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13 OF 1975
No. of 1975

In the Privy Council

**ON APPEAL
FROM THE COURT OF APPEAL
OF NEW ZEALAND**

BETWEEN

EUROPA OIL (N.Z.) LIMITED

Appellant

AND

THE COMMISSIONER OF INLAND REVENUE

Respondent

Record of Proceedings

VOLUME 8

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IN THE PRIVY COUNCIL

ON APPEAL FROM THE COURT OF APPEAL
OF NEW ZEALAND

BETWEEN EUROPA OIL (N.Z.) LIMITED

Appellant

A N D THE COMMISSIONER OF INLAND
REVENUE

Respondent

RECORD OF PROCEEDINGS

VOLUME 8

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- A.F.R.A.** An assessment by the London Tanker Brokers Panel of the current freight rates for the transport of oil by tankers. It is applied as a percentage of Intascale rates. A.F.R.A. is calculated on a weighted basis, taking into account time charters and consecutive voyage charters in operation on the date in question, and the weighted average of spot charters during the preceding six months. Company owned tonnage is included at the average of chartered tonnage rate. A.F.R.A. is currently expressed in four scales: G.P., M.R., L.R. I and L.R. II (as to which see below).
- A.P.I. GRAVITY** A.P.I. = American Petroleum Institute. An arbitrary scale expressing the gravity, or density, or liquid petroleum products in terms of A.P.I. degrees. When applied to crude oil it is an indicator of the proportion of gasoline that can be obtained therefrom. Crudes with a low A.P.I. rating generally produce less gasoline than those with a higher A.P.I. rating.
- ASPHALT** A dark brown to black cementations material in which the predominating constituents are bitumens.
- A.T.R.S.** A rate compiled by the Tanker Committee of the Association of Shipbrokers and Agents, New York. It is mainly used for shipments of crude oil from U.S. Gulf ports to other U.S. ports. It serves the same general purpose as Intascale.
- BARREL** A statistical measure equal to 42 U.S. gallons or 34.978574 Imperial Gallons.
- BITUMEN** Mixtures of hydrocarbons of natural pyrogenous origin. - Processor for roadmaking from residual fuel oils.
- BLENDING** The process of mixing two or more oils having different properties to obtain a product of intermediate properties.
- BUNKER C. FUEL** A heavy residual fuel oil used mainly for heating or in ships furnaces.
- CETANE NUMBER** A term for expressing the ignition quality of diesel fuel. The higher the cetane number the higher the quality. (c.f. octane number)

- CRUDE OIL** A natural mineral oil consisting of a mixture of paraffinic and naphthenic hydrocarbon molecules.
- DEADWEIGHT CAPACITY** Total capacity in long tons for cargo, bunkers, water, provisions and stores which a vessel can carry when loaded in salt water to the vessels maximum draught.
- DIESEL FUEL** A refined petroleum distillate suitable for diesel engines. The product is generally a gas oil or gas oil base.
- DIESEL INDEX** An expression of the correlation between the aniline number of a diesel fuel and its ignitability. The higher the diesel index number the higher the quality. (c.f. octane number). See also cetane number.
- FUEL OIL** A fraction derived from refining crude oil. It has a boiling range below naphthas and gas oil.
- GALLON IMPERIAL** Unit of liquid used in England, Canada and some other countries. Defined as the volume of 10 lb. of water at 62°F. 277.418 cubic inches.
- GALLON U.S.** Unit of liquid volume equal to 0.83268 times the imperial gallon. It is an old measurement of an English wine gallon (equals 231 cubic inches).
- GAS OIL (RAW)** A fraction derived in refining crude oil. It has a boiling range between naphtha and fuel oil. It is the equivalent of unrefined diesel oil. Sometimes referred to as Middle Distillate.
- GAS OIL (REFINED)** A term for light diesel oil not to be confused with raw gas oil.
- GASOLINE** A refined petroleum product suitable for use as a carburant in internal combustion engines.
- G.P.** General Purpose division of A.F.R.A. Although tankers coming within this category have changed throughout the years it includes all tankers between 16500 d.w.t. and 24,999 d.w.t.
 1954-1959 all tankers above 10,000 d.w.t.
 1959-1.7.64 13,500 d.w.t. to 24,999 d.w.t.
 1.7.64-1.11.68 15,000 d.w.t. to 24,999 d.w.t.

- GRAVITY** The gravity of a petroleum oil is an index of the weight of a measured volume of the product compared to the weight of an equal volume of water. Gravity determinations are necessary for the conversion of measured volumes to weights and vice versa.
- INTASCALE** The "International Tanker Nominal Freight Scale" came into effect on 15 May 1962. It is intended as a standard reference for a standard vessel with a standard fuel consumption for various voyages, port to port, throughout the world against which the market level at any given time can be readily measured. The price reference for A.F.R.A. freight is expressed as a given percentage of plus or minus INTASCALE. Intascale was replaced on 16.9.69 by a similar standard reference known as **WORLDSCALE**.
- J.P.4** Aviation turbine fuel.
- KEROSINE** A refined petroleum distillate suitable for illumination when burned in a wick lamp or as a turbine fuel; also a distillation could in the range between Naphthas and Gas Oils.
- L.R.** Large Range division of A.F.R.A. Vessels coming within this category were:
1959-1.7.64 25,000 d.w.t. and over
1.7.64-1.11.68 45,000 d.w.t. to 69,999 d.w.t.
- L.R. I** This category, with the L.R. II category, superseded the L.R. range as from 1.11.68 and includes all vessels between 45,000 d.w.t. and 79,999 d.w.t.
- L.R. II** This category, with the L.R. I category, superseded the L.R. range as from 1.11.68 and includes all vessels between 80,000 d.w.t. and 159,999 d.w.t.
- LUBRICATING OILS** Selected petroleum oils used to lessen friction between moving surfaces. Processed from residual fuel oils.
- MIDDLE CUT DISTILLATE** The middle portion of a barrel of crude. It is the part of the crude other than the naphthas fraction (light) and fuel oil residue (heavy).
- M.O.T.** Ministry of Transport freight rates established during the war and from which Intascale was later developed.

C.S. 23

Gulf, for each barrel of naphtha and gas oil processed for Paneast under said Processing Contract shall be:

- (3) for naphtha, irrespective of gravity or the refinery loading port, a base price of U.S. \$1.46 per barrel with said base price adjusted in respect of the dates and to the extent set out in attached Table No. 2 by
- (a) addition of OPEC cost increases for Kuwait crude oil as set out in Table No. 2, and
 - (b) addition of 40% of the difference between
 - 10 (i) increases since November 13, 1970 of the posted prices for Kuwait crude oil of 31.0° - 31.9° API gravity above U.S. \$1.59 per barrel as set out in Table No. 2, and
 - (ii) the OPEC cost increases described in (a), or deduction of 40% of said difference if (ii) exceeds (i).
- (4) for gas oil, irrespective of gravity or the refinery loading port, a base price of U.S. \$2.00 per barrel with said base price adjusted in respect of the dates and to the extent
- 20 set out in attached Table No. 3 by
- (a) addition of OPEC cost increases for Kuwait crude oil as set out in Table No. 3, and
 - (b) addition of 40% of the difference between
 - (i) increases since November 13, 1970 of the posted prices for Kuwait crude oil of 31.0° - 31.9° API gravity above U.S. \$1.59 per barrel as set out in Table No. 3, and
 - 30 (ii) the OPEC cost increases described in (a), or deduction of 40% of said difference if (ii) exceeds (i).

