CN 078-04479
REV. 02/07

DE-117842

ESTADO LIBRE ASOCIADO DE PUERTO RICO
AUTORIDAD DE ENERGÍA ELÉCTRICA DE PUERTO RICO

SAN JUAN, PUERTO RICO

www.aeepr.com

902-17-09
APARTADO 364267
CORREO GENERAL
SAN JUAN, PR 00936-4267

4 de noviembre de 2009

Miguel A. Cordero López
Director Ejecutivo

Josué A. Colón Ortiz, Director
Generación, Transmisión y Distribución

William Rodney Clark, Administrador
Oficina de Combustibles

2009 NOV -5 AM 9:38

AUTORIZACIÓN ADQUISICIÓN DE COMBUSTIBLE MEDIANTE
COMPRA DE EMERGENCIA CENTRAL COSTA SUR

El contrato de suministro de combustible residual para la Central Costa Sur expiró el 3 de julio de este año. Para reemplazar el mismo, la Autoridad celebró la subasta Q-032449 el 8 de junio de 2009 y el Comité de Subastas A la canceló por entender que las ofertas recibidas eran onerosas.

El 28 de julio de 2009 se celebró una segunda subasta a la cual se le modificaron varios términos y condiciones, a manera de un plan piloto, para incentivar la participación en nuestras subastas. Se adjudicó el 8 de septiembre de 2009 y el licitador seleccionado, Petrolero del Sur Oil, Inc. no ha completado todos los requisitos del contrato, por lo que se solicitó la revocación de la adjudicación.

El 29 de octubre de 2009 la Junta de Gobierno aprobó la Resolución 3673 para autorizar la compra de combustible, contratación de servicios y alquiler de equipo por emergencia. Esto hasta que se normalicen las entregas de combustible en la Central, para asegurar la operación de las unidades del sistema eléctrico. Incluimos copia de la Resolución.

El 30 de octubre de 2009 la Autoridad solicitó y recibió ofertas según sus términos y condiciones típicas para continuar el suministro de combustible a esta Central. Esta solicitud de ofertas se canceló, se hizo una nueva solicitud y se recibieron ofertas el 4 de noviembre de 2009. Incluimos copia de solicitudes enviadas y las ofertas recibidas.

"Somos un patrono con igualdad de oportunidades en el empleo y no discriminamos por razón de raza, color, sexo, edad, origen social o nacional, condición social, afiliación política, ideas políticas o religiosas; por ser víctima o ser percibida como víctima de violencia doméstica, agresión sexual o acecho; por impedimento físico, mental o ambos o condición de veterano".

Las ofertas recibidas para esta compra son las siguientes:

Nombre Compañía	Volumen (Barriles)	Diferencial ($/barril)	Término de pago
Glencore Ltd.	500,000	4.2868	60 días
Petro West, Inc.	600,000	4.3000	60 días
Lukoil Pan Americas, LLC	600,000	4.8000	60 días
Bugadi Ltd., Inc.	600,000	7.0000	60 días
Ponce Petroleum Traders	600,000	10.5000	60 días

El inventario actual en la Central Costa Sur es de 220,000 barriles, equivalente a unos 12 días de consumo, por lo que la solicitud de ofertas estableció comenzar las entregas alrededor del 10 de noviembre de 2009. La operación de estas unidades es medular para mantener la estabilidad y la seguridad del sistema eléctrico del país.

La oferta de Glencore Ltd. aunque es la más baja con un precio promedio de 4.2868 por barril, no puede realizar las entregas hasta pasado el día 20 de noviembre de 2009, por lo que no responde a nuestra solicitud.

La Ley 83 del 2 de mayo de 1941, según enmendada, dispone, en lo pertinente, en la Sección 15, que no será necesario el requisito de subasta cuando, debido a una emergencia, se requiera la inmediata entrega de materiales, efectos y equipo, o ejecución de servicios. Por otra parte, el Reglamento de Subastas Núm. 6646, vigente, define una emergencia como:

> *"un suceso o combinación y acumulación de circunstancias que no, necesariamente, se limita a una circunstancia imprevista y que exigen una actuación inmediata que de no atenderse puede resultar en detrimento de los servicios que rinde la Autoridad y puede ocasionar daños graves a la construcción y daños a la vida o propiedad. Se entiende por emergencia, además, la situación donde se perdería toda oportunidad, de no actuarse de inmediato, de adquirir los suministros necesarios, afectándose adversamente las operaciones de la Autoridad."*

Por esta razón, solicitamos se autorice la compra de aproximadamente 600,000 barriles de combustible Núm. 6 a Petro West, Inc. mediante emergencia. Esto, para asegurar la operación de las unidades mencionadas. El no actuar de forma inmediata puede afectar adversamente las operaciones de la Autoridad y resultar en detrimento de los servicios al pueblo de Puerto Rico.

Anejos

5 Nov 2009

Aprobado

Miguel A. Cordero López
Director Ejecutivo

RESOLUCIÓN NÚM. 3673

POR CUANTO: El contrato para el suministro de combustible a la Central Termoeléctrica de Costa Sur venció el 3 de julio de 2009.

POR CUANTO: La subasta Q-032449 abrió el 8 de junio de 2009 y sus ofertas fueron rechazadas por el Comité de Subastas "A" por entender que las mismas presentaban precios onerosos.

POR CUANTO: En la subasta Q-032834 la Autoridad de Energía Eléctrica (AEE), a manera de plan piloto, modificó varios términos y condiciones, en un esfuerzo por incentivar la participación en nuestras subastas. Esta subasta abrió el 28 de julio de 2009 y se adjudicó el 8 de septiembre de 2009.

POR CUANTO: Al momento la compañía Petrolero del Sur Oil, Inc. no ha presentado la fianza de cumplimiento para poder comenzar las entregas de combustible, lo que ha causado el inicio del proceso de cancelación de la subasta.

POR CUANTO: Esta Junta de Gobierno mediante su Resolución 3659 autorizó al Director Ejecutivo a comprar un máximo de 500,000 barriles para asegurar la operación de la central Costa Sur.

POR CUANTO: La AEE ya agotó el volumen autorizado por esta Junta de Gobierno sin que la situación de suministro a esta central se haya podido resolver satisfactoriamente para la AEE.

POR CUANTO: Esta Junta de Gobierno mediante su Resolución 3556 firmada el 5 de febrero de 2009 autorizó al Director Ejecutivo a realizar compras de emergencia de ser necesario para garantizar las entregas de combustible.

POR CUANTO: En la madrugada del 23 de octubre de 2009 ocurrió una explosión en las facilidades de Caribbean Petroleum Refining L.P. (CPR).

POR CUANTO: La magnitud de los daños en CPR es desconocida aún y no se espera que se puedan utilizar estas facilidades en el futuro cercano para almacenar y transferir combustible.

