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Recipients

All DME Members

From

Sarah Watts, Chief Compliance Officer

Category

Operations

Summary of Content

Tolerances – DME Oman Crude Oil Futures Contract

This Notice 07-17 provides Members and Customers with information relating to loading tolerances under the DME Oman Crude Oil Futures Contract.

Petroleum Development Oman ("PDO"), the terminal operator, has a minimum loading volume requirement per vessel (or "stem size") of 200,000 barrels. The DME Oman Crude Oil Futures Contract enables parties to make and receive deliveries of less than 200,000 barrels, provided, however, that they are co-loaded with other parcels to make up a minimum of 200,000 barrels

Where a volume of less than 200,000 DME barrels is subject to delivery, the tolerance of 1000 barrels (which is applicable for parcels of 200,000 barrels and above) shall apply on a pro rata basis, for example, a 25,000 barrel parcel would have a tolerance of 125 barrels $((25/200) \times 1000)$. As stipulated in Appendix A of the DME Crude Oil Futures Contract, the applicable lifting instructions are those of PDO, and therefore PDO shall be the final arbiter with regard to all operational tolerance matters. Consequently, in practice for parcels less than 200,000 barrels which are co-loaded at the load port, it is at the PDO's discretion to apply a minimum/maximum criteria for operational efficiency.

Signed



Sarah Watts

Chief Compliance Officer

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