M.R.	Medium Range division of A.F.R.A. Vessels coming within this category from 1.7.64 to the present time are 25,000 d.w.t. to 44,999 d.w.t.
NAPHTHA	Any one of a series of light liquid hydrocarbon fractions generally boiling within the gasoline range recovered by the distillation of crude oil. Certain series are equivalent of unrefined or raw gasoline and other series have substantial uses in petrochemical industries.
OCEAN LOSS	The evaporation loss during the voyage.
OCTANE NUMBER	The antiknock quality of motor aviation gasoline. It is the general classification for gasoline quality.
PLATT'S OILGRAM	A daily price service for oil products published by McGraw-Hill of New York.
POSTED PRICE	A standard price reference quoted at the main oil supply areas for sales and/or purchases.
POUR POINT	The lowest temperature at which an oil will pour or flow without disturbance when chilled.
PROCESSING	The refining process.
PRODUCTS	The various refined petroleum products resulting from distillation by the refinery operation.
REFINERS FEE	A fee paid to a refiner for the refining of crude oil.
REFINERS MARGIN	The difference between the price paid for crude oils and the price received for refined products. It represents refining costs plus refining profits.
RESIDUAL FUEL OIL	See Fuel Oil.
RESIDUE	The substance left after distilling off from crude oil in refinery operations all but the heaviest components.
R.O.N.	Research Octane Number.

SCALE	A standard reference outside U.S.A. for tanker freights. Superseded by Intascale in 1962.
SPECIFIC GRAVITY	The ratio of the weight of a given volume of a body to the weight of an equal volume of, in the case of oil, distilled water. See also gravity.
SPIKING	The mixing of naphthas or other petroleum distillate with crude oils.
T - 2	16,000 ton d.w.t. tankers built during Second World War.
T.A.L.F.I.	A freight scale used by B.P. very similar to A.F.R.A.
TON LONG	Equals 1.01605 metric tons 1.12 short tons or 2,240 lbs. Used extensively by the oil industry.
TON METRIC	Equals 0.98421 long ton or 1.10231 short tons or 2,204.6 lbs.
TON SHORT	Equals 0.892857 long ton or 0.907185 metric ton.
TURBINE FUEL	Kerosine specially refined for use in jet turbine engines.
ULLAGE	The amount which is required to fill a tank, container or vessel. The measure of the empty space between the surface of the oil in the tank and the top of the tank.
VISCOSITY	The measure of the internal friction or resistance of an oil flow. Values are expressed as the number of seconds in time required for a certain volume of oil under test to pass through a standard orifice under prescribed conditions.
VISCOSITY INDEX	A scale showing the magnitude of viscosity changes in lubricating and other oils with changes in temperature.
WIDE CUT DISTILLATE	This is a very general term used to define the substance left after distilling off from cude oil in refinery operation between the very lightest components and the residue from the distillation process.
WORLDSCALE	Serves the same purpose and is calculated on a similar basis to Intascale. The price reference is to WS 100 which is the standard reference, e.g. WS 150 equals the standard reference of WS 100 plus 50% and WS 80 equals standard reference WS 100 less 25%.

IN THE SUPREME COURT OF NEW ZEALAND
WELLINGTON DISTRICT
WELLINGTON REGISTRY

BETWEEN EUROPA OIL (N.Z.) LIMITED

OBJECTOR

A N D THE COMMISSIONER OF INLAND
REVENUE

COMMISSIONER

CASE STATED

10 Pursuant to section 32 of the Land and Income Tax Act 1954
(hereinafter referred to as "the Act")

1. AT all material times the Objector was a duly incorporated
limited liability company having its registered office at
Wellington and carrying on the business of marketing petroleum
products.

2. THIS Case Stated is concerned with income tax in respect
of the years ended 31st March 1966 to 31st March 1971.

Objections by the Objector to assessments and amended assessments
issued by the Commissioner in respect of the years ended 31st
20 March 1959 to 31st March 1965 have been the subject of earlier
litigation and the parties have agreed that the evidence and
exhibits in the Supreme Court in the earlier litigation shall be
evidence in this case and a convenient record of that evidence
is comprised in the Case on Appeal to the Court of Appeal of
New Zealand (C.A. 35/69) in respect of those earlier years.

An index of the exhibits appears at page 14 of this Case Stated.

3. LISTS of the ordinary shareholders as at 10.3.64 (being
the date of execution of the principal contracts) in the following
five New Zealand companies which are relevant to this case

30 stated are shown in exhibits hereto as follows:

<u>Company</u>	<u>Exhibits to this Case Stated</u>
Todd Investments Limited ("Todd Investments")	C.S.1

<u>Company</u>	<u>Exhibits to this Case Stated</u>
Europa Oil (N.Z.) Limited (Objector)	C.S.2
Associated Motorists Petrol Company Limited ("Associated Motorists")	C.S.3
Todd Participants Limited ("Todd Participants")	C.S.4
10 Europa Refining Company Limited ("Europa Refining")	C.S.5

Other relevant companies are:

Gulf Oil Corporation ("Gulf")	Incorporated in the United States of America.
Gulf Iran Company ("Gulfiran")	A subsidiary of Gulf incorporated in the United States of America
Gulf Exploration Company ("Gulfex")	A subsidiary of Gulf incorporated in the United States of America.
20 Propet Company Limited ("Propet")	A subsidiary of Gulf incorporated in the Bahama Islands.
Pan Eastern Refining Company Limited ("Pan Eastern")	Incorporated in the Bahama Islands. The shares comprising its paid-up capital are owned equally by Associated Motorists and Propet.

30 4. THE following is a chronological list of certain contracts and their amendments, together with a statement of their summarised effect, entered into between 3.4.56 and 20.9.71.

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
3.4.56	Contract for Organisation of Pan Eastern	Gulf and Objector	Gulf and Objector to incorporate or to procure incorporation of Pan Eastern in the Bahamas with a capital of 100,000 x £1 shares, half each to Gulf and Objector or their nominees, whereupon Gulf to execute Processing Contract with Pan Eastern.	A7	3049

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
10	3.4.56 Processing Contract	Gulf and Pan Eastern	Gulf to sell to Pan Eastern for 10-year term crude to produce gasoline equiva- lent to the quantity which Gulfiran is to deliver to Objector. Gulf to process this crude at the expense of Pan Eastern. Pan Eastern to sell the resultant yield of refined products to Gulf.	A7 Third Schedule	3057
20	3.4.56 Petroleum Products Sales Contract	Gulfiran and Objector	Gulfiran agrees to sell to Objector bulk of Objector's requirements of refined petroleum products.	A	3001
30	3.4.56 Affreight- ment	Gulf and Objector	Parties agree that Objector's petroleum products will be shipped by Gulf procured tankers to New Zealand ports, at AFRA rates subject to alternate freight rates settlement on expiry of con- tract	A4	3021
40	3.4.56 Agreement Relative to N.Z. Refinery	Gulfiran and Objector	If a refinery is established in New Zealand during the period of Petroleum Products Sales Contract, Objec- tor's requirements of gasoline refined from crude oil produced by a defined Company are excluded from that contract	A3	3017
50					

	<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
10	3.4.56	Agreement	Gulfiran and Objector	If processing Contract inopera- tive by force majeure, Objector may give notice within 2 years to rescind Petroleum Products Sales Contract.	A18	3084
20	3.4.56	Pre-emptive Agreement	Objector and Gulf	From date to Dec. 31, 1966 Objector agrees not to sell its undertaking without giving first option to buy to Gulf. Consideration: \$US500,000.	A19	3086
	3.4.56	Deed: Option to Purchase Shares in Europa held by Todd Investments	Todd Invest- ments and Gulf	Option to Gulf to this effect.	A20	3094
30	3.4.56	Guarantee	Gulf and Objector	Guarantee by Gulf of Gulfiran's performance under the Petroleum Products Sales Contract.	A21	3097
40	24.8.59	The first of a series of "Letter Variations" granting price re- ductions of crude under the Pro- cessing Contract	Gulf and Pan Eastern	Reduction in price of crude oil sold to Pan Eastern during 1958.	A9	3072
50	27.12.62	Letter as to Termination	Gulf and Pan Eastern	As to termination of 1956 Processing Contract when new Refinery on Full Stream.	H	5080
	27.12.62	Letter as to Termination	Gulfiran and Objector	Same in relation to Petroleum Products Sales Contract and Agreement relative to N.Z. Refinery.	I	5081