POR CUANTO: La Autoridad tiene alquilados seis tanques para el almacenamiento de 466,800 barriles de destilado liviano para ser utilizado en las unidades 5 y 6 de la Central San Juan y en las turbinas de gas de la Central Palo Seco, en adición a otros seis tanques para el almacenamiento y mezcla de 685,328 barriles de combustible residual Núm. 6 para ser utilizados en todas las unidades de vapor en San Juan y Palo Seco.

POR CUANTO: Por este evento las facilidades de CPR no están disponibles para continuar las operaciones rutinarias de recibo y despacho de combustible entre CPR y las centrales de San Juan y Palo Seco.

POR CUANTO: El actual suplidor del combustible clasificado como destilado liviano ha perdido la habilidad de realizar entregas mediante tanqueros de sobre 250,000 barriles en CPR conforme con los términos del contrato de suministro vigente. Actualmente la Autoridad tiene almacenados en estas facilidades unos 285,000 barriles de combustible que no pueden ser utilizados por la situación allí presente. Las transferencias típicas para las unidades 5 y 6 de San Juan son de aproximadamente 29,000 barriles cada cinco días, dependiendo de la demanda de los usuarios.

POR CUANTO: El actual suplidor de combustible residual Núm. 6 en las centrales de San Juan y Palo Seco ha perdido la habilidad de realizar mezclas de combustible en CPR, el cual se utiliza frecuentemente conforme a los términos del contrato de suministro vigente. El proveedor tiene en estas facilidades unos 340,000 barriles de combustible que no pueden ser utilizados.

POR CUANTO: Para garantizar la entrega de combustible en estas centrales será necesario realizar nuevas compras y utilizar otros métodos de entrega a los actualmente utilizados.

POR CUANTO: El nivel actual de combustible para las unidades 5 y 6 de San Juan es de aproximadamente 30,000 barriles, equivalente a unos cinco días de operación. El no realizar una compra de inmediato, tendría el efecto de limitar la operación de estas unidades.

POR CUANTO: El continuar recibiendo combustible es medular para mantener la operación, la estabilidad y la seguridad del sistema eléctrico del país.

POR CUANTO: La compra de este combustible adicional y el uso de equipo actualmente no contemplado para poder realizar las entregas sobrepasan los $2,000,000.

POR CUANTO: En conformidad con la Norma sobre Niveles de Aprobación de la Autoridad (Revisada septiembre 2009), inciso IV(B), todos los contratos exentos del proceso de subastas sobre $2,000,000; de acuerdo con la ley, son autorizados por esta Junta de Gobierno.

POR CUANTO: La Ley 83 del 2 de mayo de 1941, según enmendada, dispone, en lo pertinente, en la Sección 15, que no será necesario el requisito de subasta cuando debido a una emergencia se requiera la inmediata entrega de materiales, efectos y equipo o ejecución de servicios.

POR CUANTO: El Reglamento de Subastas vigente, define una emergencia como "un suceso o combinación y acumulación de circunstancias que no, necesariamente, se limita a una circunstancia imprevista y que exigen una actuación inmediata que de no atenderse puede resultar en detrimento de los servicios que rinde la Autoridad y puede ocasionar daños graves a la construcción y daños a la vida o propiedad. Se entiende por emergencia, además, la situación donde se perdería toda oportunidad, de no actuarse de inmediato, de adquirir los suministros necesarios, afectándose adversamente las operaciones de la Autoridad."

POR CUANTO: En consideración a lo anterior, el Director Ejecutivo, ingeniero Miguel A. Cordero López, solicita que se autorice realizar compras de combustible, contratación de servicios y

alquiler de equipo por emergencia hasta que se normalicen las entregas de combustible en todas las centrales de la Autoridad para asegurar la operación de las unidades del sistema eléctrico. De no actuar de forma inmediata, pueden afectarse adversamente las operaciones de la Autoridad y resultar en detrimento de los servicios al pueblo de Puerto Rico.

POR TANTO: La Junta de Gobierno de la Autoridad de Energía Eléctrica de Puerto Rico resuelve autorizar al Director Ejecutivo, ingeniero Miguel A. Cordero López, llevar a cabo la compra de combustible, contratación de servicios y alquiler de equipo por emergencia hasta que se normalicen las entregas de combustible en estas centrales y los pagos a los proveedores para asegurar la operación de las unidades del sistema eléctrico. Disponiéndose que al momento de finiquitar la compra por emergencia se asegurará de que el suplidor cumple con todos los requisitos de ley y reglamentos para hacer negocios con esta Autoridad y en el Estado Libre Asociado de Puerto Rico.

Ninguna compra, contratación de servicios o alquiler de equipo se efectuará sin la previa autorización y firma del Director Ejecutivo y la notificación correspondiente a la Junta de Gobierno. Esta autorización tendrá una vigencia de seis meses a partir de la fecha de su aprobación sujeto a revisión, de ser necesario.

Aprobado en San Juan, Puerto Rico, a los veintinueve días de octubre de dos mil nueve.

Subject: Re Tender Emergency - Request for Proposals - Costa Sur
Created By: W-CLARK@PREPA.COM
Scheduled Date:
Creation Date: 11/2/2009 6:16 PM
From: WILLIAM CLARK MARTINEZ

Recipient	Action	Date & Time	Comment
BC: Alvin Tollinchi (alvingtollinchi)	Transferred	11/2/2009 7:16 PM	
BC: Angel Escalera (aescalera)	Transferred	11/2/2009 7:17 PM	
BC: Antonio Rosado (trosado)	Transferred	11/2/2009 7:16 PM	
BC: Bruno Goulart (bgoulart)	Transferred	11/2/2009 7:16 PM	
BC: bugadiltd@gmail.com (bugadiltd)	Transferred	11/2/2009 7:16 PM	
BC: Cesar Figueroa (cfigueroa)	Transferred	11/2/2009 7:16 PM	
BC: CESAR TORRES MARRERO (CE-TORRES)	Read	11/3/2009 8:03 AM	
BC: Cesar Rodrigues da Silva (cjoaquim)	Transferred	11/2/2009 7:16 PM	
BC: Cindy DeLaney (cindy.delaney)	Transferred	11/2/2009 7:16 PM	
CC: EDWIN RODRIGUEZ RUIZ (ERODRIGUEZ)	Forwarded	11/2/2009 6:26 PM	
BC: Francisco Méndez del Valle (fjmdel)	Transferred	11/2/2009 7:16 PM	
BC: Frank Copple (fcopple)	Transferred	11/2/2009 7:16 PM	
BC: Jose A. Gonzalez (JoseGonzalez)	Transferred	11/2/2009 7:16 PM	
To: JOSUE COLON ORTIZ (JO-COLON)	Emptied	11/3/2009 5:35 PM	
BC: Kate ONeal (kate.oneal)	Transferred	11/2/2009 7:16 PM	
CC: MAGALI BERRIOS RIVERA (M-BERRIOS-DSAD)	Read	11/2/2009 6:52 PM	
BC: poncepetroleumtraders@gmail.com (poncepetroleumtraders)	Transferred	11/2/2009 7:16 PM	
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BC: Tom Brown (tbrown)	Transferred	11/2/2009 7:16 PM	
BC: Victor Torres (Victor.Torres)	Transferred	11/2/2009 7:16 PM	

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COMMONWEALTH OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

SAN JUAN, PUERTO RICO

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REQUEST FOR PROPOSALS
No. 6 FUEL OIL

The Puerto Rico Electric Power Authority (PREPA), subject to compliance with Federal and/or Insular Laws or Regulations, makes this request for proposals (RFP) for the supply of approximately 600,000 barrels of No. 6 fuel oil to be delivered into Costa Sur steam plant to be used on the generation of electricity on an emergency basis.

