



Petro Broker Academy

*Oil Brokerage Fundamentals*

# KEY LEGAL AND TRANSACTION DOCUMENTS IN OIL BROKERAGE



**PETRO BROKER ACADEMY**



## **Key Concepts and Terminologies in Petroleum Brokerage**

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### **🎯 Objectives of the Chapter**

In this chapter, the trainee will:

- Become familiar with the most important terms and abbreviations used in oil and gas trading
  - Understand the role and meaning of each term in real-world contracts
  - Learn to distinguish between types of products and their specifications
  - Be prepared to interpret documents like ICPO, FCO, and CI
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### **📖 Common Terms and Abbreviations**



Abbreviation Full Form		Meaning
<b>ICPO</b>	Irrevocable Corporate Purchase Order	A buyer's official interest and intent to purchase
<b>FCO</b>	Full Corporate Offer	Seller's official offer with detailed terms
<b>CI</b>	Commercial Invoice	The initial billing document issued by seller
<b>SPA</b>	Sales and Purchase Agreement	The final legally binding contract
<b>DTA</b>	Dip Test Authorization	Permission for buyer to test product quality
<b>TSR</b>	Tank Storage Receipt	Proof of product storage in seller's tank
<b>Q&amp;Q</b>	Quantity & Quality Report	Inspection document from SGS/CIQ
<b>POP</b>	Proof of Product	Documents proving seller has the product
<b>LOI</b>	Letter of Intent	Buyer's initial expression of interest



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**Abbreviation Full Form**

**Meaning**

<b>BCL</b>	Bank Comfort Letter	Bank's statement confirming buyer's funds
<b>NCNDA</b>	Non-Circumvention, Non-Disclosure Agreement	Confidentiality & anti-bypass contract
<b>IMFPA</b>	Irrevocable Master Fee Protection Agreement	Commission protection for brokers

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**Types of Products in Oil Brokerage**

Product	Description
<b>EN590 (Diesel)</b>	Ultra-low sulfur diesel (commonly traded)
<b>Jet A1</b>	Aviation fuel for jet engines



Product	Description
<b>D2 Gas Oil</b>	Low sulfur diesel fuel (older spec)
<b>Mazut (M100)</b>	Heavy fuel oil
<b>D6 Fuel Oil</b>	Virgin fuel oil, often used in ships
<b>LPG</b>	Liquefied Petroleum Gas
<b>Crude Oil</b>	Unrefined petroleum

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## ☐ **Understanding Product Specs**

Each product has key specs that brokers should be aware of:

- **Sulfur Content (e.g., 10ppm)**
- **Density @15°C**
- **Viscosity**



- **Flash Point**
- **Origin & Port of Loading**
- **Packaging (Bulk, IBC, etc.)**

Example:

EN590 Diesel 10ppm FOB Rotterdam

Gross: \$530/MT – Net: \$520/MT

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## **🔍 Document Flow Basics**

1. **Buyer sends LOI or ICPO**
2. **Seller responds with FCO + CI**
3. **Buyer accepts and confirms ability to pay (BCL or proof)**



4. **POP issued, dip test scheduled, SPA signed**
  5. **Shipping and payment process initiated**
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## **Outcome of Chapter 2**

By the end of this chapter, the trainee will:

- Know the essential terms used in oil trading
- Understand the basic sequence of documents in a transaction
- Recognize different types of fuel products and their specs
- Be ready to engage in document review and early-stage communication

