

October 13, 1967

**AGREEMENT BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF THE SOCIALISTS  
REPUBLIC OF ROMANIA ON  
THE ESTABLISHMENT OF AN OIL REFINERY AT HALDIA**

**New Delhi**

This Agreement made between the President of India (hereinafter called 'the Buyer') on the one part and Foreign Trade State Company 'Industrial export' of the Socialists Republic of Romania (hereinafter called 'the Supplier') on the other part;

WHEREAS following the Buyer's decision to set up a Petroleum Refinery at Haldia, West Bengal, with a capacity of 25. million tons of crude oil per annum on the basis of the preliminary data regarding crude oil production pattern and product specifications put at the disposal of the Supplier, the latter has submitted to the Buyer a technical commercial offer for the supply of certain facilities and technical services;

AND WHEREAS on the basis of the mutual examination of the proposal forwarded by the Supplier concerning the Refinery as well as of the economic and financial conditions forwarded by the Supplier, the Buyer has decided to set up this Refinery in co-operation with the Supplier and French Companies, TECHNIP AND ENSA under the conditions mentioned below :

AND WHEREAS for this purpose the Buyer has requested the French Companies, TECHNIP ENSA for co-operation for the realisation of an area of complete facilities described in Annexure I, Para A, and that the Supplier will supply the Lube Oil Plant, Bitumen Plant, Viscosity Breaking Plant, including the different auxiliary installations in accordance with Annexure I, Para B.

The capacity of the units of the Lube Oil Plant would be suitable for processing approximately 1000000 t/year topping reduced crude of atmospheric distillation, using Iranian Light crude oil Agha Jari. The stabilised gasoline in the Visbreaking unit being the responsibility of the Supplier will be taken over and processed by TECHNIP ENSA in their installation.

AND WHEREAS the Buyer will supply the objects described in Annexure I, Para C.  
It is now agreed between the parties as follows :

## Article I

1. The Buyer and Supplier have decided to co-operate for setting up certain facilities of the Haldia Refinery as described in Annexure I, Para B, in the manner described below :  
The Buyer will co-operate with the companies TECHNIP ENSA for the realisation of the facilities allotted to them and for this purpose conclude a separate and independent agreement with them.
2. During the realisation of the facilities allotted to Supplier and the French Companies, the Supplier agrees to hold necessary consultations with French companies, TECHNIP ENSA at the request and under the responsibility of the Buyer so as to ensure that the Supplier and TECHNIP ENSA can each perform their work in due time while taking into account the necessary technical liaison between Supplier's facilities and the French facilities, so as to completely set up the Refinery.

## Article 2

1. The Supplier will assist the Buyer in selecting the lube Hydro-finishing process and in the negotiations with selected process licensor(s), other processes (vacuum distillation, propane, deasphating, furfural extraction, MEK Dewaxing, bitumen blowing, visbreaking), being those of the Supplier. The Supplier will however optimise and define with the approval of the Buyer and with reference to the basis described in Annexures II and III, the final basis and characteristics according to which the Supplier's unit will be designed. For this purpose the Supplier will undertake the necessary studies in consultation with the Buyer.

The Supplier and the Buyer will co-operate to complete the above work within 3 (three) months of the date of this Agreement or such extended period as may be mutually agreed upon.

2. The buyer shall obtain and provide to the Supplier at no cost the licence and "know-how" for the lube oils hydrofinishing process.
3. The Supplier shall finalise the process design work of the installation for lube oil plant, viscosity breaking and bitumen blowing plant and auxiliary installations within a period of 5 (five) months of the completion of the work described in para 2.1 above in consultation with and where necessary with the approval of the Buyer. The Supplier will afford reasonable facilities for stationing the Buyer's representatives at the former's office for this purpose.
4. The Supplier agrees that the process design work for the vacuum distillation plant and such other plants as may be agreed upon might be entrusted to qualified Indian Engineering Organisation (s) as mutually agreed to between the Supplier and the Indian Engineering Organisation(s) shall be paid by the Buyer. This amount will, however, be deducted from the fee of US \$ 470,000 referred to in Article 6 in case this has to be paid to the Supplier.  
The Supplier will, to the extent necessary, assist in executing the above mentioned work and shall have the right to review, alter or approve the work at all stages, to the end that after such approval the work will form part of the overall process design.
5. I. The Supplier shall furnish the Buyer upon completion of the process design work 15 (fifteen) copies of bound volumes of pertinent technical data regarding process characteristics, flow diagrams and plot plans, the complete and accurate process calculations of the units to be built, process unit main equipment and off-site facilities as described in Annexure I, Para B.