Deliveries shall start on or about November 10, 2009. Total quantity to be delivered at the site should be completed on or about November 17, 2009 following coordination with PREPA's Fuel Office.

Proposal shall be addressed to William Rodney Clark, Fuels office Manager and must be received at PREPA by November 4, 2009, at 2:00 PM Atlantic Standard Time.

Scope of Contract

The proposed contract is for the supply of approximately 600,000 barrels of No. 6 fuel oil to be delivered into Costa Sur steam plant to be used on the generation of electricity

In making his proposal, Proponent should consider all tax liability under federal and insular laws.

Delivery and Title

A. Delivery of the fuel shall be for fuel as specified in this RFP to be delivered into the Costa Sur Steam Plant and CORCO. The price shall be established on the day the fuel commences.

B. Title of product delivered shall pass to PREPA after the fuel passes the pipeline flange interconnection at CORCO's dock. Seller is responsible for cleaning, removing, and disposing of any spill of his product, which might occur before the pipeline interconnection during delivery; and shall be

responsible for securing all materials, permits, and personnel required for handling the transfer of fuel.

C. Deliveries via barge or vessel to the Costa Sur Steam Plant thru the CORCO dock, at present, are limited as follows:

DWT 82,000 tons
LOA 840 feet
BCM 425 feet
DRAFT 38 feet sw

Seller shall conduct its own investigation relative to navigational information or any natural changes that might occur at the Guayanilla bay, since PREPA does not assume any responsibility for the same.

D. Maximum temperature of oil entering PREPA's pipeline shall not exceed one hundred eighty-five degrees F (185^0), nor shall be less than one hundred twenty-five degrees F (125^0), and at the pressure of not more than one hundred fifty (150) psig., nor less than one hundred twenty five (125) psig., measured at PREPA's intake flange.

E. If Seller, for any reason, fails to deliver the fuel required as provided for in this Contract, PREPA may procure the product from any other supplier. In such event, PREPA may deduct from Seller pending invoices or Seller shall reimburse PREPA, for any difference which PREPA may have paid in excess of contracted price. It shall be understood that PREPA is not waiving any rights available to it under the law, including rights to any claims or actions for damages caused by noncompliance by Seller with the terms of this Contract.

F. Seller will be responsible for any and all damages to the dock or to any other property caused by the vessel during delivery. All fuel oil deliveries and transfers should be in compliance with Homeland Security Regulations including, but not limited to 33 CFR 104 & 105. Also, all fuel oil operations should be in compliance with 33 CFR 154, 155 & 156.

Specifications

PREPA requires a fuel with homogeneous hydrocarbons, free of inorganic acids and microorganisms and free of water, solid, or foreign matter, which will yield the lowest cost per kW hour produced. Seller shall provide a preliminary quality certificate of the fuel intended for delivery. Any product offered will be analyzed and evaluated in terms of the ultimate cost.

PREPA is requesting a fuel in accordance with the latest corresponding specifications, as follows:

PARAMETER	ASTM METHOD	MINIMUM	MAXIMUM
Sampling	D-4057-88	3 levels composite	(UML)
Gravity, API Degree at 60° F	D-287-82	10.5	18
Viscosity, SFS at 122° F.	D-445, D-88	150	350
Water and Sediment, % vol.	D-1796-83 D-473-81		1
Flash Point, Degree F., PMCT	D-93-90	150	
Sulfur, % weight [1]	D-4294-90		0.50
Ash, % weight	D-482-91		0.1
Asphaltenes, % weight	D-3279		8.0
Pour Point, Degree F	D-97-87		70
Sodium plus Potassium, PPM	D-1318-88		25
Vanadium, PPM	D-1548-91, D-5708 D-5863-A		150
Calcium, PPM	D-5863-B		75
Heating Value, BTU/gal. (Gross) at 60° F	D-240-87	150,000	

[1]Reproductibility and repeatability must be taken into consideration in order to comply with the maximum sulfur percent weight specification. Additional Top, Middle, and bottom analysis shall be performed to insure cargo is homogeneous.

Any deviation to the before mentioned specifications shall be clearly identified in Proponent's proposal.

PREPA requires a fuel with homogeneous hydrocarbons, free of inorganic acids and microorganisms and free of water, solid, or foreign matter, which will yield the lowest cost per kW hour produced. Any product offered will be analyzed and evaluated in terms of the ultimate cost.

To assure fuel compliance with specifications, before receiving each delivery, PREPA will perform or contract to perform laboratory analyses as per specified methods of the fuel actually being supplied. A laboratory certificate including all

the parameters herein contained signed by an authorized chemist in Puerto Rico will be produced. Acceptance criteria will be based on these laboratory results. Should any discrepancy arise, at Seller's request, additional analyses shall be performed by an independent laboratory. Additional costs due to the controversy will be absorbed by the non prevailing party.

If during any delivery the Seller fails to meet the specifications as awarded, PREPA reserves the right to evaluate the deviation and deduct a monetary equivalent from the amounts due seller, establish a claim for nonperformance, or terminate the contractual relationship with Seller.

The Seller will be held responsible for any fines, penalties, damages, expenses, costs or claims, actions, and causes of actions, which may arise due to the fact that any of the fuel provided by Seller has deviations or variations from the contracted specification for the same. Therefore, if such circumstance takes place, the Seller will hold and save harmless and will defend PREPA, its officers, agents, and employees, from any claims, actions, causes of actions, damages, costs, fines, penalties, and expenses due to the above.

Price

Base Price quoted shall be per barrel of forty-two (42) U.S. gallons, volume corrected to a temperature of 60° F, "as delivered" at plant site.

PREPA requires that every proposal submitted quote a unit price expressed in U.S. dollars per barrel ($/bbl.). This unit price shall consist of a fixed price differential plus an escalation factor, as defined on the proposal.

Base prices quoted shall be for fuel delivered at plant site with payment due sixty (60) calendar days after completion of delivery of fuel ($/bbl.), having in mind that PREPA will pay on the basis of received quality and quantity.