	<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
	27.12.62	Letter as to Termination	Gulf and Objector	Same in relation to Contract of Affreightment and Guarantee	J	5082
10	27.12.62	Processing Contract	Gulf and Pan Eastern	Gulf to sell to Pan Eastern quan- tities of crude oil equal to the quantities of crude oil required as such and the crude required to produce the equiva- lent quantity of other feed stocks to that which Gulfex is obliged to supply under the Feed Stock Supply Contract.	A	5001
20						
	27.12.62	Feed Stock Supply Contract	Gulfex and Europa Refining	Supply by Gulfex to Europa Refining of latter's require- ments of N.Z. Feed stock and certain refined products not available at Whangarei.	B	5021
30						
	27.12.62	Affreight- ment	Propet and Europa Refining	For transport of supplies under Feed Stock Supply Contract.	D	5039
	27.12.62	Affreight- ment	Propet and Europa Refining	Backhaul of surplus products	C	5061
40	27.12.62	Guarantee	Gulf and Europa Refining	Gulf guarantees performance by Gulfex of Feed Stock Supply Contract and by Propet of Contract of Affreightment.	E	5066
50	27.12.62	Contract re Organisa- tion of Pan Eastern	Gulf and Todd Partici- pants	If requested by Todd Participants Gulf will concur in capital recon- struction of Pan Eastern increasing capital to 500,000 x £1 shares etc.	F	5069

	<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
10	27.12.62	Ancillary Agreement	Gulf and Todd Participants	If Gulf requests Pan Eastern to advance to Gulf or its nominee amount paid for new shares subscribed for under the Organisation Agreement, Gulf indemnifies Pan Eastern if borrower fails to repay. Similar indemnity by Todd Participants.	G	5079
20	27.12.62	Variation of 1956 Organisation of Pan Eastern Contract	Gulf and Objector	Gulf agrees that it will not exercise its right to wind-up Pan Eastern on termination of Processing Contract.	K	5083
	9.3.64	Letter of Cancellation	Gulf and Todd Participants	Parties agree to terminate reorganisation Agreement dated 27.12.62	C.S.6	
30	9.3.64	Letter of Cancellation	Gulf and Pan Eastern	Parties agree to terminate Processing Contract dated 27.12.62 and agreement dated 27.12.62 regarding 1956 Processing Agreement.	C.S.7	
40	9.3.64	Letter of Cancellation	Gulfiran and Objector	Parties agree to terminate agreement dated 27.12.62 regarding Petroleum Products Sales Contract and Agreement relative to N.Z. Refinery both dated 3.4.56.	C.S.8	
50	9.3.64	Letter of Cancellation	Gulfex and Europa Refining	Parties agree to terminate Feed Stock Supply Contract dated 27.12.62.	C.S.9	
	9.3.64	Letter of Cancellation	Propet and Europa Refining	Parties agree to terminate Affreightment Contract and Agreement regarding backhaul transportation dated 27.12.62.	C.S.10	

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
10	9.3.64 Letter of Cancellation	Gulf and Objector	Parties agree to terminate agreements dated 27.12.62 regarding Contract of Affreightment and Guarantee Agreements dated 3.4.56 and Agreement dated 27.12.62 regarding exercise by Gulf Oil of its right under Organisation Contract to wind up Pan Eastern.	C.S.11	
20	9.3.64 Letter of Cancellation	Gulf and Europa Refining	Parties agree to terminate Guarantee Agreement dated 27.12.62	C.S.12	
30	10.3.64 Processing Contract	Gulf and Pan Eastern	Gulf to sell to Pan Eastern quantities of crude oil equal to the quantities of crude oil required as such and the crude required to produce the equivalent quantity of other feed stocks to that which Gulfex is obliged to supply under the Feed Stock Supply Contract.	B5	3134
40	10.3.64 Feed Stock Supply Contract	Gulfex and Europa Refining	Supply by Gulfex to Europa Refining of latter's requirements of N.Z. Feed stock and certain refined products not available at Whangarei.	B	3112
50	10.3.64 Affreightment	Propet and Europa Refining	For transport of supplies under Feed Stock Supply Contract.	B8	3149
	10.3.64 Affreightment	Propet and Europa Refining	Backhaul of surplus products.	B9	3171

	<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
10	10.3.64	Ancillary Agreement	Gulf and Europa Refining	Adjustment in freight rates if at termination of Contract of Affreightment Europa Refining has paid more than alternate freight rates (as scheduled) had they been applicable.	B10	3176
20	10.3.64	Guarantee	Gulf and Europa Refining	Gulf guarantees performance by Gulfex of Feed Stock Supply Contract and by Propet of Contract of Affreightment.	B11	3185
30	10.3.64	Contract re Organisation of Pan Eastern	Gulf and Todd Participants	If requested by Todd Participants Gulf will concur in capital re-construction of Pan Eastern increasing capital to 500,000 x £1 shares etc.	B12	3188
40	10.3.64	Ancillary Agreement	Gulf and Todd Participants	If Gulf requests Pan Eastern to advance to Gulf or its nominee amount paid for new shares subscribed for under the Organisation Agreement. Gulf indemnifies Pan Eastern if borrower fails to repay. Similar indemnity by Todd Participants.	B13	3198
50	10.3.64	Ancillary Agreement	Gulf and Objector	Gulf agrees that it will not exercise its right to wind up Pan Eastern on termination of Petroleum Sales Contract and Contract of Affreightment.	A8	3071

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
30.9.64	Petroleum Products Sale Contract	Europa Refining and Objector	Europa Refining to sell to Objector Objector's require- ments of products.	C.S.13	
10 20.11.64	Deed of Cancellation	Europa Refining and Objector	Cancellation of above contract.	C.S.14	
1.4.65	Arrangements	Objector and Europa Refining	Four memoranda as to crude and feedstocks.	C.S.15	
20 16.3.65	Letter Variation	Gulf and Pan Eastern	Adjustment in prices to be paid to Pan Eastern under 1964 Processing Contract	B6	3147
16.3.65	Letter Variation	Gulf and Todd Partici- pants	Records consent to price reductions	B7	3148
30 16.3.65	Letter Variation	Gulfex and Europa Refining	Temporary reduc- tion in price of <u>crude oils</u> supplied under Feed Stock Supply Contract from 1.4.64.	B1	3130
16.3.65	Letter Variation	Gulfex and Europa Refining	Ditto as to <u>naphtha.</u>	B2	3131
40 16.3.65	Letter Variation	Gulfex and Europa Refining	Ditto as to <u>gas oil.</u>	B3	3132
30.6.66	Letter Variation	Gulf and Pan Eastern	Adjustment in prices to be paid to Pan Eastern under 1964 Processing Contract..	C.S.16	
50 30.6.66	Letter Variation	Gulfex and Europa Refining	Additional temporary reduc- tion in the price of Kuwait and Iranian light crude oils as from May 2nd, 1966.	B4	3133

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
30.6.66	Letter Variation	Gulf and Todd Partici- pants	Records consent to price reduc- tions	C.S.17	
10	13.3.67	Letter Variation	Gulf and Pan Eastern	Temporary reduction in price of crude under 1956 Processing Contract.	C.S.18
	31.10.70	Letter Variation	Gulf and Pan Eastern	Adjustment in prices to be paid to Pan Eastern under 1964 Processing Contract.	C.S.19
20	31.10.70	Letter Variation	Gulfex and Europa Refining	Makes additional temporary price reductions in prices paid by Europa Refining for <u>crudes</u> as from 23.10.70	C.S.20
	31.10.70	Letter Variation	Gulfex and Europa Refining	Same as to <u>naphtha.</u>	C.S.21
30	31.10.70	Letter Variation	Gulf and Todd Partici- pants	Records consent to price reduc- tions.	C.S.22
40	20.9.71	Letter Variation	Gulf and Pan Eastern	Adjustments arising from OPEC (Organisation of Petroleum Exporting Countries) settle- ments in the ascertainment of costs paid by Pan Eastern to Gulf under the 1964 Processing Contract.	C.S.23
	20.9.71	Letter Variation	Gulf and Pan Eastern	Adjustment in prices to be paid to Pan Eastern under the 1964 Processing Contract.	C.S. 24