The process calculations shall not be divulged by the Buyer to any other party without the prior written consent of the Supplier.

For all the design works which will be made in India, the Buyer will execute the same number of volumes described above.

- II. In addition to the work defined above, the Supplier shall perform the mechanical design and engineering work such as mechanical specifications of the main equipment, specifications and quantities of the bulk material, general lay out of the refinery, plot plans of the process unit etc. to be able to prepare a lump sum price referred to in Article 2.5 with a minimum element of contingencies. 15 (fifteen) bound volumes of the above data shall be submitted by the Supplier along with the lumpsum price.
6.
    - I. At the end of the five months period referred to above, the Supplier will, in consultation with and the agreement of the Indian Engineering Organisation(s) designated by the Government of India, prepare a list of equipment/materials to be procured from abroad and services to be rendered out India and the equipment/materials to be procured from India and services to be rendered in India by the Indian Engineering Organisation(s).
    - II. Within one month after submission of the list the Buyer and the Supplier will agree to the list as prepared with or without any modifications as may be mutually found acceptable. This list will be subject to approval of the Government of India.
  7. The Supplier will submit within three months after the completion of the work defined in this Article a lump sum price for design work, services, imported materials and equipment FOB (including purchasing, expediting inspection thereof) to be supplied from abroad and for services rendered outside India.
  8. When Buyer and Supplier have agreed on the lump sum price, they will within two months, enter into a contract for the related services to be performed. This contract will include all the usual clauses in such contracts. But even before such terms have been agreed upon, the Supplier as well as the Indian Engineering Organisation(s) referred to herein will start final mechanical engineering studies i.e. the performance of necessary technical studies to design the plant and prepare the drawings and specifications for equipment supply and erection of the refinery in accordance with the basis of design submitted by the Supplier and the appropriate engineering standards.

### **Article 3**

1. The Supplier will ensure that the equipment/materials and services available in India are incorporated in the facilities allotted to the Supplier subject to the quality and delivery schedule meeting the project requirements.
2. The Buyer shall implement all the works of construction, erection and commissioning the installations as well as field supervision, with technical assistance of the Supplier where necessary.
3. The Supplier and the Buyer will define the services of engineering, purchasing, expediting, inspection and field supervision which will be performed by the Indian Engineering Organisations(s) as may be designed by the Government of India; this shall be subject to an agreement between the Buyer and the Supplier on the necessary co-ordination by the Supplier

between work to be performed by the Supplier and the Indian Organisation(s) so designated and supervision by the Supplier. The Supplier and the Indian Engineering Organisation(s) will enter into suitable agreement for this purpose.

4. Concerning the Romanian specialists who will grant technical assistance in India during the work defined in Article 2 and the Indian specialists who will assist in the work to be executed in the Socialist Republic of Romania the Supplier and the Indian Engineering Organisation(s) will enter into a separate agreement within 15 (fifteen) days from the signing of this Agreement, defining the final conditions for the specialists to be deputed to both countries.

#### **Article 4**

1. The Buyer shall provide to the Supplier within the period stipulated all the necessary data and shall take measures in connection with the execution of the process and engineering design supplied by the Supplier and the realisation of such works, namely, authorisations, permits, taxes, Indian Customs duties and taxes, final data concerning the geotechnical and topographical studies on the soil of the refinery, etc according to the Annexure II.
2. The Buyer shall be responsible for all other elements of cost and deliveries not included in the FOB lump-sum price described above and shall control and take such follow-up actions as may be necessary with the Supplier's assistance.