Proposals containing an escalator using the commercial banking interest rates as part of the price formula will be rejected.

The escalation factor mentioned shall be increased or decreased according to the publication or Platt's Oilgram Price Report, "Estimated New York Spot - (Cargo)" corresponding to the effective date of the posting at the time the fuel delivery commences, the day before, and the day after the fuel delivery, each one of these evaluated utilizing the following formula:

Fifty percent (50%) of fuel with zero point five per cent (0.5%) sulfur as interpolated from the means of the zero point three percent (0.3%) sulfur high pour and zero point seven percent (0.7%) sulfur fuels, as published by the *Argus U.S. Products* on its Delivered New York Harbor, Residual Fuel Oil columns rounded to four (4) decimal places;

Plus fifty percent (50%) of fuel with zero point five percent (0.5%) sulfur as interpolated from the means of the zero point three percent (0.3%) sulfur high pour and zero point seven percent (0.7%) sulfur fuels, as published by the *Platt's Oilgram Price Report*, New York/Boston No. 6 Fuel Oil Cargo columns, rounded to four (4) decimal places.

Municipal taxes are to be presented as a separate line item.
The price for a fuel delivery shall be based on:

1. The day the vessel commences the discharge, if the fuel is delivered via barge or vessel; or
2. The day when the delivery commences, if the fuel is delivered by pipeline.

In any of the two cases, should delivery take place on Saturday, Sunday or on a Holiday, the effective prices appearing in the last editions of Platt's Oilgram Price Report and Argus U.S. Products, published before that date will be utilized to readjust the prices.

A sample calculation of the escalation factor is included.

The date published prices are made effective will govern, holding the price firm until next publication date. Should the format used by the publishers for the postings be changed, both parties will meet within five (5) days of the occurrence to determine how to interpret the same.

Seller assumes the responsibility of the transportation of the product and all other related responsibilities up to PREPA's flange connecting Seller's vessel with the PREPA's pipeline at the dock.

Proposal Evaluation

PREPA's evaluation procedure is designed to obtain a contract for acceptable fuel at the lowest ultimate cost while at the same time obtaining fuel on a timely basis. In so doing, PREPA reserves the right to reject any proposal which takes exception to any of the conditions and specifications herein contained.

Contingent Fees

Proponents warrant that they have not employed any person to solicit or secure a contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty will give PREPA the right to immediately terminate the contract and/or to deduct from payments the amount of such

commission, percentage, brokerage, or contingent fee, or to claim said amount by whatever means available under the law.

No officer, employee, or agent of PREPA or of the Commonwealth of Puerto Rico, or of any Municipal Government shall be admitted to any share or part of the ensuing Contract or to any benefit that may arise from, but this provision shall not be construed to extend to the ensuing Contract if made with a well known oil corporation for its general benefit, although said corporation employs a relative, by reasons of consanguinity or affinity, to a PREPA employee.

Proponent represents and warrants that it is authorized to enter into, and to perform its obligations under, this Contract and that it is not prohibited from doing business in Puerto Rico or barred from contracting with agencies or instrumentalities of the Commonwealth of Puerto Rico, including the Puerto Rico Electric Power Authority.

Exhibit A

SAMPLE CALCULATION
BTU DEFICIENCY ADJUSTMENT

Example of calculation to determine credit due to PREPA if Seller supplies fuel of lower than the guaranteed Btus per gallon value.

The guaranteed value is 150,000 Btus per gallon of fuel measured at 60 degrees F.

Assume Seller delivers 5,000 barrels of fuel measured at 60 degrees F.

Assume the inspector's certificate of the fuel delivered indicates an API degree of 15.8 measured at 60 degrees F which is equivalent to 8.0 lbs. Per gallon and assume a heating value of 17,500 Btus per pound, or a fuel that measures 140,000 Btus per gallon measured at 60 degrees F, (8.00 lbs./gallon) (17,500 Btus/lbs.) = 140,000 Btus/gallon.

Therefore:

For each U.S: gallon the guaranteed value is of 150,000 Btus/gallon.

Actual Btus delivered were 140,000 Btus/gallon. Total barrels delivered were 5,000 barrels. To calculate the equivalent barrels deficiency divide the difference of Btus/gallon received by the guaranteed minimum and multiply this fraction by the delivered volume.

Example:

(5,000 barrels) x ((150,000 - 140,000) / 150,000) = 333.33 bbl. (deficiency)

Exhibit B

SAMPLE CALCULATION

ESCALATION FACTOR

	Platt's Oilgram Price Report		Argus U.S. Products	
	0.7% S	0.3% S HiPr	0.7% S	0.3% S HP
October 6, 2009	64.15 – 64.25	66.20 – 66.30	64.85 – 65.10	65.85 – 66.10
October 7, 2009	64.30 – 64.40	67.40 – 67.50	65.60 – 65.85	66.60 – 66.85
October 8, 2009	66.35 – 66.45	70.00 – 70.10	68.15 – 68.40	69.15 – 69.40

FIRST STEP: AVERAGE

Platt's 0.7% S Average $\frac{(64.15 + 64.25 + 64.30 + 64.40 + 66.35 + 66.45)}{6} = 64.9833$

Platt's 0.3% S Average $\frac{(66.20 + 66.30 + 67.40 + 67.50 + 70.00 + 70.10)}{6} = 67.9167$

Argus 0.7% S Average $\frac{(64.85 + 65.10 + 65.60 + 65.85 + 68.15 + 68.40)}{6} = 66.3250$

Argus 0.3% S Average $\frac{(65.85 + 66.10 + 66.60 + 66.85 + 69.15 + 69.40)}{6} = 67.3250$

SECOND STEP: INTERPOLATION

Platt's 0.5% S Interpolation = 0.5 (0.7% S Average) + 0.5 (0.3% S Average)
0.5 (64.9833) + 0.5 (67.9167)
32.49165 + 33.95835 = 66.45000

Argus 0.5% S Interpolation = 0.5 (0.7% S Average) + 0.5 (0.3% S Average)
0.5 (66.3250) + 0.5 (67.3250)
33.16250 + 33.66250 = 66.82500

THIRD STEP: FINAL CALCULATION

Escalation Factor for a delivery commencing on October 7, 2009

$$= \frac{(0.5\% \text{ S Platt's}) + (0.5\% \text{ S Argus})}{2}$$

$$= \frac{(66.45000) + (66.82500)}{2}$$

$$= 66.6375 \text{ (\$/Bbl)}$$

Paquete ofertas #2

GLENCORE Ltd.