<u>Date</u>	<u>Contract or Amendment</u>	<u>Parties</u>	<u>Summarised Effect</u>	<u>Exhibit</u>	<u>Case on Appeal Page No.</u>
20.9.71	Letter Variation	Gulfex and Europa Refining	Additional temporary price reduction in crudes from 14.11.70 in relation to prices chargeable under the 1964 Feed Stock Supply Contract arising from the OPEC settlements.	C.S.25	
20.9.71	Letter Var- iation	Gulfex and Europa Refining	Same as to Naphtha.	C.S. 26	
20.9.71	Letter Variation	Gulf and Todd Partici- pants	Records consent to price reductions.	C.S.27	

5. IN furnishing returns of income to the Commissioner for income tax purposes for the income years in question the Objector declared it had derived income which after certain adjustments was as follows:

<u>Year Ended 31st March</u>	<u>Assessable Income \$NZ</u>
1966	785,308.06
1967	1,110,882.72
1968	855,095.78
1969	448,444.36
1970	1,509,993.35
1971	587,015.59

6. ASSESSMENTS of income tax for the years in question were made by the Commissioner in respect of income as returned, on a provisional basis pending full examination and conclusion of the litigation as to the earlier years.

7. THE Commissioner subsequently made amended assessments in respect of the years in dispute in this Case Stated. The figures for these amended assessments are as follows:

<u>Year Ending 31st March</u>	<u>Final Amended Assessment</u>	<u>Date of Final Assessment</u>
1966	\$1,852,654.25	26.2.71
1967	\$2,241,424.48	26.2.71
1968	\$1,715,758.32	21.4.71
1969	\$2,366,892.76	21.4.71
1970	\$3,463,825.76	21.4.71
1971	\$2,181,766.59	28.4.72
	<u>\$13,822,322.16</u>	

The general effect of these assessments apart from matters not in dispute was to increase the taxable incomes of the Objector for the years in question by amounts equal to the amount in each year of the proportion of Pan Eastern income (excluding interest) relating to Associated Motorists' shareholding in Pan Eastern as follows:

	1966	\$1,033,528.19
	1967	\$1,107,874.00
10	1968	\$ 803,785.54
	1969	\$1,918,448.40
	1970	\$1,953,832.41
	1971	\$1,594,751.00

8. THE Objector objected to these assessments by letters as follows:

<u>Year Ended</u> <u>31st March</u>	<u>Date of</u> <u>Assessment</u>	<u>Date of Letter</u> <u>of Objection</u>	<u>Exhibit</u>
1966	26.2.71	25.3.71)	C.S.28
1967	26.2.71	25.3.71)	
1968	15.4.71	28.4.71	C.S.29
20 1969	15.4.71	28.4.71)	C.S.30
1970	15.4.71	28.4.71)	
1971	28.4.72	12.5.72	C.S.31

9. BY letter dated 26th May 1971 the Commissioner disallowed the above objections for the years 1966 to 1970 inclusive and the Objector required him to state this case. In respect of the year 1971 the Commissioner disallowed the objection by letter dated 25.5.72 and the Objector required him to state this case.

30 10. THE Objector contends that the Commissioner was wrong in disallowing as a deduction in each of the years in question the amounts referred to at the end of para. 7 hereof. The grounds for such contention are:

- (a) (i) Section 108 has no application to any contract, agreement or arrangement entered into by the Objector.
- (ii) Whatever contract, agreement, or arrangement to which the Objector is a party is claimed to be absolutely void as against the Commissioner pursuant

to section 108 the consequence is that no income is left to be taxed in the hands of the Objector or no further assessable income is brought into the hands of the Objector.

- (b) The amounts disallowed by the Commissioner and set out at the end of para. 7 constitute in each case expenditure deductible by the Objector pursuant to section 111 of the Act as applicable to each assessment.

11. THE Commissioner contends

- 10 (1) That the amounts by which the amended assessments increased the assessable income of the Objector, as set out in para. 7 hereof, were not
- (a) in respect of the years ended 31st March 1966, 1967 and 1968 exclusively incurred in the production of the assessable income of the Objector for those years and,
- (b) in respect of the years ended 31st March 1969, 1970 and 1971, were not incurred in gaining or producing the assessable income
- 20 of the Objector for those years or were not necessarily incurred in the carrying on of the business of the Objector for the purpose of gaining or producing its assessable income for those years;

AND in each case are barred from deduction by virtue of s.110 of the Act in that they are not deductible expenditures expressly provided for under s.111 or any other provision of the Act.

(2) That

- 30 (a) The Petroleum Products Sales Contract marked "A" pp.3001-3014, the Contract for Organisation of Pan Eastern marked "A7" pp.3049-3070 and the related agreements marked "A1" to "A6" and

"A8" to "A23" pp.3015-3048 and 3071-3103 both inclusive, the incorporation of Pan Eastern and the carrying out of the said Contracts and Agreements

(b) *The incorporation of Pan Eastern*
/ The Feedstock Supply Contract marked "B"

pp.3112-3129 and the related agreements marked "B1" to "B13" both inclusive pp.3130-3198, the "Arrangements" between the Objector and Europa Refining annexed hereto and marked "C.S.15",
10 the documents and acts referred to in (a) of this sub-paragraph, and the carrying out of the Contract, Agreements and Arrangements

in each case constitute an arrangement having the purpose or effect of altering the incidence of income tax or relieving the Objector from its liability to pay income tax under s.108 of the Act.

AND THAT

(c) the effect of applying s.108 is to void the contracts, agreements and arrangements referred to in contentions (a) and (b) respectively with the result that the Objector had a profit or gain at the end of each of the years in question or derived a profit or gain during such year in either case equal to the sum in respect of such year referred to in sub-paragraph (1) of this paragraph, which sums constitute assessable income of the Objector for the respective years

(d) If contention (c) above is rejected, the effect of applying s.108 is as stated in contention (c), with the result that the Objector derived assessable income as and when it became able through its control of Associated Motorists to

procure payment to itself of those sums

(e) If contentions (c) and (d) above are rejected, the effect of applying s.108 is as stated in contention (c) or alternatively to void the ~~Petroleum Products Sales~~ ^{Feedstock Supply} Contract and the Arrangements between the Objector and Europa Refining, with the result, first, that the deductions claimed by the Objector in respect of purchases of supplies from ~~Gulfiran and~~ Europa Refining are to be ignored, and second, that deductions are to be allowed of those sums less the sums referred to in subparagraph (1)

(f) If contentions (c), (d) and (e) above are rejected, the effect of applying s.108 is as stated in contention (e), with the result that the deductions claimed by the Objector in respect of purchases of supplies from ~~Gulfiran and~~ Europa Refining are to be ignored AND the Commissioner will ask this Honourable Court, if it accepts this contention (f), to exercise its powers of increasing the amount of the assessments.

12. THE questions for determination of this Honourable Court are whether the Commissioner acted incorrectly in making the amended assessments referred to in para. 7 hereof for the years in question, and if so, in what respects should such assessments and which of them be amended.

DATED at Wellington this 24th day of October 1972.

"D.A. Stevens"

COMMISSIONER OF INLAND REVENUE

INDEX OF EXHIBITS

The Case on Appeal to the Court of Appeal contains five volumes arranged as follows:

<u>Volume</u>	<u>Cover</u>	<u>Content</u>	<u>Page</u>
1	Green	Case Stated; Evidence for Appellant	1 - 209
2	Green	Evidence for Respondent and Judgment of MacGregor J.	2001 - 2276
3	Pink	Exhibits to Case Stated	3001 - 3316
4	Yellow	Appellant's Exhibits	4001 - 4297
5	Blue	Respondent's Exhibits	5001 - 5417

The judgments of the Supreme Court and Court of Appeal are reported at (1970) NZLR 321; of the Privy Council at (1971) NZLR 641.