#### **Article 5**

1. The cost of installations, equipment and materials to be delivered and services provided by the Supplier will be provided from the credit extended in Letter No. 7878 dated March 12, 1966 by the Supplier according to the conditions stated below :
  - I. 15 per cent of the total price of the contract payable against simple receipt of the account of the Rumanian National Bank with the State Bank of India, or any commercial bank in India, in favour of the Supplier. This amount shall be paid in 5 (five) equal instalments, the first instalment falling due 30 (thirty) days as from coming into force of the contract and the following ones at 6 (six) months intervals.
  - II. 85 per cent i.e., the balance of the total price under the contract shall be paid in 20 (twenty) equal half-yearly instalments, payable over a period of 10 years, the first instalment falling due at the completion of the main deliveries.
  - III. The credit of 85 per cent of the total price of the contract shall bear an interest of 2.5 per cent per year payable at the same time and in the same manner as the credit instalments. The interest will be calculated from the date of each shipment.
  - IV. The payment shall be made in non-convertible Indian rupees in terms of the Trade and Payments Agreement between Romania and India, in force at the date of the maturity of the respective payments.
2. The technical assistance and other services for building, erection and commissioning of the installations, to be performed by the Supplier and the payment therefore will be the subject of a separate contract between the two parties.

#### **Article 6**

Should it happen that the Supplier and the Buyer are unable to agree on the contract of supply and

rendering technical assistance within 3 (three) months of submitting to the Buyer the process design and the list of the scope of the supply, the Buyer shall pay the Supplier in cash a sum of US \$ 470,000 payable in non-convertible Indian rupees in the terms of Romanian-Indian Trade and Payments Agreement (subject to deductions as per Article 2.4) for the process design and services done upto that date and the either party shall have no further claim.

#### **Article 7**

1. Along with the concluding of the contract of supply and technical assistance, the Supplier shall furnish to the Buyer a time-schedule for the deliveries and services to be rendered by the Supplier.
2. On the basis of services and supplies from India, the Supplier will assist in setting up a time-schedule for the realisation of the work in India.
3. These schedules will be adjusted as may be required by unforeseen changes in conditions and deliveries.

#### **Article 8**

1. The contract to be concluded between the Supplier and Buyer shall stipulate the guarantees for the performance of the installations delivered by the former according to normal engineering practice.
2. The guarantee for the lube oil hydrofinishing installation will be granted directly to the Buyer by the process licensor.
3. The Supplier will give mechanical design and normal mechanical guarantees for the equipments to be delivered to the Buyer.
4. The mechanical guarantees for equipment and material supplies from India will be granted directly to the Buyer by the Indian manufacturers and agencies. The mechanical design of such equipments, materials will be guaranteed by the Supplier.

#### **Article 9**

1. The two parties will do the utmost for fulfilling the stipulations of this agreement and will conclude the contract of supply within the period above mentioned and on conditions of mutual understanding and co-operation.
2. This Agreement shall not be assigned by either party without the period written consent of the other provided however the Buyer shall be entitled without such consent to assign the benefit and burden of this Agreement to a Government Company as defined in the Indian Companies Act, 1956 or entrust the carrying out of the Agreement to any Government controlled organizations). Upon receipt of intimation from the Buyer of such assignment or entrustment, the Supplier undertakes to do all things necessary to carry out its obligations under this Agreement by co-operating with such Government Company or Organisation(s) and PROVIDED ALWAYS that the party assigning/entrusting shall remain fully liable to the other for all its obligations under this Agreement inspite of such assignment/entrustment.
3. Any dispute or differences between the Buyer on the one hand and the Supplier on the other hand, of any kind, whatsoever, at any time or times, arising out or in connection with or incidental to this Agreement (including any dispute or differences relating the interpretation of this Agreement or any clause thereof) shall be settled amicable between the parties, and, if it is not so

settled, will be decided or as may be settled by the Government of India and Government of Romania by mutual discussions.

#### **Article 10**

Any stamp duty or similar duty payable on this Agreement in India shall be on Buyer's account.

#### **Article 11**

This Agreement is valid from the date of signing and firmly committing both parties for implementing the obligations assumed therein from that very date.

IN WITNESS WHEREOF E.N. MANGAT RAI for and on behalf of the PRESIDENT OF INDIA has hereunto set his hand and Foreign Trade State Company 'INDUSTRIAL EXPORT' OF ROMANIA by D.G.M. GRIGORE GROSU (as witnessed by the Power of Attorney produced by him) have executed these presents the day and year written below.