STAMFORD, NOVEMBER 4, 2009

PREPA
ATTN: WILLIAM RODNEY CLARK
REF: 600,000 BARRELS INTO COSTA SUR

GLENCORE, LTD. IS PLEASED TO CONFIRM OUR FORMAL OFFER FOR THE SUPPLY OF TWO CARGOES: 270,000 BARRELS +/-10% AND 230,000 BARRELS +/-10% OF NO. 6 FUEL OIL UNDER THE FOLLOWING TERMS AND CONDITIONS:

1.- BUYER: PREPA

2.- SELLER: GLENCORE LTD

3.- PRODUCT: NO. 6 FUEL OIL

4.- QUANTITY:

CARGO 1: 270,000 BBLS +/- 10 PCT SELLERS OPTION

CARGO 2: 230,000 BBLS +/- 10 PCT SELLERS OPTION

5.- QUALITY:

CARGO 1: AS PER YOUR TENDER (PREPA SPECIFICATIONS) WITH THE FOLLOWING EXCEPTIONS:

GRAVITY, API DEGREE AT 60 F	*18.8 MAX*
VISCOSITY, SFS AT 122 F	*115 MIN*

CARGO 2: TYPICALS AS PER THE ATTACHED EXCEL DOCUMENT 'CALIDAD – PREPA'

6.- CIF OUTTURN PRICE:

CARGO 1: AS PER YOUR TENDER FORMULA PLUS A PREMIUM OF 4.48 USD/BBL (FOUR DOLLARS AND FORTY EIGHT CENTS PER BARREL)

CARGO 2: AS PER YOUR TENDER FORMULA PLUS A PREMIUM OF 4.06 USD/BBL (FOUR DOLLARS AND SIX CENTS PER BARREL)

7.- LAYCAN:

Three Stamford Plaza • 301 Tresser Boulevard • Stamford, CT 06901-3244 • U.S.A.
Telephone (203) 328-4900 • Telefax (203) 328-3177 • Telex 6819406

CARGO 1: NOV 20-24, 2009 BASIS COSTA SUR PLANT, PUERTO RICO

CARGO 2: NOV 25-30, 2009 BASIS COSTA SUR PLANT, PUERTO RICO

8.- VESSEL:

CARGO 1: NOEMI

CARGO 2: ABRAM SCHULTE

9.- LAYTIME: 36 + 6

10.- INSPECTION AT DISCHARGE PORT 50/50

11.- PAYMENT: 60 DAYS AFTER COMPLETION OF DISCHARGE WITH OPEN CREDIT SUBJECT TO REVIEWAL OF FINANCIAL STATEMENTS

12. ENGLISH/LONDON FOR ARBITRATION.

13.- OTHER TERMS AND CONDITIONS SHALL BE ACCORDING GTC : STASCO 1999 FOR DES SALES .

THANK YOU FOR YOUR INVITATION.

TRULY YOURS,
GUSTAVO GABALDON
GLENCORE LTD.

PetroWest, Inc.

*P. O. Box 1256 Mayagüez, Puerto Rico, 00681 – Tels. (787) 834-0555 / 265-5880 * Fax (787) 833-8060*

DATE : NOVEMBER 4, 2009

TO : PUERTO RICO ELECTRIC POWER AUTHORITY (PREPA)
ATTN: WILLIAM CLARK- ENERGY DIVISION
PO BOX 364267
SAN JUAN, PR 00936-4267

FROM : PETRO WEST INC
SUPPLIER 006313
PO BOX 1256
MAYAGUEZ, PR 00681

RE : NO 6 FUEL OIL 0.5% s SUPPLY TO SOUTH COAST STEAM PLANT – SPOT SALE

PETRO WEST INC. IS PLEASED TO SUBMIT OUR OFFER FOR NO 6 FUEL OIL 0.5%

SELLER	: PETRO WEST INC. CONCORDIA 256 MAYAGUEZ PR 00680
PRODUCT	: NO.6 FUEL OIL 0.5% MAXIMUN SULPHUR CONTENT
QUALITY	: AS ATTACHMENT ENCLOSED HEREWITH
CONTRACT PERIOD	: START ON OR ABOUT NOVEMBER 10 AND SHOULD BE COMPLETED ON OR ABOUT NOVEMBER 22, 2009
TOTAL QUANTITY	: 600,000 BBL APROXIMATELY
DISPORT	: CORCO TERMINAL, GUAYANILLA PR
PRICE	: FIFTY PERCENT (50%) OF FUEL WITH ZERO POINT FIVE PERCENT (0.5%) SULFUR AS INTERPOLATED FROM THE MEANS OF THE ZERO POINT THREE PERCENT (0.3%) SULFUR HIGH POUR AND ZERO POINT SEVEN PERCENT (0.7%) SULPHUR FUELS, AS PUBLISHED BY THE ARGUS U.S. PRODUCTS ON ITS DELIVERED NEW YORK HARBOR, RESIDUAL FUEL OIL COLUMNS ROUNDED TO FOUR (4) DECIMAL PLACES; PLUS FIFTY PERCENT (50%) OF FUEL WITH ZERO POINT FIVE PERCENT (0.5%) SULFUR AS INTERPOLATED

PetroWest, Inc.

*P. O. Box 1256 Mayagüez, Puerto Rico, 00681 – Tels. (787) 834-0555 / 265-5880 * Fax (787) 833-8060*

FROM THE MEANS OF THE ZERO POINT THREE PERCENT (0.3%) SULFUR HIGH POUR AND ZERO POINT SEVEN PERCENT (0.7%) SULFUR FUELS, AS PUBLISHED BY THE PLATT'S OILGRAM PRECE REPORT, NEW YORK/BOSTON NO. 6 FUEL OIL CARGO COLUMNS, ROUNDED TO FOUR (4) DECIMAL PLACES EFFECTIVE AT THE TIME THE FUEL DELIVERY COMMENCES, THE DAY BEFORE AND THE DAY AFTER THE FUEL DELIVERY

PLUS A PREMIUM OF USD $4.30 / BBL. (USD FOUR POINT THIRTY PER BBL.)

FINAL PRICE USING THE POSTED DATE OF OCTOBER 6 THROUGH OCTOBER 8 2009 IS $66.6375 + PREMIUM = $ 70.9375 PER BBL. THIS PRICE DOES NOT INCLUDES THE CORCO'S FACILITIES FEES ACCORDING TO THE TERMINALLING SERVICE AGREEMENT.

PAYMENT TERMS : 60 (SIXTY) CALENDAR DAYS AFTER COMPLETION DELIVERY OF FUEL

VALIDITY : 5:00 PM ON FRIDAY NOVEMBER 5, 2009

DELIVERY : 300,000 BBLS (APROXIMATELY) 7 DAYS AFTER AWARDED BY A PURCHASE ORDER. AND 300,000 BBLS (APROXIMATELY) 10 (TEN) DAYS THERE AFTER TIL COMPLETION OF PURCHASE ORDER

NOTE :BECAUSE OF ACTUAL FUEL MARKET BAHAVIOR IS ALMOST IMPOSSIBLE, ALTHOUGH WE TRY VERY HARD, TO FIND A BETTER PRICE THAN ONE THAT WE ARE OFFERING. WE WILL KEEP LOOKING FOR THE BEST DEAL POSSIBLE TO PREPA.