SCHEDULE OF EXHIBITS TO THIS CASE STATED

<u>Date</u>						<u>Exhibit</u>
10.3.64	List of Shareholders in	Todd			Investments	C.S.1
"	"	"	"	"	Objector	C.S.2
"	"	"	"	"	Associated Motorists	C.S.3
"	"	"	"	"	Todd Participants	C.S.4
"	"	"	"	"	Europa Refining	C.S.5
9.3.64	Letter of Cancellation	Gulf and Todd			Participants	C.S.6
"	"	"	"	"	Gulf and Pan Eastern	C.S.7
"	"	"	"	"	Gulfiran and Objector	C.S.8
"	"	"	"	"	Gulfex and Europa Refining	C.S.9
"	"	"	"	"	Propet and Europa Refining	C.S.10
"	"	"	"	"	Gulf and Objector	C.S.11
"	"	"	"	"	Gulf and Europa Refining	C.S.12

<u>Date</u>				<u>Exhibit</u>
30.9.64	Petroleum Products Sales Contract		Europa Refining and Objector	C.S.13
20.11.64	Cancellation		"	C.S.14
1. 4.65	Arrangements		"	C.S.15
30. 6.66	Letter Variation		Gulf and Pan Eastern	C.S.16
"	"	"	Gulf and Todd Participants	C.S.17
13. 3.67	"	"	Gulf and Pan Eastern	C.S.18
31.10.70	"	"	Gulf and Pan Eastern	C.S.19
"	"	"	Gulfex and Europa Refining	C.S.20
"	"	"	"	C.S.21
"	"	"	Gulf and Todd Participants	C.S.22
20.9.71	"	"	Gulf and Pan Eastern	C.S.23
"	"	"	"	C.S.24
"	"	"	Gulfex and Europa Refining	C.S.25
"	"	"	Gulfex and Europa Refining	C.S.26
"	"	"	Gulf and Todd Participants	C.S.27
25.3.71	Letter of Objection		Objector	C.S.28
28.4.71	"	"	"	C.S.29
"	"	"	"	C.S.30
12.5.72	"	"	"	C.S.31

C.S.1

TODD INVESTMENTS LIMITED

	<u>Ordinary Shares</u>
B.A. Brow	1,504
A.A. Burtscher	1,014
M.M. Hutchison	1,014
D.J. Sellar	1,016
P.H. Tait	1,504
A. Todd	6,966
10 M.M. Turner	1,016
J.M. Todd	1,020
B.J. Todd	6,966
C.P. Todd	52,560
D.H. Todd	6,966
J.D. Todd	16,536
M.P. Todd	9,612
K.M. Todd	9,612
V.M. Turner	1,504
S.M. Whyte	6,510
20 Trustees for:	
V.M. Turner Trust	15,032
B.A. Brow Trust	15,030
J.D. Todd Children Trust	16,768
V.M. Turner Children Trust	16,766
B.A. Brow Children Trust	16,768
A.A. Burtscher Trust	15,626
M.M. Turner Trust	15,628
J.M. Todd Trust	15,628
R.F. Todd Trust	17,348
30 J.M. Todd Trust	19,014
R. Reid Trust	17,350
P.H. Tait Trust	15,034
M.M. Hutchison Trust	15,524
D.J. Sellar Trust	15,524
D.J. Sellar Children Trust	16,762
P.H. Tait Children Trust	16,762
M.M. Hutchison Children Trust	16,760
M.A.C. Whyte Trust	15,786
M.R. Whyte Trust	15,786
40 M.H. Hare Trust	<u>15,784</u>
	450,000
	=====

In addition there were 150,000 5¼% redeemable preference shares (Cumulative) issued as at 10.3.64.

C.S.2

EUROPA OIL (N.Z.) LIMITEDOrdinary Shares

Todd Investments Limited	3,076,305
Todd Participants Limited	20,000
Mrs H.H.P. Ansell	1,607
Mr N.L.L.S. Ansell	15,377
Automobile Association (Otago) Inc.	11,509
Automobile Association (Southland) Inc.	8,000
10 Farmers Dairy Federation Limited	3,402
Hadfield, Mrs J.A.	6,400
Hobbs, A.J.	6,401
Hobbs, M.F.	6,401
Johnston, O.A.Y.	44,920
Marshall, Mrs N.E.	1,607
Passmore, Estate J.L.	25,000
Ross & Glendining Ltd	13,071

C.S.3

ASSOCIATED MOTORISTS PETROL COMPANY LTD

Europa Oil (N.Z.) Ltd	98
B.J. Todd	1
R.H. Carmichael	1

C.S.4

TODD PARTICIPANTS LIMITEDOrdinary Shares

Trustees for:		
	M.P. Todd Trust	10,000
	K.M. Todd Trust	10,000
	C.P. Todd Trust	10,000
	J.D. Todd Children Trust	16,020
	B.A. Brow Children Trust	16,022
10	V.M. Turner Children Trust	16,022
	P.H. Tait Children Trust	16,020
	M.M. Hutchison Children Trust	16,020
	D.J. Sellar Children Trust	16,022
	A.A. Burtscher Trust	5,518
	M.M. Turner Trust	5,518
	J.M. Todd Trust	5,518
	R. Reid Trust	5,518
	R.F. Todd Trust	5,518
	H.M. Todd Trust	5,518
20	A. Todd Grandchildren Trust	16,554
	M.H. Hare Trust	8,070
	P.R. Whyte Trust	8,070
	M.A.C. Whyte Trust	<u>8,072</u>
		<u>200,000</u>
		=====

C.S.5

EUROPA REFINING COMPANY LIMITED

	Todd Participants Ltd	612,641
	Ansell, A.B.	292
	Ansell, N.L.L.S.	3,229
	Automobile Association (Otago) Inc.	2,268
	Automobile Association (Southland) Inc.	1,583
	Farmers Dairy Federation Ltd	667
	Hadfield, Mrs J.A.	1,266
10	Hobbs, A.J.	1,266
	Hobbs, M.F.	1,166
	Johnston, O.A.Y.	8,886
	Marshall, Mrs N.E.	292
	Passmore, Estate J.L.	4,166
	Ross & Glendining Ltd	2,178

C.S.6

GULF OIL CORPORATION

March 9, 1964

Todd Participants Limited
110-116 Courtenay Place,
Wellington C. 3, New Zealand

Dear Sirs,

This will confirm our mutual agreement to terminate,
as of the date hereof, the Reorganisation Agreement between
10 our companies dated December 27, 1962, and the Letter Agreement
between our companies concerning the subscription to shares in
Pan-Eastern Refining Company, Limited, also dated December 27,
1962.

Will you please confirm our agreement concerning
the matters set out above by signing one copy of this letter
and returning it to us.

Yours very truly,

GULF OIL CORPORATION

By 'B.R. Dorsey'

Executive Vice-President

Agreed and accepted
this 9th day of March, 1964

TODD PARTICIPANTS LIMITED

By "Bryan James Todd"

Bryan James Todd
its duly authorised Attorney
under Power of Attorney dated
February 26, 1964

C.S.7

GULF OIL CORPORATION

March 9, 1964

Pan-Eastern Refining Company, Limited
 309 Bay Street
 Nassau, Bahama Islands

Dear Sirs,

This will confirm our mutual agreement to terminate as of the date of this letter, the following agreements:

- 10 1. the Processing Contract dated December 27, 1962,
 between our companies; and
2. the Letter Agreement dated December 27, 1962,
 between our companies regarding the termination of
 a Processing Contract made between our companies
 in 1956.

Will you please confirm our agreement in this respect by signing one copy of this letter and returning it to us.

