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DUKE OIL/TALEVERAS PETROLEUM TRADING BY
OPERATION AND MANAGEMENT AGREEMENT

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only!

FOR

OPERATING AND MANAGING OF PPMC PETROLEUM
PRODUCTS AND CRUDE OIL EXCHANGE CONTRACT

December 2010

Chris *W. Smith*

THIS AGREEMENT is made the *10th* day of *January*, 201*0*
BETWEEN **DUKE OIL SERVICES LIMITED**, a Company registered
under the laws of England, acting for and on behalf of the Pipelines and
Products Marketing Company Limited (**PPMC**), having its head office at
Capitol House, 159 Hammersmith Road, London (hereinafter called
"**DUKE**" which expression, where the context so admits, includes its
successors and assigns) of the one part; AND

TALEVERAS PETROLEUM TRADING BV, a company incorporated
under the Laws of British West Indies having its head office at 212 Long
Path Road, suite 2a Anguilla (hereinafter called "**TALEVERAS**" which
expression shall, where the context so admits or requires include its
successors, agents and assigns) of the other part.

DUKE and **TALEVERAS** shall collectively be known as Parties and
individually as Party.

WHEREAS:

- (1) **DUKE** desires to enter into an AGREEMENT with
TALEVERAS for the Operation and Management of its
Exchange Contract for Petroleum Products and Crude Oil with
PPMC.
 - (2) **DUKE** holds a term Exchange Contract for the supply of
Petroleum Products in exchange of Crude Oil with **PPMC**.
 - (3) **TALEVERAS** has represented to **DUKE** that it has the
capacity, capability, experience and is willing to enter into this
AGREEMENT for the Operation and Management of the
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Exchange Contract for Petroleum Products and Crude Oil with **PPMC**.

- (4) The Parties have agreed to enter into this AGREEMENT for the purposes of performing and fulfilling all obligations required under the **DUKE** and **PPMC** Exchange Contract and in accordance with the terms and conditions set out herein.

NOW IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS:

Definitions

In this AGREEMENT the following terms shall bear the meanings stated below unless the context otherwise requires:

AGREEMENT	means this AGREEMENT and any amendments thereto, including subsequent amendments or the appendices to this AGREEMENT.
The Exchange Contract	means the contract between DUKE and PPMC for the supply of Petroleum Products in exchange for Crude Oil lifting.
TALEVERAS	means TALEVERAS Petroleum Trading BV, a company in registered in Nigeria and involved in international oil trading/oil refining.
Crude Oil	means Crude Oil or Condensate conforming to normal Nigerian crude oil export quality as generally made available at the time and place of loading
Petroleum Products	means refined petroleum products of specifications defined in the DUKE and PPMC Exchange Contract.

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Barrel: Forty-two (42) U.S Gallons at 60 °F
Ton: Metric Ton of one thousand (1000) Kilogrammes
DUKE means Duke Oil Services Ltd, whose registered address is as given in this AGREEMENT.
Parties means Duke Oil Services Limited and TALEVERAS Petroleum Trading Bv.
Month: Calendar month

ARTICLE 1

Operation and Management of Exchange Contract

In accordance with and subject to the provisions of this AGREEMENT, the Parties agree that this AGREEMENT shall be governed by the provisions of the Exchange Contract attached hereto as Appendix I.

ARTICLE 2

Duration and Effective Date

This AGREEMENT shall take effect from the 1st of February, 2011 and shall remain valid for a period of one year. This AGREEMENT may be extended on the same terms and conditions by mutual consent of the Parties.

ARTICLE 3

QUANTITY

The volume of Petroleum Products to be delivered by TALEVERAS Shall be as specified in the Exchange Contract and Crude Oil to be supplied by Duke shall be 30,000 barrels per day subject to availability.