WE LOOK FORWARD TO YOUR FAVORABLE REPLY.

CORDIALLY,

JOSE A. GONZALEZ
PRESIDENT

/krb

LUKOIL PAN AMERICAS, LLC

November 4, 2009

Mr. William R. Clark
Fuels Office Manager
Puerto Rico Electric Power Authority
San Juan, PR 00936

Ref: Spot Offer – No 6 Fuel Oil

Dear William:

In response to your request for the delivery of No. 6 Fuel Oil into Prepa Costa Sur Plant, please find herein below our offer for your review.

1. Product: No 6 Fuel Oil as per Prepa quality requirements. See below.

2. Quantity: 600,000 bbls, plus/minus 10 pct Seller's option in multiple bottoms. Outturn quality and quantity.

3. Delivery: Delivered outturn, in multiple bottoms, into one safe port Guayanilla, Puerto Rico. The first delivery of 125,000 barrels to be delivered in November 8-12, 2009 and the second delivery of 125,000 barrels in November 14-18, 2009, balance to be delivered November 15-30, 2009. All charges and costs related to the use of the CORCO facilities and dock are for Prepa's account.

   Please note first barge delivery as per Prepa specs., balance of deliveries as per Prepa specs except viscoscity of 110 SSF minimum, and flash 145 degrees F minimum.

4. Title and Risk: Delivery to be made directly into Prepa tanks, or Prepa's designated leased tanks, but in both cases title and risk to be transferred to Prepa at the time product passes the connecting flange between the delivering vessel and Prepa receiving terminal (CORCO).

5. Price: Prepa formula plus $4.80/bbl, inside US duty, for the three days around commencement of delivery as per Prepa RFP. Municipal taxes to be added as a separate line item, if applicable. Prepa certifies it is the ultimate receiver of this product and that this product is to be used for the generation of electricity and therefore product should be exempt of any local import or excise taxes. If for any reason, product is determined to be taxable by the Government of Puerto Rico, said taxes to be for Prepa's account.

73 Broad Street Suite D
Red Bank, NJ 07701

Tel. (732) 945-2800
Fax (732) 212-1015 Trading
Fax (732) 212-1016 Finance

Email: lukoil@lukoil-us.com

6. Payment: 60 days after completion of delivery.

7. Inspection: To be borne 50/50 between seller and buyer, with certificate of quality issued by local certified laboratory as per Prepa RFP.

8. Laytime: As per barge charter party. Any demurrage at discharge port, and as per charter party, will be for buyer's account. Acceptance of the windows offered herein by Prepa shall indicate that said windows are acceptable to the receiving terminal and no further nomination of delivery window will be required from Seller.

9. Acceptance: By accepting this offer, Prepa hereby certifies that this emergency request has been issued and approved in compliance with all applicable laws and regulations, including but not limited to Prepa internal regulations and procedures. Furthermore, the person approving or accepting this offer certifies that he or she is authorized to execute this Agreement.

10. Validity: In order for the seller to meet the delivery windows offered herein, this offer must be accepted and approved by Prepa before 6:00 PM AST on Wednesday, November 4, 2009.

11. Entire Agreement: Upon acceptance of this offer by Prepa's authorized representative, this offer shall constitute the entire agreement of the Parties as to the subject matter.

12. Other: All other terms and conditions as per RFP issued by Prepa via email on November 2, 2009.

Thomas K. Brown
Managing Director
LUKOIL Pan Americas LLC

November 4, 2009
Date

WILLIAM CLARK MARTINEZ - Re: Re Tender Emergency - Request for Proposals - Costa Sur

From: Edgardo Lebron
To: WILLIAM CLARK MARTINEZ
Date: 11/4/2009 1:59 PM
Subject: Re: Re Tender Emergency - Request for Proposals - Costa Sur

Good afternoon:
BUGADI LTD. PROPOSAL:

Escalation Factor for a delivery commencing on October 7, 2009
Escalation $ 66.6375 ($/Bbl)
plus $ 7.00 ($/Bbl)
Municipality Tax $ 0 . 40 ($/Bbl)

Total $ 74.0375 ($/Bbl)

On Mon, Nov 2, 2009 at 5:16 PM, WILLIAM CLARK MARTINEZ <W-CLARK@prepa.com> wrote:

> Good afternoon:
> Attached is a Request for Proposals (RFP) for the delivery of No. 6 Fuel Oil into Costa Sur on an emergency basis.
> This RFP cancels and substitute the one sent last week on 10/29/2009 which opened 10/30/2009.
> best regards,
> William Rodney Clark
> Fuels Office Manager
> PREPA

--
Edgardo Omar Lebron Zapata
President

Bugadi Limited Inc.
PMB 343
1507 Ave. Ponce de Leon
San Juan, PR 00909
Tel. (787) 615-5813
Fax. (787) 826-1566
Email: eolebron@hotmail.com

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PONCE PETROLEUM TRADERS, CORP
2140 AVE. LAS AMERICAS
PONCE, P.R. 00717
(787) 840-0700 (787) 840-0720
(787) 709-4777 Fax
Email: poncepetroleumtraders@gmail.com

Fax

To:	Ing. William Clark, AEE FUEL S OFFICE MANAGER	***From:***	Ponce Petroleum Traders Lcdo. Juan E. Medina
Fax:	(787) 521-1098	***Pages:***	2 including cover
Phone:		***Date:***	November 4, 2009
Re:	RFP 600,000 bbl Costa Sur	***CC:***	

☐ ***Urgent*** ☐ ***For Review*** ☐ ***Please Comment*** ☐ ***Please Reply*** ☐ ***Please Recycle***

• ***Comments:***

Ing. William Clark:

Enclosed find the RFP Fuel No. 6 600,000 bbl for Costa Sur / CORCO

Please confirm upon receipt.

Regards

Lcdo. Juan E. Medina Quintana

PONCE PETROLEUM TRADERS, CORP
2140 AVE. LAS AMERICAS
PONCE, P.R. 00717
(787) 840-0700 (787) 840-0720
(787) 709-4777 Fax
Email: poncepetroleumtraders@gmail.com

PORPOSAL Offer

Date: November 4, 2009

To: **PUERTO RICO ELECTRIC POWER AUTHORITY**
Att. MR. WILLIAM RODNEY CLARK MARTINEZ
FUELS OFFICE MANAGER
NEOM BUILDING OFFICE 602
RIO PIEDRAS, P.R.

Ponce Petroleum Traders, Corp., represented by Juan E. Medina Quintana, Esq., President hereby confirms that we are ready willing and able to sell No. 6 Fuel Oil with the specified terms and conditions on RFP.

