

# VDD 5.5: Template Offtake Agreement (Take-or-Pay, Frac Sand Supply)

**Prepared for:** Sentinel Legal VDD Request List, item 5.5 **Date:** 15 May 2026 **Status:** v1 template.  
Adapted from the structure of the Chevron 2023 commercial proposal (Doc 3.1). Sentinel Legal must redline before this template enters a counterparty negotiation. Argentine commercial law jurisdiction (CABA).

## Header

FRAC SAND SUPPLY AND OFFTAKE AGREEMENT  
between  
JOLOT S.A.S.  
Argentine sociedad por acciones simplificada  
BORA 11266/19, incorporated 22 February 2019  
CUIT [number]  
Domicile: [registered office, CABA]  
(the "Supplier")  
and  
[OPERATOR LEGAL NAME]  
[OPERATOR INCORPORATION JURISDICTION]  
[OPERATOR REGISTRY NUMBER]  
[OPERATOR DOMICILE]  
(the "Buyer")  
Effective Date: [DD Month YYYY]

## 1. Scope and definitions

Term	Definition
<b>Product</b>	Argentine frac sand, API 19C compliant per ISO 13503-2 testing protocols, granulometry 40/70 or 70/140 mesh (each Buyer-selected fraction), SiO <sub>2</sub> content greater than 70% by weight.
<b>Plant</b>	The JOLOT processing plant located in Rincon de los Sauces, Departamento de Malargüe, Mendoza Province, Argentina.
<b>Delivery Point</b>	The Plant gate (Ex-Plant) OR, at Buyer election and subject to Bailey bridge availability, the Buyer's wellhead within a defined zone of the productive North Zone of Vaca Muerta.
<b>Term</b>	The period beginning on the Effective Date and continuing for [12 / 24 / 36] months, renewable by mutual written agreement.
<b>Annual Volume</b>	The total contracted tonnage per calendar year. See Section 2.
<b>Quality Specification</b>	

Term	Definition
	The specification detailed in Schedule A (API 19C, ISO 13503-2, attached).

## 2. Volume and take-or-pay

Tier	Annual contracted volume	Monthly minimum take-or-pay	Pricing tier
Tier 1 (anchor)	60,000 tonnes (5,000 t/month)	4,000 t (80% of contracted)	Tier 1 base
Tier 2 (volume)	36,000 tonnes (3,000 t/month)	2,400 t (80%)	Tier 2 base
Tier 3 (sample-and-test)	1,200 tonnes (Year 1, single delivery)	n/a	Sample pricing

Take-or-pay obligation: the Buyer commits to pay for the monthly minimum tonnage even if the Buyer does not take physical delivery. Tonnage delivered above the monthly minimum is settled at the same tier price, no surcharge. Tonnage below the minimum at the Supplier's election is either (a) credited to the next month (with a 90-day rolling cap), or (b) paid for as the monthly minimum settlement (Buyer election).

## 3. Pricing

### 3.1 Base price by tier

Tier	Base price per tonne (USD, Ex-Plant)
Tier 1 (anchor)	US\$90 to US\$95 (negotiable)
Tier 2 (volume)	US\$95 to US\$100 (negotiable)
Tier 3 (sample)	US\$100 to US\$110 (set per sample run)

Bailey bridge premium: if the Buyer elects Delivery Point at wellhead after the Bailey bridge enters operation, the price per tonne increases by US\$15 to US\$25 to reflect the value of the eliminated reload, storage, and contamination step. This premium is structured as a separate line item, not a base price increase.

### 3.2 Diesel-indexed adjustment

Adjusted price per tonne (USD)

= Base price (USD)

+ Diesel Adjustment Factor × (Current Diesel Price ARS/L – Reference Diesel Price ARS/L) / Reference Diesel Price ARS/L

Where: - **Diesel Adjustment Factor**: 8% to 12% (negotiable per tier; capped both directions) -

**Reference Diesel Price**: YPF surtidor list price for Rincon de los Sauces, Mendoza, locked at the

Effective Date and quarterly re-set - **Current Diesel Price**: YPF surtidor list price for the same surtidor on the first business day of each calendar month

### 3.3 Currency

All pricing and payment terms are denominated in USD. Where Argentine peso settlement is elected for regulatory or operational convenience, the conversion is at the BCRA wholesale rate (cierre mayorista) on the business day immediately preceding the invoice date.

