

Key Legal and Financial Steps to Initiate a Petroleum Trade

1. Seller Issues Soft Corporate Offer (SCO)

- Proof of Product (POP) or title of ownership
- Full product specifications (e.g., EN590, D2, LPG, etc.)
- Quantity, packaging, delivery destination
- Pricing method and payment terms
- Delivery terms (e.g., FOB, CIF, TTO, DDP)
- Seller's corporate documents (Registration, Tax ID, parent company details, authorized representatives)
- Product quality certificates if applicable

2. Buyer Submits Irrevocable Corporate Purchase Order (ICPO)

- Acknowledgement and acceptance of seller's terms and product
- Full buyer company profile (registration, tax documents, official address)
- Power of attorney or official mandate letter from buyer's authorized signatory
- Proof of Funds (POF) or Bank Comfort Letter (BCL)
- Buyer's banking details for contract issuance

3. Optional: Bank Readiness Letter (RWA or BCL)

- Issued by the buyer's bank confirming readiness to issue financial instruments (LC or SBLC)

4. Seller Issues Draft Contract (SPA - Sales and Purchase Agreement)

- Comprehensive terms of trade, including delivery, payment, warranties, and dispute resolution
- Signed and countersigned by both parties

5. Buyer Issues Financial Instrument

- Common methods:
 - LC (Letter of Credit)
 - SBLC (Standby Letter of Credit)
 - Escrow account (optional in some cases)

- Seller verifies and accepts the financial instrument

6. Seller Initiates Delivery Operations

- Product preparation, logistics, loading, shipping
- Shipping and customs documentation:
 - Bill of Lading (B/L)
 - Packing List
 - Certificate of Origin
 - MSDS
 - SGS Inspection Report (if applicable)
- Buyer is informed to prepare for receipt

7. Buyer Confirms Receipt and Releases Payment

- Physical and documentary confirmation of delivery
- Payment release as per contract terms
- Product unloading, transfer of ownership, and conclusion of transaction

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Key Legal Recommendations

- Always engage a legal and financial advisor during contract negotiation.
- Use international jurisdictions for dispute resolution (e.g., UK, Singapore, Switzerland, UAE).
- Involve third-party inspection agencies like SGS or Bureau Veritas when possible.
- Ensure all steps and communications are documented and verifiable.

Oil & Gas Trade Checklist

For Seller

Step	Action	Document
1	Prepare official product offer	SCO (Soft Corporate Offer)
2	Prove ownership and product availability	POP (Proof of Product)
3	Share company credentials	Company registration, Tax ID, Mandate
4	Define clear delivery terms	Incoterms (e.g., CIF, FOB, DDP)

- 5 Await ICPO from buyer
- 6 Draft & send Sales-Purchase Agreement SPA (Contract)
- 7 Verify financial instrument (LC/SBLC) From buyer's bank
- 8 Initiate logistics & shipment B/L, Packing List, SGS, MSDS
- 9 Submit documents to buyer/bank For payment clearance
- 10 Confirm payment release

 For Buyer

Step	Action	Document
1	Review seller's SCO and documents	
2	Confirm interest and intent to purchase	ICPO (Irrevocable Corporate Purchase Order)
3	Share company profile & bank details	Company reg, Mandate, Bank info
4	Show proof of funds	POF or BCL
5	Sign the SPA received from seller	
6	Issue financial instrument	LC / SBLC / Escrow
7	Track shipment and coordinate delivery	
8	Verify shipment documents	B/L, SGS, Origin Certificate
9	Confirm product arrival & quality	
10	Authorize payment release	