Commodity: No. 6 Fuel Oil, as specified on RFP

Origin: Gulf Coast

Quantity: 600,000 barrels (Sis Hundred Thousand barrels) +/- 5% Spot deal

Delivery: CIF, Costa Sur Steam plant and CORCO tank farm facilities. ETA on or about 10 to 12 days from the date notice of award of this offer along with the letter of credit guaranteeing payment for this offer.

Term: Spot deal, able to convert in to a monthly contract

Price: USGC Platt Gulf Coast Waterborne plus an escalation factor $10.50 / bbl, clause (Ten dollars and Fifty cents USD) per barrel

Payment Terms: As specified on RFP

Validity: This Offer is valid until November 5, 2009, 12:00 pm

Best regards

Lcdo. Juan E. Medina Quintana, Esq.,
President

Ponce Petroleum Traders, Corp
Núm. de Registro
189075
Ponce, Puerto Rico

Paquete ofertas #1

LUKOIL PAN AMERICAS, LLC

October 30, 2009

Mr. William R. Clark
Fuels Office Manager
Puerto Rico Electric Power Authority
San Juan, PR 00936

Ref: Spot Offer – No 6 Fuel Oil

Dear William:

In response to your request for the delivery of No. 6 Fuel Oil into Prepa Costa Sur Plant and San Juan Palo Seco Plants, please find herein below our offer for your review.

1. Product: No 6 Fuel Oil as per Prepa quality requirements. See below.

2. Quantity: 600,00-900,000 bbls, buyers option in multiple bottoms. Outturn quality and quantity.

3. Delivery: Delivered outturn, in multiple bottoms, into one safe port Puerto Rico, intention Guayanilla or San Juan. The first delivery of 125,000 barrels to be delivered in November 6-10, 2009 and the second delivery of 125,000 barrels in November 11-15, 2009. Balance to be delivered November 15-30, 2009. All charges and costs related to the use of the CORCO and/or CPC facilities and dock are for Prepa's account.

   Please note first two barge deliveries as per Prepa Specs. balance of deliveries minimum viscoscity of 110 SSF and minimum flash 145 degrees F.

4. Title and Risk: Delivery to be made directly into Prepa tanks, or Prepa's designated leased tanks, but in both cases title and risk to be transferred to Prepa at the time product passes the connecting flange between the delivering vessel and Prepa receiving terminal (CORCO and/or CPC).

5. Price: Prepa formula plus $4.90/bbl, inside US duty, for the three days around commencement of delivery as per Prepa RFP. Municipal taxes to be added as a separate line item, if applicable. Prepa certifies it is the ultimate receiver of this product and that this product is to be used for the generation of electricity and therefore product should be exempt of any local import or excise taxes. If for any reason, product is determined to be taxable by the Government of Puerto Rico, said taxes to be for Prepa's account.

73 Broad Street Suite D
Red Bank, NJ 07701

Tel. (732) 945-2800
Fax (732) 212-1015 Trading
Fax (732) 212-1016 Finance

Email: lukoil@lukoil-us.com

6. Payment: 60 days after completion of delivery.

7. Inspection: To be borne 50/50 between seller and buyer, with certificate of quality issued by local certified laboratory as per Prepa RFP.

8. Laytime: 36 hours after NOR. Any demurrage at discharge port, and as per charter party, will be for buyer's account. Acceptance of the windows offered herein by Prepa shall indicate that said windows are acceptable to the receiving terminal and no further nomination of delivery window will be required from Seller.

9. Acceptance: By accepting this offer, Prepa hereby certifies that this emergency request has been issued and approved in compliance with all applicable laws and regulations, including but not limited to Prepa internal regulations and procedures. Furthermore, the person approving or accepting this offer certifies that he or she is authorized to execute this Agreement.

10. Validity: In order for the seller to meet the delivery windows offered herein, this offer must be accepted and approved by Prepa before 5:00 PM AST on Friday, October 30, 2009.

11. Entire Agreement: Upon acceptance of this offer by Prepa's authorized representative, this offer shall constitute the entire agreement of the Parties as to the subject matter.

12. Other: All other terms and conditions as per RFP issued by Prepa via email on October 29, 2009.

Thomas K. Brown
Managing Director
LUKOIL Pan Americas LLC

October 30, 2009
Date

PetroWest, Inc.

*P. O. Box 1256 Mayagüez, Puerto Rico, 00681 – Tels. (787) 834-0555 / 265-5880 * Fax (787) 833-8060*

DATE : OCTOBER 30, 2009

TO : PUERTO RICO ELECTRIC POWER AUTHORITY (PREPA)
ATTN: WILLIAM CLARK- ENERGY DIVISION
PO BOX 364267
SAN JUAN, PR 00936-4267

FROM : PETRO WEST INC
SUPPLIER 006313
PO BOX 1256
MAYAGUEZ, PR 00681

RE : NO 6 FUEL OIL 0.5% s SUPPLY TO SOUTH COAST STEAM PLANT – SPOT SALE

PETRO WEST INC. IS PLEASED TO SUBMIT OUR OFFER FOR NO 6 FUEL OIL 0.5%

SELLER	: PETRO WEST INC. CONCORDIA 256 MAYAGUEZ PR 00680
PRODUCT	: NO.6 FUEL OIL 0.5% MAXIMUN SULPHUR CONTENT
QUALITY	: AS ATTACHMENT ENCLOSED HEREWITH
CONTRACT PERIOD	: START ON OR ABOUT NOVEMBER 6 AND SHOULD BE COMPLETED ON OR ABOUT NOVEMBER 15, 2009
TOTAL QUANTITY	: 600,000 BBL APROXIMATELY
DISPORT	: CORCO TERMINAL, GUAYANILLA PR
PRICE	: FIFTY PERCENT (50%) OF FUEL WITH ZERO POINT FIVE PERCENT (0.5%) SULFUR AS INTERPOLATED FROM THE MEANS OF THE ZERO POINT THREE PERCENT (0.3%) SULFUR HIGH POUR AND ZERO POINT SEVEN PERCENT (0.7%) SULPHUR FUELS, AS PUBLISHED BY THE ARGUS U.S. PRODUCTS ON ITS DELIVERED NEW YORK HARBOR, RESIDUAL FUEL OIL COLUMNS ROUNDED TO FOUR (4) DECIMAL PLACES; PLUS FIFTY PERCENT (50%) OF FUEL WITH ZERO POINT FIVE PERCENT (0.5%) SULFUR AS INTERPOLATED

PetroWest, Inc.
*P. O. Box 1256 Mayagüez, Puerto Rico, 00681 – Tels. (787) 834-0555 / 265-5880 * Fax (787) 833-8060*

FROM THE MEANS OF THE ZERO POINT THREE PERCENT (0.3%) SULFUR HIGH POUR AND ZERO POINT SEVEN PERCENT (0.7%) SULFUR FUELS, AS PUBLISHED BY THE PLATT'S OILGRAM PRECE REPORT, NEW YORK/BOSTON NO. 6 FUEL OIL CARGO COLUMNS, ROUNDED TO FOUR (4) DECIMAL PLACES EFFECTIVE AT THE TIME THE FUEL DELIVERY COMMENCES, THE DAY BEFORE AND THE DAY AFTER THE FUEL DELIVERY

PLUS A PREMIUM OF USD $6.53 / BBL. (USD SIX POINT FIVE THREE PER BBL.)