E.N. MAGAT RAI

GRIGORE GROSU

Sd/-  
For and on behalf of the  
President of India

Sd/-  
For and on behalf of  
INDUSTRIAL EXPORT

Sd/-  
S R SUNDARAM

Sd/-  
RADU STOIAN

New Delhi : 13th day of October 1967.

#### **ANNEXURE I**

##### **A. Scope of work by TECHNIP ENSA**

1. Production of LPG
  - I. MOGAS
  - II. NAPHTHA
  - III. KEROSENE
  - IV. ATF
  - V. HSDO
  - VI. JBO Process Units ATMOSPHERIC DISTILLATION
  - VII. LIGHT NAPHTHA SWEETENING
  - VIII. NAPHTHA HYDROTREATER
  - IX. CATALYTIC REFORMING
  - X. KEROSENE SWEETENING
  - XI. KEROSENE HYDROTREATE

2. The process units and products as per (I) above.
  - I. storage for crude oil,
  - II. intermediate and finished products.
  - III. yard piping, transfer lines, expeditions, filling and loading facilities including
  - IV. supply to battery limits of process lines coming in Supplier's plant.
  
3. Utilities and offsites facilities;
  - I. Production of steam and power
  - II. Distribution of Utilities (steam, power, fuel gas, cooling water...)
  - III. Blow down and flare system Security, fire fighting system.
  - IV. Drain and sewers, separator, water treatment.
  - V. Railways, road etc.....
  - VI. Workshop and laboratory equipment.
  - VII. TECHNIP ENSA to supply to battery limits lines and connection coming to Supplier's plant.

## **B. Scope of work by Supplier**

### **Plant battery limits including:**

1. Production of LUBES
  - I. FUEL OIL
  - II. BITUMEN
  - III. Process Units VACUUM DISTILLATION
  - IV. PROPANE DEASPHALTING
  - V. FURFURAL EXTRACTRION
  - VI. MEK DEWAXING
  - VII. HYDROFINISHING
  - VIII. BITUMEN BLOWING
  - IX. THERMAL CRACKING
  - X. VISCOSITY BREAKING).
  
2. For process units and products as per (I) above
  - I. storage for intermediate and finished products
  - II. yard piping, transfer lines, expeditions, filling and loading facilities including supply

III. to battery limits of process lines coming to TECHNIP ENSA plant.

3. Supply to battery limits of fuel oil lines coming to TECHNIP ENSA Plant.

I. Scope of work by Buyer

II. Administration building

III. Laboratory building

IV. Workshop and warehouse building

V. Security and Custom building.....etc.

VI. Crude line, products lanes, railways, road, etc, outsidelimits of plant.

## ANNEXURE II

### THE EXPECTED STEPS TO DETERMINE THE FINAL CHARACTERISTICS

1. Immediately after coming into force of the Agreement, the Buyer shall convene a joint meeting between the Buyer, Supplier and TECHNIP in order to establish the basis of collaboration so that within two months of the signing of this Agreement all the common basis of design can be settled on mutual satisfaction.
2. Discussion will be held in Delhi by the Governemnt of India with Supplier's assistance with the process licensor(s) of the Lube Hydrofinishing Process with a view to obtaining from them recommendations and guarantees regarding product yield and quality.
3. The Buyer will provide in time
  - I. basic data;
  - II. local data;
  - III. latest product pattern and product specification;
  - IV. agreement between the Government of India and the Process Licensor(s) for the Lube Hydrofinishing Process.
  - V. a crude assay on the light Iranian Agha Jari crude Oil.
4. The technical and economical studies to arrive at the most devisable and economic processing scheme.
5. Preparation of design basis information to be given to the Lube Hydrofinishing Process Licensor(s).
6. Establishing of the basis of design to be followed by process licensor the the Lube Hydrofinishing Process and by the Supplier for final process design of the units.
7. Pilot plant experimental work to establish the basis of design of the Lube Plant, Visbreaking and Bitumen blowing units starting from light Agha Jari crude oil to meet the requisite quantity and



quality requirements. The Supplier will detail the experimental work to be performed. 50 barrels of a representative sample of Agha Jari Crude oil will be despatched to Romania by the Buyer not later than one month from the date of this Agreement. Buyer may dispute one or more representatives to Romania during Pilot Plant Experimental work.

