfer date
- viii. Credit Period : 30 days from the date of receipt of Final Price Invoice
- ix. Delay beyond 30 days interest will be payable at the SBI base rate+ 1%interest
- x. All SPM, Port, Shipping vessel related and other pipeline usage charges as payable to HPCL shall be payable by buyer.
- xi. Custom Duty & NCCD shall be paid by the bidder while taking the crude. Bidder should quote premium / discount considering the above.
- xii. Bid evaluation will be done based on the additional premium over landed cost of the crude oil at Visakhapatnam as quoted in clause vi above after netting of applicable VAT/CST.

We hereby confirm acceptance to all the terms & condition of the subject EOI.

Name & Signature of the Bidder