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## 4. Quality, sampling, and rejection

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### 4.1 Quality specification

See Schedule A. Core requirements: - SiO<sub>2</sub> greater than 70% by weight - Crush resistance per API 19C protocol (specific load varies by mesh: 40/70 or 70/140) - Roundness and sphericity per API 19C - Turbidity less than 250 NTU - Acid solubility per API 19C protocol (this is the test referenced in VDD item 3.3; the Supplier discloses upfront that current test results are pending and will be shared with the Buyer before first delivery; any mitigation, including resin-coating, is the subject of separate negotiation)

### 4.2 Sampling

Each delivery is sampled by an independent third-party laboratory acceptable to both parties (proposed default: SGS Minerals S.A. in Chile, given prior validation work). Sample retention: 90 days minimum at the Supplier site.

### 4.3 Rejection rights

If a sample fails the Quality Specification by more than 10% on any single parameter, the Buyer may reject the affected delivery. The Supplier replaces the rejected tonnage within 30 days at no incremental cost. Repeated rejection (3 within a calendar year) triggers a quality-improvement plan with milestones agreed in writing.

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## 5. Force majeure

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Standard force majeure clauses, including but not limited to: acts of God, war, civil unrest, government action, currency controls (specific reference to ARS regime changes), strikes (unless directly involving Supplier personnel for a Supplier-internal dispute), pipeline or infrastructure events, and Vaca Muerta-wide operational stoppages. The Bailey bridge is NOT considered a force majeure event. Supplier is responsible for maintaining the bridge once executed. If the bridge becomes unavailable, deliveries default to Plant-gate Ex-Plant pricing for the affected period.

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## 6. Term and termination

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- **Term:** As stated in Section 1 ([12 / 24 / 36] months).
  - **Renewal:** By mutual written agreement, 90 days before expiry.
  - **Material breach termination:** 60-day cure period; if uncured, terminate with damages calculated per Schedule B.
  - **Insolvency termination:** Immediate, no cure, no damages payable to the breaching party.
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## 7. Jurisdiction and dispute resolution

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- **Governing law:** Argentine commercial law (Codigo Civil y Comercial).
- **Jurisdiction:** Tribunales Ordinarios de la Ciudad Autonoma de Buenos Aires.

- **Pre-litigation:** Mandatory good-faith negotiation for 30 days; if unresolved, optional mediation through CAM-Buenos Aires (Camara Argentina de la Mediacion); arbitration under UNCITRAL rules in CABA only if mediation fails. Litigation is the fallback path, not the default.

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## 8. Standard clauses

Confidentiality, anti-bribery (referencing the Supplier's policy at VDD item 7.6), anti-corruption (FCPA, UK Bribery Act, Argentine Law 27.401), data protection (Argentine Law 25.326), notices, assignment, severability, entire agreement, counterparts.

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## 9. Schedules

- **Schedule A:** Detailed quality specification (API 19C, ISO 13503-2 tabular form)
  - **Schedule B:** Damages calculation methodology (volume-weighted average shortfall, capped at 3 months of Annual Volume value)
  - **Schedule C:** Delivery logistics and timing
  - **Schedule D:** Notice addresses and authorized signatories
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## 10. Signature block

JOLOT S.A.S.

By: \_\_\_\_\_

Name: Sergio Daniel Kalierof

Title: Sole Administrator

Date: [DD Month YYYY]

[OPERATOR LEGAL NAME]

By: \_\_\_\_\_

Name: [name]

Title: [title]

Date: [DD Month YYYY]

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## Cross-references

Reference	Document	Status
Chevron 2023 commercial proposal (template basis)	Doc 3.1 (6 pp)	In data room
Quality validation (SGS)	Doc 1.4 (89 pp)	In data room
Plant location and logistics	Doc 5.x (satellite imagery)	In data room
Bailey bridge engineering	Doc 2.4 (39 pp)	In data room
Acid solubility test (VDD 3.3)	Pending	RED FLAG, Sergio / Marcelo to provide
Anti-bribery policy	VDD 7.6 (in this the round-facilitator engineering function batch)	Drafted

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*v1 template prepared 15 May 2026 by Tomas Marty for the Sentinel Legal VDD response. Sentinel Legal must redline before use in counterparty negotiation. NOT a binding instrument. CONFIDENTIAL.*