

November 14, 2018

To whom it may concern,

Re: TENDER NO. 18/289 FOR THE RECEIPT OF SERVICES
FOR THE STORAGE OF CRUDE OIL

Petroleum & Energy Infrastructure Ltd. ("PEI") wishes to offer the use of tanks for the storage of crude oil as stated below and in the attached appendices (collectively, this "Tender").

PLEASE NOTE THAT BY SUBMITTING A BID, THE BIDDER AGREES TO ALL THE TERMS AND CONDITIONS OF THIS TENDER AS SET FORTH HEREUNDER.

1. GENERAL INFORMATION; PRECONDITION

- 1.1. PEI is a company wholly owned by the government of Israel that provides infrastructure services including storage and transportation of crude oil, distillates and other refined products.
- 1.2. Under this Tender, PEI wishes to provide storage services for crude oil (as further described in Section 2 below, "Crude Oil"), in accordance with the terms and conditions of this Tender and the Crude Oil Storage Tank Lease Agreement and its appendices (attached as Appendix A of this Tender, the "Agreement").
- 1.3. This Tender contemplates the provision of segregated storage facilities, whereby a pair of segregated tanks (a total of 2 tanks) of 53K cubic meters each, located in PEI's facility at Ashkelon South (near Ashkelon Port) (hereinafter referred to as Tanks A and B, arbitrarily) may be made available under the terms herein, for the period of 1.1.2019 until 31.12.2019. Please note that as stated in Section 2.4 of the Agreement, the said storage tanks may contain a certain quantity of PEI Petroleum.
- 1.4. As a precondition for participating in the Tender:
 - 1.4.1. Israeli Bidders must hold a valid certificate in accordance with the Law of Transactions of Public Bodies, 1976.
 - 1.4.2. Israeli Bidders must hold a valid "Fuel Manufacturer" License, issued by the Israeli Customs and Excise Department.

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1.4.3. The condition expressed in Section 4.1 of this Tender must be satisfied, if and to the extent applicable.

2. **TERMS OF BIDDING: PRODUCT; STORAGE REQUIREMENTS; STORAGE FEES**

This Tender contemplates the storage of Crude Oil that must possess the properties listed in Appendix B ("**Product Properties List**"). Notwithstanding the aforesaid, the winning bidder shall be entitled, during the Storage Period as defined in Section 3 of the Agreement, to submit a request to PEI for storing crude oil that does not possess the said properties. Such crude oil shall be stored only subject to PEI's written consent and all other applicable terms and conditions stated in the Agreement.

- 2.1. Each bidder must enter in its bid a description of the Crude Oil it wishes to store.
- 2.2. Bidders may only submit a bid for Tanks A+B jointly.
- 2.3. All bids are made on a "take or pay" basis, such that the "Monthly Storage Fee" set forth in Section 12.1 of the Agreement is payable regardless of whether Crude Oil was actually stored at any given time during the Storage Period by the winning bidder(s).
- 2.4. The bid must specify the bidder's proposed storage fee, per storage tanks A+B per month, before VAT (the "**Price Per Tank**"). Such Price Per Tank shall constitute the basis for the Monthly Storage Fee to be payable under the Agreement with the winning bidder(s)
- 2.5. Bidders may submit their proposed Price Per Tank in either US Dollars or New Israeli Shekels ("**NIS**"). For the purpose of comparing bids, all bids submitted in NIS will be converted to US Dollars using the known representative exchange rate as published by the Bank of Israel on the date immediately prior to the submission date for bids under this Tender as set forth in Section 7.2 below (the "**Submission Date**"). Note however that for the purpose of calculation of the Monthly Storage Fee actually payable by a winning bidder under the Agreement, the offered currency of the Price Per Tank set forth in the winning Bid Form will be used. VAT will be as specified in the Agreement.

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- 2.6. PEI intends to prepare an estimate of cost per tank before VAT (the “**Estimate**”) for the Contract period; The Estimate shall not be disclosed before or after the submission of bids, and it shall be placed in a sealed envelope on the Submission Date prior to viewing any bids submitted.
- 2.7. The winning bid shall be the bid expressed in the completed Bid Form with the highest Price Per Tank, out of the bids complying with all Tender conditions, *provided, however*, that such selection shall be subject to operational feasibility, practical limitations, and other restrictions that may apply.
- 2.8. PEI will not award the Tender to a bidder whose Price Per Tank is less than the Estimate; *provided, however*, that if no bidder offers a Price Per Tank higher than the Estimate, then PEI reserves the right to conduct negotiations with some or all of the bidders, as the case may be and in accordance with the Israeli tender regulations, in order to improve their offers.
- 2.9. In the event that two or more different bidders submit identical Prices Per Tank which are equal to or greater than the Estimate, then PEI shall conduct a further stage or stages of bidding, in a procedure to be determined by PEI at its sole discretion.