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**ARTICLE 4
PRICE, COMMISSION AND PAYMENTS**

4.1 The price for Petroleum Products delivered and Crude Oil lifted by TALEVERAS under this AGREEMENT shall be determined and be payable in accordance with the relevant provisions of the Exchange Contract.

4.2 In addition, TALEVERAS agrees to pay commission to DUKE as follows:

Petroleum Products = 5 USD per Metric Tonne
Crude Oil = 08 cents per Barrel

All commissions arising from the delivery of Petroleum Products and lifting of Crude Oil under this AGREEMENT shall be paid to DUKE in full based on the Bill of Lading for Crude Oil lifted and Petroleum Products delivered, thirty (30) days after loading.

4.3 All invoicing and payments for Petroleum Products delivered and Crude Oil lifted shall be in accordance with the provisions of the Exchange Contract.

**ARTICLE 5
DISPUTED INVOICE**

5.1 Invoices (with regards to Article 4) shall be issued to TALEVERAS by DUKE in accordance with the terms of this AGREEMENT and the Exchange Contract. In the absence of manifest error in the issued invoice TALEVERAS shall pay all amounts stated as being due

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under such invoice. If **TALEVERAS** disagrees on the correct amount owing under an invoice, **TALEVERAS** shall make provisional payment of the full amount invoiced and shall immediately notify **DUKE** of the reasons for such disagreement, except that in the case of manifest error, the correct amount shall be paid disregarding such error, and necessary correction and consequent adjustment to the original invoice and any resulting credit or debit shall be made within five (5) banking days after agreement or determination by the Parties of the correct amount.

- 5.2 If **TALEVERAS** fails to make payment of any sum as and when due hereunder, it shall pay interest thereon to **DUKE** in the case of commission at a rate equal to three percent (3%) above LIBOR (as in effect on the day when such sum was originally due) on and from the day when payment was due until the date of payment. Interest shall accrue from day to day.

ARTICLE 6

DUKE's Right to Suspend Performance

If **DUKE** has not received payment in respect of any amount due under any invoice hereunder within fourteen (14) calendar days after the due date, without prejudice to any other rights and remedies of **DUKE** arising hereunder or by operation of law or otherwise, upon giving five (5) days written notice of intention to suspend services to be performed under this AGREEMENT shall be suspended forthwith until such a time that **TALEVERAS** satisfactorily effect all outstanding and due payments.

ARTICLE 7



MONTHLY RECONCILIATION OF ACCOUNT

7.1 There shall be a monthly cargo by cargo reconciliation of accounts and documentation by **DUKE** and **TALEVERAS** of all Crude Oil lifting and Petroleum Products deliveries made during the month.

Both Parties shall maintain close communication and mutually provide and exchange available information that will be directly relevant to the fulfillment of the terms and conditions of this AGREEMENT.

ARTICLE 8

TERMINATION

8.1 Notwithstanding anything to the contrary or implied elsewhere in this AGREEMENT, either **DUKE** or **TALEVERAS** shall (without prejudice to any other rights available hereunder) terminate this AGREEMENT by giving one hundred and twenty (120) days written notice to the other Party in the event that:

- i) the financial reliability of either party becomes unsatisfactory; or
- ii) either Party has committed a breach of this AGREEMENT; or
- iii) the Exchange Contract Appendix -7 is terminated.

8.2 This AGREEMENT may be terminated by either Party without prior notice if the other Party becomes insolvent or bankrupt, or goes into liquidation (except for purposes of re-organization) or has insolvency, bankruptcy or liquidation proceedings being commenced against it, or enters into an arrangement with its creditors or committee of inspection of its creditors for the purpose of performance of its obligations under this AGREEMENT.