### ANNEXURE III

Using Agha Jari Crude oil and having in mind the achievement of the process requested by the Buyer and further of technical discussions held during March-May 1966 and in December 1966 as well as on the basis of the clarifications and alterations intimated to the Supplier by the Buyer and with reference to technical discussions held from time to time. The Buyer and the Supplier established a preliminary and tentative processing scheme. The approximate capacities of the units so established are given below :

VACUUM DISTILLATION 1,000,000 T/Year

PDA 226,000 "

FURFURAL EXTRACTION 285,000 "

MEK DEWAXIN 248,000 "

HYDROFINISHING 205,000 "

BITUMEN BLOWING 105,000 "

VISBREAKING 550,000 "

It is agreed between the Buyer and the Supplier that :

1. During the first three months period after signing of this Agreement and within two months after receiving from the Buyer, in Romania, of the crude oil sample, the process scheme will be optimised according to the crude analytical data, provided by the Buyer or the Supplier and the capacities of the units will be adjusted according to the results of the pilot plant-experiments and the data furnished by the Lube Oil Hydrofinishing Licensor to meet the latest product pattern and specifications.
2. The hydrogen needed for the Lube Oil Hydrofinishing unit will be provided by the Buyer either from the Catalytic Reforming unit or from a separate hydrogen plant.
3. Propane for the deasphating Unit will be supplied by the Buyer. The specification of this propane will be indicated by the Supplier.
4. During the initial period of process optimisation the Buyer and the Supplier would decide on whether urfural Extraction and MEK Dewaxing Unit will be built in one line or two lines.

Dated October 13, 1967

The President of India,

C/o Secretary

Ministry of Petroleum and Chemicals

New Delhi

Sir,

During the discussions leading today to the conclusion of the agreement regarding the Romanian Assistance for the setting up of the Haldia Refinery, it was agreed that the conditions of credit

extended by the Supplier as provided in the Article 5 of the Agreement, we remain in force so long as the value of the Romanian deliveries and services will satisfy the Supplier. In case the value of the Romanian deliveries and services is not such that it satisfies the Supplier, it was further agreed that the terms of credit will be rediscussed and settled to the mutual advantage of both parties.

The procedure of repayment under this credit will be settled by both parties at the time of the conclusion of the Commercial Contracts for supply of equipment and technical assistance.

This letter is an integral part of the Agreement signed on the 13th October 1967.

I shall be grateful if you will kindly confirm that this sets out correctly the understanding reached between us.

Yours sincerely,

Sd/-  
GRIGORE GROSU  
For and on behalf of  
INDUSTRIAL EXPORT

**GOVERNMENT OF INDIA  
MINISTRY OF PETROLEUM AND CHEMICALS**

New Delhi  
Dated October 13, 1967

To

The 'INDUSTRIAL EXPORT'  
State Company for Foreign Trade  
2 Gabriel Peri Street  
BUCHAREST (ROMANIA)

Dear Sirs,

I have your letter of date, reading as follows :

"During the discussions leading today to the conclusion of the agreement regarding the Romanian Assistance for the setting up of the Haldia Refinery, it was agreed that the conditions of credit extended by the Supplier as provided in the Article 5 of the Agreement, we remain in force so long as the value of the Romanian deliveries and services will satisfy the Supplier. In case the value of the Romanian deliveries and services is not such that it satisfies the Supplier, it was further agreed that the terms of credit will be rediscussed and settled to the mutual advantage of both parties.

The procedure of repayment under this credit will be settled by both parties at the time of the conclusion of the Commercial Contracts for supply of equipment and technical assistance.

This letter is an integral part of the Agreement signed on the 13th October 1967.

I shall be grateful if you will kindly confirm that this sets out correctly the understanding reached between us."

I confirm the understanding as stated therein.

Yours faithfully,

Sd/-

E.N. MANGAT RAI

For and on behalf of the

PRESIDENT OF INDIA