Yours very truly,

GULF OIL CORPORATION

By 'B.R. Dorsey'

Agreed and accepted

PAN-EASTERN REFINING COMPANY, LIMITED

'B.M. Gamblin' Director[illegible] Director

C.S.8

GULF IRAN COMPANY

March 9, 1964

Europa Oil (N.Z.) Ltd,
110-116 Courtenay Place
Wellington C. 3, New Zealand

Dear Sirs,

This will confirm our mutual agreement to terminate,
as of the date hereof, the Letter Agreement between our
10 companies dated December 27, 1962, regarding the Petroleum
Products Sales Contract and the Memorandum of Agreement
Relative to New Zealand Refinery also between our companies
and both dated April 3, 1956.

Will you please confirm our agreement in this respect
by signing one copy of this letter and returning it to us.

Yours very truly,

GULF IRAN COMPANY

By 'B.R. Dorsey'

Agreed and accepted

this 9th day of March, 1964

EUROPA OIL (N.Z.) LTD.

By "Bryan James Todd"

Bryan James Todd
its duly authorised Attorney
under Power of Attorney dated
February 26, 1964

C.S.9

GULF EXPLORATION COMPANY

March 9, 1964

Europa Refining Company Limited
110-116 Courtenay Place
Wellington C. 3, New Zealand

Dear Sirs,

10 This will confirm our mutual agreement to terminate,
as of the date hereof, the Feed Stock Supply Contract between
our companies dated December 27, 1962.

Will you please confirm our agreement in this respect
by signing one copy of this letter and returning it to us.

Yours very truly,

GULF EXPLORATION COMPANY

By 'B.R. Dorsey'

AGREED AND ACCEPTED

this 9th day of March, 1964

EUROPA REFINING COMPANY LIMITED

By "Bryan James Todd"

Bryan James Todd
its duly authorised Attorney
under Power of Attorney dated
February 26, 1964

C.S.10

PROPET COMPANY, LIMITED

March 9, 1964

Europa Refining Company Limited
110-116 Courtenay Place
Wellington C. 3, New Zealand

Dear Sirs,

This will confirm our mutual agreement to terminate,
as of the date of this letter, the following agreements:

- 10 1. the Contract of Affreightment dated December 27,
 1962, between our companies; and
2. the Letter Agreement dated December 27, 1962,
 between our companies regarding backhaul transpor-
 tation.

Will you please confirm our agreement in this respect
by signing one copy of this letter and returning it to us.

Yours very truly,

PROPET COMPANY, LIMITED

BY [illegible]

Vice President

Agreed and accepted
this 9th day of March, 1964

EUROPA REFINING COMPANY LIMITED

By "Bryan James Todd"

Bryan James Todd
its duly authorised Attorney
under Power of Attorney dated
February 26, 1964

C.S. 11

GULF OIL CORPORATION

March 9, 1964

Europa Oil (N.Z.) Ltd,
110-116 Courtenay Place,
Wellington, C.3, New Zealand

Dear Sirs,

This will confirm our mutual agreement to terminate, as of the date hereof, the following agreements, both dated December 27, 1962, between our companies:

- 10 1. Letter Agreement regarding the termination of the Contract of Affreightment dated April 3, 1956, and Guarantee Agreement dated April 3, 1956.
2. Letter Agreement regarding the exercise by Gulf Oil Corporation of its right under sub-paragraph (b) of Paragraph X of the Contract For Organisation Of Pan-Eastern Refining Company, Limited, dated April 3, 1956.

Will you please confirm our agreement in this respect by signing one copy of this letter and returning it to us.

20

Yours very truly,

GULF OIL CORPORATION

By 'B.R. Dorsey'
Executive Vice President

Agreed and accepted
this 9th day of March 1964

EUROPA OIL (N.Z.) LTD

By 'Bryan James Todd'

Bryan James Todd

its duly authorised Attorney
under Power of Attorney dated
February 26, 1964

C.S. 12

GULF OIL CORPORATION

March 9, 1964

Europa Refining Company Limited
110-116 Courtenay Place
Wellington C.3, New Zealand

Dear Sirs,

This will confirm our mutual agreement to terminate, as of the date hereof, the Guarantee Agreement between our companies dated December 27, 1962.

Will you please confirm our Agreement in this respect by
10 signing one copy of this letter and returning it to us.

Yours very truly,

GULF OIL CORPORATION

By 'B.R. Dorsey'

Executive Vice President

Agreed and accepted

this 9th day of March, 1964

EUROPA REFINING COMPANY LIMITED

By 'Bryan James Todd'

Bryan James Todd

its duly authorised Attorney
under Power of Attorney dated
February 26, 1964.

C.S. 13

THIS DEED made the 30th day of September One thousand nine hundred and sixty-four B E T W E E N EUROPA REFINING COMPANY LIMITED a duly incorporated company having its registered office at the City of Wellington (hereinafter called "Refining") of the one part and EUROPA OIL (N.Z.) LIMITED a duly incorporated company having its registered office at the City of Wellington (hereinafter called "Europa") of the other part WITNESSETH that for and in consideration of the mutual promises and covenants herein contained the parties hereto have agreed as follows:-

10

CONTRACT PERIOD

1. THE contract period shall begin on 10th day of June 1964 and shall continue in force until determined by either party giving to the other three (3) months notice in writing of its intention to terminate this contract.

QUANTITY

2. EXCEPT as may be otherwise agreed between the parties during the contract period Refining shall sell to Europa and Europa shall purchase from Refining all of Europa's requirements of petroleum products.

20

QUALITY

3. THE quality of the petroleum products purchased and sold hereunder shall be as required by Europa being of a quality similar to the quality of petroleum products marketed in New Zealand by oil companies other than Europa.

DELIVERY

4. REFINING shall deliver to Europa storage at New Zealand ports as required by Europa. All charges, costs and expenses of delivery shall be for account of Refining and the title to the products shall pass to Europa upon delivery over ships rail at the port of discharge.

30

5. THE quantity delivered and to be paid for shall be determined

C.S. 13

by reference to the shore tank dips before and after discharge.

PRICE

6. THE price to be paid by Europa for the petroleum products delivered in accordance with the provisions of this contract shall be the duty-free landed value determined for each delivery on the basis of posted prices prevailing on the first day of each month during which such delivery is made at the relevant regular world supply source which is competitive in relation to New Zealand for each product with the addition of ocean freight from such world supply source to main ocean installations in New Zealand (2¹/₂ ports of discharge for white oil and 2 ports of discharge for black oil) assessed at rates on the same level as those at which the bulk of tanker vessels are then operating (which level at the date hereof is accepted as being rates based on the Average Freight Rate Assessment) and with the addition of marine insurance at London market rates, a reasonable allowance for ocean loss and appropriate landing charges.

INVOICING AND PAYMENT

7. PAYMENT shall be made by Europa in E.M.S. at a bank or banks in New Zealand to be designated by Refining, upon delivery and presentation of Refining's invoice.

FORCE MAJEURE

8. NEITHER Refining nor Europa shall be responsible for any failure to fulfil any term of this contract insofar as fulfilment thereof has been delayed, hindered or prevented by force majeure. The expression force majeure means any circumstances of whatsoever nature which is not within the control of Refining or Europa, as the case may be, and is not preventable by reasonable diligence on its or their part and also includes compliance with any order or request whether formally expressed or not of any public authority or person purporting to act for such authority.

C.S. 13

ARBITRATION

9. EXCEPT as otherwise expressly provided in this contract in the event of any dispute or difference between the parties touching or concerning this contract or any matter arising thereout, either party may, by notice to the other party, require such dispute or difference to be submitted to the arbitration of two arbitrators, one to be appointed by each party. The two thus chosen, if they cannot agree, shall nominate a third arbitrator, as umpire. Any such reference shall be a submission to arbitration in accordance

10 with the Arbitration Act 1908 or any statutory variation modification or re-enactment thereof for the time being in force. Such arbitration to be at a place mutually agreed upon by the parties hereto or as failing agreement shall be determined by the arbitrators.