3. PERIOD OF STORAGE AND CONSIDERATION

- 3.1. The period of storage shall commence on 01.01.2019 and terminate on 31.12.2019, in accordance with the winning bidder(s)'s bid.
- 3.2. The actual amounts payable by the winning bidder(s) in respect of the storage fee and operational fees shall be as set forth in Section 12 of the Agreement. In the case of operational fees, the winning bidder(s) will be charged the actual tariff in force at the time of each operation.
- 3.3. The bid shall remain valid and irrevocable until 28/11/2018

4. ADDITIONAL CONDITIONS

- 4.1. All prior payments, debts, levies etc. due to PEI by the bidder in respect of storage services provided by PEI under other tenders, and outstanding for a period exceeding 60 days, must have been settled, as a precondition to its bid being selected as the winning bid.
- 4.2. PEI is not bound to choose any bid whatsoever. PEI shall have no legal, financial or other commitment towards any bidder.

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- 4.3. PEI will not, under any circumstances, be liable for the payment of any sum in connection with the preparation and submission of bids for this Tender. All costs in connection therewith shall be borne by the bidder solely.
- 4.4. This Tender, as well as the Bid Form and the Agreement, are governed by the laws of Israel (without regard to conflict of laws), and any dispute in connection with or arising from any of the above shall be referred to the exclusive jurisdiction of the courts of Israel (Tel Aviv District). No provision of this Tender shall be legally bind PEI, other than this Section 4.4.

5. NOTIFICATION

- 5.1. PEI will notify each bidder regarding whether or not its bid has been selected as a winning bid, and will issue to the winning bidder(s) the Agreement as modified by PEI to reflect the terms of the winning bid, for the winning bidder's signature, to be followed by PEI's signature. The Agreement shall be effective immediately upon its signature by PEI.
- 5.2. A bidder whose bid has not been selected as a winning bid may, by written request to the secretary of the Tenders Committee sent as set forth in Section 6.1 below, be granted access to tender documents, pursuant to the Mandatory Tenders Regulations 5753-1993 and in accordance with their terms, subject to the payment of a non-refundable fee of NIS 2,000 (two thousand New Israeli Shekels) plus VAT, if applicable.

6. QUESTIONS

- 6.1. Any questions regarding this Tender must be addressed to the Tender Committee, by fax (972-9-9528139).

7. SUBMISSION OF BIDS

- 7.1. The bidder shall submit its bid by filling out a bid form attached as Appendix C hereto (the "**Bid Form**"), and either

(1) placing it in a sealed envelope, delivered to the following address:

3 Hasadnaot St. Herzliya, 46728

P.O.B. 2121, Herzliya 46120 Israel; or

(2) faxing the Bid Form to the following fax number: 972-9-9528139.

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- 7.2. Submission date: All bids sent by sealed envelope must be received by **PEI by no later than** 21/11/2018 at 13:00 local time. All bids submitted by fax must be received by PEI **only on** 21/11/2018 between 12:30-13:00 local time.

Sincerely yours,

Liat Sharon

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Appendix A

CRUDE OIL STORAGE TANK LEASE AGREEMENT

Appendix B
PRODUCT PROPERTIES LIST

This Tender is for the purpose of storage of crude oil which has the following quality characteristics:

- BSW content: max. **0.5%** (vol.);
- Kinematic Viscosity: max. **115 cst** @ 20 C;
- Density 15 C Kg/lit **0.92**
- Sulfur Content **3.0 %**

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Appendix C

BID FORM

BIDDER INFORMATION:

Name: _____ **Tel.:** _____

Address: _____ **Fax:** _____

Contact person(s): _____ **Email:** _____

<p><i>* All bids are made on a "take or pay" basis.</i></p>	
<p>TYPE OF PRODUCT TO BE STORED:</p> <p>Please enter the product description:</p> <p>_____</p> <p>_____</p> <hr/>	<p>PRICE:</p> <p>Price per Tanks A+B for the storage period of 1.1.2019 until 31.12.2019</p>
<p>ADDITIONAL COMMENTS:</p> <p>_____</p> <p>_____</p>	

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BIDDER DECLARATION:

I, the undersigned, _____ [*name of bidder's authorized signatory*], in my capacity as _____ [*title or position of authorized signatory*] of _____ [*name of bidder*] (the "**Bidder**"), do hereby declare as follows:

1. The Bidder is a corporation duly incorporated, validly existing, and in good standing under the laws of its jurisdiction of incorporation, and is authorized to submit this bid, enter into the Agreement and perform its obligation thereunder;
2. The Bidder has carefully read the **Tender for the Receipt of Services for the Storage of Crude Oil 18/289 (the "Tender")**; and
3. The Bidder undertakes to comply with all the terms and conditions of the Tender, the Crude Oil Storage Tank Lease Agreement and this Bid Form.

Bidder's Signature

Date:

By: _____

[*Bidder's authorized signatory*]

Title: _____