FINAL PRICE USING THE POSTED DATE OF OCTOBER 6 THROUGH OCTOBER 8 2009 IS $66.6375 + PREMIUM = $ 73.1675 PER BBL. THIS PRICE DOES NOT INCLUDES THE CORCO'S FACILITIES FEES ACCORDING TO THE TERMINALLING SERVICE AGREEMENT.

PAYMENT TERMS	: 60 (SIXTY) CALENDAR DAYS AFTER COMPLETION DELIVERY OF FUEL
VALIDITY	: 5:00 PM ON MONDAY NOVEMBER 2, 2009
DELIVERY	: 300,000 BBLS (APROXIMATELY) 10 DAYS AFTER AWARDED BY A PURCHASE ORDER. AND 300,000 BBLS (APROXIMATELY) 10 (TEN) DAYS THERE AFTER TIL COMPLETION OF PURCHASE ORDER
NOTE	:BECAUSE OF ACTUAL FUEL MARKET BAHAVIOR IS ALMOST IMPOSSIBLE, ALTHOUGH WE TRY VERY HARD, TO FIND A BETTER PRICE THAN ONE THAT WE ARE OFFERING. WE WILL KEEP LOOKING FOR THE BEST DEAL POSSIBLE TO PREPA.

WE LOOK FORWARD TO YOUR FAVORABLE REPLY.

CORDIALLY,

JOSE A. GONZALEZ
PRESIDENT

/krb

WILLIAM CLARK MARTINEZ - Re: Emergency - Request for Proposals - Costa Sur

From: Edgardo Lebron
To: WILLIAM CLARK MARTINEZ
Date: 10/30/2009 1:53 PM
Subject: Re: Emergency - Request for Proposals - Costa Sur

BUGADI LTD. PROPOSAL:

Escalation Factor for a delivery commencing on October 7, 2009

Escalation $ 66.6375 ($/Bbl)
plus $ 7.25 ($/Bbl)
Munic ipality Tax $ 0 . 40 ($/Bbl)

Total $ 74.2875 ($/Bbl)

On Thu, Oct 29, 2009 at 2:37 PM, WILLIAM CLARK MARTINEZ <W-CLARK@prepa.com> wrote:

> Good afternoon:
> Attached is a Request for Proposals for the delivery of No. 6 Fuel Oil into Costa Sur on an emergency basis.
> best regards,
> William Rodney Clark
> Fuels Office Manager
> PREPA

--
Edgardo Omar Lebron Zapata
President

Bugadi Limited Inc.
PMB 343
1507 Ave. Ponce de Leon
San Juan, PR 00909
Tel. (787) 615-5813
Fax. (787) 826-1566
Email: colebron@hotmail.com

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GLENCORE Ltd.

STAMFORD, OCTOBER 30, 2009

PREPA
ATTN: WILLIAM R. CLARK
REF: 600,000 BARRELS INTO COSTA SUR

GLENCORE, LTD. IS PLEASED TO CONFIRM OUR FORMAL OFFER FOR THE SUPPLY OF TWO CARGOES OF 230,000/EACH APPROX. (10% +/- SELLERS OPTION) OF NO. 6 FUEL OIL UNDER THE FOLLOWING TERMS AND CONDITIONS:

1.- BUYER: PREPA

2.- SELLER: GLENCORE LTD

3.- PRODUCT: NO. 6 FUEL OIL

4.- QUANTITY:

CARGO 1: 230,000 BBLS +/- 10 PCT SELLERS OPTION

CARGO 2: 230,000 BBLS +/- 10 PCT SELLERS OPTION

5.- QUALITY: AS PER ATTACHED (TYPICALS)

6.- CIF OUTTURN PRICE:

CARGO 1: AS PER YOUR TENDER FORMULA PLUS A PREMIUM OF 8.51 USD/BBL (EIGHT DOLLARS AND FIFTY ONE CENTS PER BARREL)

CARGO 2: AS PER YOUR TENDER FORMULA PLUS A PREMIUM OF 7.96 USD/BBL (SEVEN DOLLARS AND NINETY SIX CENTS PER BARREL)

7.- LAYCAN:

CARGO 1: NOV 17-21, 2009 BASIS COSTA SUR PLANT, PUERTO RICO

CARGO 2: NOV 25-30, 2009 BASIS COSTA SUR PLANT, PUERTO RICO

8.- VESSEL:

CARGO 1: NOEMI

CARGO 2: ABRAM SCHULTE

9.- LAYTIME: 36 + 6

10.- INSPECTION AT DISCHARGE PORT 50/50

11.- PAYMENT: 60 DAYS AFTER COMPLETION OF DISCHARGE WITH OPEN CREDIT SUBJECT TO REVIEWAL OF FINANCIAL STATEMENTS

12. ENGLISH/LONDON FOR ARBITRATION.

13.- OTHER TERMS AND CONDITIONS SHALL BE ACCORDING GTC : STASCO 1999 FOR DES SALES .

THANK YOU FOR YOUR INVITATION.

TRULY YOURS,
GUSTAVO GABALDON
GLENCORE LTD.

PONCE PETROLEUM TRADERS, CORP
2140 AVE. LAS AMERICAS
PONCE, P.R. 00717
(787)840-0700 (787)840-0720
(787)709-4777
Email: poncepetroleumtraders@gmail.com

PROPOSAL

William Rodney Clark
PREPA
Fuels Office Manager

It's our pleasure, to quote for Fuel Oil No. 6, for use by the Puerto Rico Electric Power Authority, as follows:

600,000 bbls. at Platt Price plus $8.50/bbl., CIF/ Costa Sur (CORCO Dock) including all fixed cost, escalator factor, transportation, insurance and taxes

Terms: Payable due 60 days after completion of delivery of fuel
The letter of credit issued by buyer in favor of Ponce Petroleum Traders, Corp.

Delivery: Within 10 to 15 days from acceptance of proposal.

Please issue the corresponding Purchase Order in favor of Ponce Petroleum traders Corp. Feel free to contact the undersigned, if further information is required.

This quotation is valid until closing of business November 5, 2009.

Regards,

Lcdo. Juan E. Medina Quintana, President

Ponce Petroleum Traders, Corp.
Núm. de Registro
189075
Ponce, Puerto Rico

Lcdo. Juan E. Medina Quintana, Esq.
Presidente