IN WITNESS WHEREOF these presents have been executed the day and year first hereinbefore appearing.

THE COMMON SEAL of EUROPA

REFINING COMPANY LIMITED

was hereunto affixed in

20 the presence of:

..... 'Bryan Todd' Director
 'G.A. Lau' Director
 'N.K. Smith' Secretary

THE COMMON SEAL OF EUROPA

OIL (N.Z.) LIMITED was

hereunto affixed in the

presence of:

..... 'Bryan Todd' Director
 'R.H. Carmichael' Director
 'N.K. Smith' Secretary

THIS DEED made the 20th day of November One thousand nine hundred and sixty-four (1964) B E T W E E N EUROPA REFINING COMPANY LIMITED a duly incorporated company having its registered office at the City of Wellington of the one part AND EUROPA OIL (N.Z.) LIMITED a duly incorporated company having its registered office at the City of Wellington of the other part WHEREAS by deed bearing date the 30th day of September 1964 the parties hereto covenanted and agreed for the sale and purchase of petroleum products for the term and in the manner therein provided AND WHEREAS

10 the parties hereto have now mutually agreed that the said deed shall be and be deemed to have been rescinded and cancelled with effect from the commencement of the said term NOW THIS DEED WITNESSETH and it is hereby mutually covenanted and agreed that the said deed shall be and be deemed to have been rescinded and cancelled with effect from the commencement of the said term and the parties hereto are hereby released and discharged from their respective obligations thereunder.

IN WITNESS WHEREOF these presents have been executed the day and year first hereinbefore appearing.

20 THE COMMON SEAL of EUROPA REFINING COMPANY LIMITED was hereunto duly affixed by

in the presence of:

.....'Bryan Todd'..... Director
 'R.H. Carmichael'..... Director
 'N.K. Smith'..... Secretary

THE COMMON SEAL of EUROPA OIL (N.Z.) LIMITED was

hereunto duly affixed by

30 and in the presence of:

.....'Bryan Todd'..... Director
 'R.H. Carmichael'..... Director
 'N.K. Smith'..... Secretary

C.S. 15

ARRANGEMENTS: EUROPA OIL (N.Z.) LTD. AND EUROPA REFINING COMPANY LTD.

1. Shipments of crude oil and feedstocks are shipped in the name of Europa Refining Company Ltd.
2. Ownership of cargoes passes from Europa Refining Company Ltd. to Europa Oil (N.Z.) Ltd. as the cargo crosses the ship's rail during discharge at Whangarei.
3. Europa Oil (N.Z.) Ltd. is the user for the purpose of processing the crude oil and feedstocks through the New Zealand Refinery and has ownership of the finished products resulting therefrom.
- 10 4. For each cargo of crude oil and feedstock Europa Oil (N.Z.) Ltd. shall pay to Europa Refining Company Ltd. the N.Z. equivalent of the landed cost value incurred by Europa Refining Company Ltd. 120 days after the date of loading.
5. Payment may be made by Europa Oil (N.Z.) Ltd. in advance of the due date for payment set out in 4 above. In such case Europa Oil (N.Z.) Ltd. shall charge to Europa Refining Company Ltd. interest calculated at its New Zealand bank overdraft rate.
- 20 6. The effective date of these arrangements shall be 1.4.65.

For and on behalf of
Europa Oil (N.Z.) Ltd.

'R.H. Carmichael'

For and on behalf of
Europa Refining Company Ltd.

'G.A. Lau'

C.S. 15

Europa Oil (N.Z.) Ltd. will make advance payments to Europa Refining Company Ltd. against feedstock cargoes and freights and charges and will make advance payments to New Zealand Refining Company Ltd. in respect of processing fees. Europa Refining Company Ltd. will use its refining capacity on behalf of Europa Oil (N.Z.) Ltd. for processing feedstocks and manufacturing petroleum products. Europa Oil (N.Z.) Ltd. will insure all feedstocks, intermediates and finished products in the Refinery and will uplift the finished products so produced
10 in accordance with established Refinery Programmes. Any profit or loss in manufacturing will be for account of Europa Oil (N.Z.) Ltd. After the completion of each manufacturing quarter Europa Oil (N.Z.) Ltd. will pay to Europa Refining Company Ltd. any balances which are due in respect of the above arrangements at such times as may be mutually agreed from time to time.

"Bryan Todd"

C.S. 15

Europa Oil (N.Z.) Ltd. will make advance payments to Europa Refining Company Ltd. against feedstock cargoes and freights and charges and will make advances to New Zealand Refining Company Ltd. in respect of processing fees. Europa Refining Company Ltd. will use its refining capacity on behalf of Europa Oil (N.Z.) Ltd. for processing feedstocks and manufacturing petroleum products. Europa Oil (N.Z.) Ltd. will insure all feedstocks, intermediates and finished products in
10 the Refinery and will uplift the finished products so produced in accordance with established Refinery Programmes. Any profit or loss in manufacturing will be for account of Europa Oil (N.Z.) Ltd. After the completion of each manufacturing quarter Europa Oil (N.Z.) Ltd. will pay to Europa Refining Company Ltd. any balances which are due in respect of the above arrangements at such times as may be mutually agreed from time to time.

"Bryan Todd"

C.S. 15

Europa Oil (N.Z.) Ltd. will make advances to Europa Refining Company Ltd. against feedstock cargoes and freights and charges and will make advances to New Zealand Refining Company Ltd. in respect of processing fees. Europa Refining Company Ltd. will use its refining capacity on behalf of Europa Oil (N.Z.) Ltd. for processing feedstocks and manufacturing petroleum products. Europa Oil (N.Z.) Ltd. will insure all feedstocks, intermediates and finished products in the Refinery and will uplift the
10 finished products so produced in accordance with established Refinery Programmes. Any profit or loss in manufacturing will be for account of Europa Oil (N.Z.) Ltd. After the completion of each manufacturing quarter Europa Oil (N.Z.) Ltd. will pay to Europa Refining Company Ltd. any balances which are due in respect of the above arrangements at such times as may be mutually agreed from time to time.

"Bryan Todd"

C.S. 16

GULF OIL CORPORATION

June 30, 1966

Pan-Eastern Refining Company Limited
309 Bay Street
Nassau, Bahama Islands

Dear Sirs,

We refer to the Processing Contract and the Letter Agreement between our companies dated March 10, 1964 and March 16, 1965, respectively, and also to the Feed Stock Supply Contract between Gulf Exploration Company and Europa Refining Company Limited dated
10 March 10, 1964, as amended by Letter Agreements between those companies dated March 16, 1965.

With effect from May 2, 1966, Gulf Exploration Company has voluntarily agreed to make additional temporary reductions in the prices of Kuwait and Iranian Light crude oils to be purchased by Europa Refining Company Limited under the said Feed Stock Supply Contract, as per the attached letters dated June 30, 1966.

Clause 5.01 of the said Processing Contract provides that the prices to be paid to Pan-Eastern Refining Company Limited for crude oils, feed stocks and finished products thereunder shall be the
20 same prices received by Gulf Exploration Company from Europa Refining Company Limited under the said Feed Stock Supply Contract, therefore the additional temporary price reductions granted in the attached letters will correspondingly reduce the respective prices of Kuwait and Iranian Light crude oils to be paid to Pan-Eastern Refining Company Limited under the said Clause 5.01. The prices to be paid for gasoil, naphtha and Iranian Heavy crude oil by Europa Refining Company Limited to Gulf Exploration Company and thus under the said Clause 5.01 to Pan-Eastern Refining Company Limited shall continue to be those stipulated in the Letter
30 Agreements between the first two named companies dated March 16, 1965 relating thereto.

Please acknowledge receipt of this letter by signing and

C.S. 16

returning to us the attached copy hereof.