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- 8.3 Either **DUKE** or **TALEVERAS** may terminate this AGREEMENT by service of thirty (30) days written notice to the other, if any unforeseen event or circumstance outside the reasonable control of the Parties (Force Majeure) occurs and it is impossible for both or either Party to perform its contractual obligations under this AGREEMENT for more than thirty (30) consecutive days.
- 8.4 The termination of this AGREEMENT shall be without prejudice to the rights of the Parties accrued prior to or as a result of such termination. Upon the termination of this AGREEMENT, the Parties shall be discharged from further performance, without prejudice to the rights of either Party in respect of any previous breach of the terms of this AGREEMENT or payment of any AGREEMENT which has accrued prior to and up to the date of termination.

ARTICLE 9

SETTLEMENT OF DISPUTES AND GOVERNING LAW

- 9.1 The parties shall resolve all disputes, controversies and claims arising out of, relating to, or in connection with this AGREEMENT amicably. Where there is failure to reach an amicable resolution, either Party shall have the right to refer the matter to arbitration under the Arbitration and Conciliation Act Cap19 Laws of the Federation, 1990 and any amendments made thereto.
- 9.2 Within thirty (30) days of the matter being referred to arbitration, either Party shall appoint an arbitrator and the two arbitrators thus appointed shall within fifteen (15) days appoint a third arbitrator, if the arbitrators do not agree on the appointment of such third

arbitrator, or if either Party fails to appoint the arbitrator to be appointed by it, such arbitrator shall be appointed by the Federal High Court, Abuja on the application of either Party to the Chief Judge of the Federal High Court. The notice of the intention to apply to the Court shall be duly given in writing by the applicant Party and when appointed (in the case of a third arbitrator) the third arbitrator shall convene meetings and acts as the chairman.

- 9.3 The award of the arbitrators shall, except where there is error in law or fact or miscarriage of justice, be conclusive and binding on all the Parties and may be entered as an award or judgment of a court of competent jurisdiction and any such award shall not include consequential, indirect cost, punitive award, exemplary awards or any other damages other than direct damages (excluding the fees of each Party's attorney and the costs of Parties representations at the proceedings). The costs of arbitration shall be borne equally by the Parties.
- 9.5 The venue of the arbitration shall be in Abuja and the applicable laws of the Federal Republic of Nigeria shall be the governing laws for the determination of the issues arising under the arbitration. The language of the arbitration shall be English.
- 9.6 Nothing in this Article shall be construed as preventing any Party from seeking conservatory or similar interim relief from any court of competent jurisdiction.

ARTICLE 10
GOVERNING LAW



directors, officers or affiliates) in connection with or in relation to this AGREEMENT shall be confidential.

Any Confidential Information which is not already known to the other Party or already in the public domain (other than as a result of breach of the terms of this AGREEMENT) shall, unless otherwise agreed in writing, be kept confidential and shall not be used, sold, traded, published or otherwise disclosed to any third party in any manner whatsoever other than for the purpose connected with this AGREEMENT.

The Confidential Information, which either Party receives from the other, may be disclosed by such Party:

- i) to any person who is a legal counsel, employee, director or an affiliate or the affiliate's employees and directors provided that the Party making such disclosure shall procure that such persons are informed of the confidential nature of such information and are bound by confidential obligations not less stringent than those assumed by the Party hereunder;
- ii) to any court, legislative body, administrative or panel of inquiry, rule or regulation, or by any governmental authority, or any of a recognized stock exchange provided, that in any such case only such confidential information as such Party has a legitimate business need to know shall be disclosed and such Party making the disclosure shall promptly notify the other Party so that an appropriate protective order and/or other action can be taken if possible.

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The foregoing obligations with regard to Confidential Information shall remain in effect for five (5) years after the termination or expiration of this AGREEMENT.

**ARTICLE 14
MISCELLANEOUS PROVISIONS**

14.1 Non Waiver

Waiver of any breach or non-enforcement of any obligation by either Party shall not be deemed as waiver of any antecedent or subsequent or continuing breach of such provision or of the breach of any other provision of this AGREEMENT. Any waiver shall be made in writing by the relevant Party.

