



Gard Alert: Nigeria – charterers request Letters of Comfort

Some charterers have requested that tanker owners sign Letters of Comfort addressed to the charterers themselves or the Nigerian National Petroleum Corporation.

Published 05 October 2015

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Since our [Gard Alert of 24 July 2015](#) and [Gard Alert of 18 September 2015](#), there have been some developments relating to the Letters of Comfort that were requested by Nigeria's national oil company, the Nigerian National Petroleum Corporation (NNPC).

Letters of Comfort to NNPC

Some charterers have requested that tanker owners sign Letters of Comfort addressed to NNPC. Our advice remains that this should be avoided and that any such Letters of Comfort must be given by "Terminal Operators and Off-takers of Nigerian Oil and Gas" and not tanker owners.

Letters of Comfort to charterers

A number of charterers have asked tanker owners to sign Letters of Comfort addressed to the charterers themselves. These Letters of Comfort have been on various terms, from the wide NNPC terms, to much narrower terms.

A Letter of Comfort from an owner to a charterer should not be necessary as the terms of agreement between a charterer and an owner are already recorded in the charterparty. If separate agreements or indemnities, such as a Letter of Comfort, are required for some reason, these should be carefully negotiated between the parties so that all parties understand the effect of what is being agreed, and why.

INTERTANKO has suggested using the following model wording when charterers insist that a tanker owner provides a Letter of Comfort. The Letter of Comfort should be addressed to the charterer:

INTERTANKO Letter of Comfort for Nigeria Trade

The vessel XXXX is contracted to load at XXXX with a laycan of XXXXX

Owners confirm that the vessel will not knowingly engage in any illegal activities and will strictly follow any legal instruction issued in accordance with the terms of the Charter Party.

If charterers request such a Letter of Comfort, tanker owners may also request that charterers provide a letter in return on back to back terms.

Recommendations

We recommend that:

- Owners of previously banned tankers should be extremely cautious about those vessels calling to Nigeria.
- Owners do not sign Letters of Comfort addressed to NNPC and refer any requests for such Letters to charterers. Seek advice if you are still requested to sign one.
- If a charterer insists on receiving a Letter of Comfort, consider using the INTERTANKO model wording above.
- Tanker owners should ensure that the rights, duties and risks as allocated between tanker owner and charterer are clear for any calls to Nigeria. Consider using INTERTANKO's Nigeria Trade Clause which can be found on the members' section of their website.
- Be particularly vigilant in dealings with and reporting to all local authorities if loading in Nigeria.
- Take great care with bill of lading figures.
- Provide outturn figures and documents if requested by NNPC or other Nigerian governmental entities. INTERTANKO's Nigeria Trade Clause allocates responsibility to charterers for the outturn verification at the discharge port.

Further information will be provided when available.

Please direct any questions to your usual Defence cover point of contact.

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