14.2 Disclaimer of Agency

This AGREEMENT does not constitute either Party as the trustee, broker, agent, partner or legal representative of the other Party for any purposes whatsoever, and neither Party shall have any express or implied right or authority to commit or bind the other Party to or to assume or to create or authorise the creation of any obligation or responsibility on behalf of or in the name of the other Party.

14.3 Entire AGREEMENT

This AGREEMENT together with the Exchange Contract (Appendix I attached hereto), shall constitute the entire agreement between the Parties, and supersedes all other prior agreements and representations (innocent or negligent), written or oral, made by the Parties or their

respective representatives relating to the subject matter hereof. Anything which is not contained or expressly incorporated by reference in this AGREEMENT and the Appendix 1 shall not become part of this AGREEMENT.

14.4 No Third Party Rights

The Parties hereby agree that terms of this AGREEMENT shall not be enforceable by any person who is not a party to this AGREEMENT (a "Third Party"), and no such person shall have any rights under this AGREEMENT no right of either Party to agree any amendment, variation, waiver or settlement under or arising from or in respect of this AGREEMENT, or to rescind or terminate this AGREEMENT, shall be subject to the consent of any Third Party.

14.5 Other Documents

- (i) Power of attorney from DUKE in favour of TALEVERAS
- (ii) The Parties herein may put in place such other documentations that the Parties deem appropriate, fit and necessary to give full effect to the provisions of this AGREEMENT.

ARTICLE 15

NOTICE

- 15.1 Any notice, invoice or other communication from one Party to the other which is required or permitted to be made by the provisions of this AGREEMENT shall (unless otherwise expressly stated in this AGREEMENT or in the Appendix 1) be:
- (a) made in the English language in writing;
 - (b) delivered by hand or sent by courier to the address of the other Party which is shown below; or

- (c) sent by facsimile; or
- (d) transmitted by electronic mail to the electronic mail address of the other Party.

Except as may otherwise be provided and until either Party gives further notice to the other, the addresses of the Parties for service of notices are as follows:

DUKE OIL SERVICES LIMITED:
 Capitol House, 159 Hammersmith Road
 London W6 8BS

TELEPHONE: +44 20 8735 9600 *alshah*
 FAX NO: +44 20 8748 1015
 E-MAIL: *maichu@msc-london.com*

TALEVERAS PETROLEUM TRADING BV:

c/o 6 Mekong Close, Maitama, Abuja.

TELEPHONE: +234 806 920 5600 / +44 2031 756 939 *clio*
 FAX NO: +44 2031 75 6938
 E-MAIL: *clio@talaverasgroup.com*
 MAIL: 23, BERKLEY SQ., W1T 6HE, LONDON W1C *clio*

15.3 EFFECTIVE TIME OF NOTICE

Any notice, invoice or other communication given by one Party to the other Party in accordance with the foregoing provisions of this Article shall be deemed to be received by the other Party if delivered by hand or by courier, on the day on which it is received at that Party's address; or if sent by facsimile on the next day on which the office of the receiving Party is normally open for business following the day on which it is received in a legible form at the address to which it is properly addressed. The foregoing shall not apply to notices or communications sent by electronic mail which,

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subject to any provisions to the contrary agreed on, shall be deemed effective at the time transmitted to the electronic mail address or facsimile number shown above or such other address previously notified.

IN WITNESS WHEREOF the duly authorized representatives of the Parties hereto have executed this AGREEMENT the day and year first above written.

SIGNED for and on behalf of:

DUKE OIL SERVICES LIMITED

By: *[Signature]*

Name: Alfred N. Bell

In the presence of:

Signature: *[Signature]*

Name: USIFO, K.A.

Designation: JM CLAIMS, COMD

SIGNED for and on behalf of

TALEVERAS PETROLEUM TRADING BV

By: *[Signature]*

Name: DOSO ODEKHELU

In the presence of:

Signature: *[Signature]*

Name: ACHAOU DAVID ATTIAH

Designation: COMPANY SECRETARY