Yours very truly,

GULF OIL CORPORATION

By 'E.D. Loughney'

E. D. Loughney
Executive Vice-President

Acknowledged:

PAN-EASTERN REFINING COMPANY LIMITED

By 'W.L. Henry'

Director

By 'Bryan Todd'

Director

C.S. 17

GULF OIL CORPORATION

June 30, 1966

Todd Participants Limited
 110-116 Courtenay Place
 Wellington C.3, New Zealand

Dear Sirs,

This letter and your acceptance hereof will record our consent to the price reductions evidenced by the enclosed letters, both of which are dated June 30, 1966.

- 10 1. Letter from Gulf Exploration Company to Europe Refining Company Limited recording additional temporary reductions, with effect from May 2, 1966, in the prices of Kuwait and Iranian Light crude oils purchased by Europa Refining Company Limited from Gulf Exploration Company under the Feed Stock Supply Contract between the said parties dated March 10, 1964.
2. Letter from Gulf Oil Corporation to Pan-Eastern Refining Company Limited advising the latter of the aforesaid temporary price reductions.

20 Please indicate your acknowledgement and acceptance by signing and returning to us the attached copy of this letter.

Yours very truly,

GULF OIL CORPORATION

By 'E.D. Loughney'

E. D. Loughney
 Executive Vice-President

Acknowledged and Accepted:

TODD PARTICIPANTS LIMITED

By 'Bryan Todd'

Director

C.S. 18

GULF OIL CORPORATION

March 13, 1967

Pan Eastern Company, Limited
Nassau
The Bahama Islands

Gentlemen:

Under the Processing Contract between us, which is the Third Schedule to the Contract between Gulf Oil Corporation and Europa Oil (N.Z.) Limited, dated April 3, 1956, we arranged for Gulf Iran Company to supply your requirements for crude oil during the year 10 1966. In response to the request of Propet Company, Limited the purchaser from you of the middle and heavy products, we have reviewed with Gulf Iran the economics of your refining operations when processing Iranian crude oil.

As a consequence of this review, Gulf Iran has asked us to notify you that it is willing to make a temporary reduction of Thirty-three and a Half Cents (\$.335) per barrel in the price of the crude oil sold to you under Paragraph 2.01 of said Third Schedule. This temporary reduction in price will apply to the one million, seventy-three thousand, and three hundred and seventy-two 20 (1,073,372) barrels of crude oil purchased and sold during the year 1966, in accordance with the provisions of said Third Schedule.

Propet has informed us that as the purchaser of middle and heavy products, it intends to review periodically the economics of Pan Eastern's refining operations for the purpose of determining whether market conditions warrant price adjustments with respect to the crude oil sold to and processed by Pan Eastern during the year in question. You, of course, understand that action in this respect is entirely voluntary and is made without prejudice to any of our rights to insist that the price provisions be strictly 30 adhered to in the manner and in accordance with the terms specified in the aforementioned Third Schedule.

Please indicate your approval of this procedure by signing and

C.S. 18

returning to us the attached copy of this letter.

Yours very truly,

'Parkman Clancy'

Acknowledged and Approved:

PAN EASTERN REFINING COMPANY, LIMITED

'W.L. Henry'

Director

'Bryan Todd'

Director

C.S. 19

GULF OIL CORPORATION

October 31, 1970

Pan Eastern Refining Company, Limited
309 Bay Street
Nassau, Bahama Islands

Dear Sirs,

We refer to the Processing Contract dated March 10, 1964 and the Letter Agreements dated March 16, 1965 and June 30, 1965 between our companies and also to the Feedstock Supply Contract between Gulf Exploration Company and Europa Refining Company Limited dated March 10, 1964, as amended by Letter Agreements between those companies dated March 16, 1965 and June 30, 1966.

With effect from October 23, 1970, Gulf Exploration Company has voluntarily agreed to make additional temporary reductions in the prices of naphtha and Kuwait and Iranian crude oils purchased by Europa Refining Company Limited under said Feedstock Supply contract, as per the enclosed letters dated October 31, 1970.

Clause 5.01 of said Processing Contract provides that the prices to be paid to Pan Eastern Refining Company, Limited for crude oils, feedstocks and finished products thereunder shall be the same prices received by Gulf Exploration Company from Europa Refining Company Limited under said Feedstock Supply Contract, therefore the additional temporary price reductions granted in the enclosed letters will correspondingly and retroactively reduce the respective prices of naphtha and Kuwait and Iranian crude oils to be paid to Pan Eastern Refining Company, Limited under said Clause 5.01. The price to be paid for gas oil by Europa Refining Company Limited to Gulf Exploration Company, and thus under said Clause 5.01 to Pan Eastern Refining Company, Limited, shall continue to be that stipulated in the Letter Agreement between the first two named companies dated March 16, 1965 relating thereto.

Please acknowledge receipt of this letter by signing and

C.S. 19

returning to us the enclosed copy hereof.

Yours very truly,

GULF OIL CORPORATION

'Parkman Clancy'

By _____

Its Attorney-in-fact

Acknowledged

PAN EASTERN REFINING COMPANY, LIMITED

By 'Bryan Todd'

Director

C.S. 20

GULF EXPLORATION COMPANY

October 31, 1970

Europa Refining Company Limited
Challenge House
105-109 The Terrace
Wellington, New Zealand

Dear Sirs,

We refer to the Feedstock Supply Contract between our companies dated March 10, 1964, as amended by Letter Agreements dated March 16, 1965 and June 30, 1966.

10 This is to advise you that Gulf Exploration Company has decided to make additional temporary reductions in the price of Kuwait and Iranian crude oils sold to you under said Contract. With effect from October 23, 1970, all cargoes of Kuwait crude oil will be invoiced to you at the average of the per barrel posted prices referred to in Clause 7.01(a) of said Contract, less 15% and all cargoes of Iranian light and heavy crude oils will be invoiced to you at the average of the respective per barrel posted prices referred to in Clause 7.01(b) of said Contract, less 15%.

20 You of course understand that these temporary reductions in prices are purely voluntary on our part and are made without prejudice to Gulf Exploration Company's right of withdrawal at any time. In such event the prices for Kuwait and Iranian crude oils will thereafter be those stated in the Feedstock Supply Contract.

Revised invoices giving retroactive effect to the above temporary reductions in prices will be prepared and sent to you covering any cargoes sold to you during the period between October 23, 1970 and the date of this letter.

30 Please indicate your acknowledgement and acceptance by signing and returning to us the enclosed copy of this letter.

Yours very truly,

GULF EXPLORATION COMPANY

C.S. 20

By 'Parkman Clancy'
Its Attorney-in-fact

Acknowledged and Accepted:

EUROPA REFINING COMPANY LIMITED

By 'Bryan Todd'
Director

C.S. 21

GULF EXPLORATION COMPANY

October 31, 1970

Europa Refining Company Limited
 Challenge House
 105-109 The Terrace
 Wellington, New Zealand

Dear Sirs,

We refer to the Feedstock Supply Contract between our companies dated March 10, 1964, as amended by Letter Agreements dated March 16, 1965 and June 30, 1966.

10 This is to advise you that Gulf Exploration Company has decided to make an additional temporary reduction in the price of naphtha sold to you under said Contract. With effect from October 23, 1970, all naphtha, irrespective of the port of loading, will be invoiced to you at the average of the posted prices for Kuwait crude oil of 31.0° - 31.9° A.P.I. gravity, as determined in Clause 7.01(a) of said Contract, plus U.S. \$0.02 for each full degree by which the gravity of the naphtha is above 31.0° A.P.I., less U.S. \$0.41.

20 You of course understand that this temporary reduction in price is purely voluntary on our part and is made without prejudice to Gulf Exploration Company's right of withdrawal at any time. In such event the price for naphtha will thereafter be that stated in the Feedstock Supply Contract.

Revised invoices giving retroactive effect to the above temporary reduction in price will be prepared and sent to you covering cargoes sold to you during the period between October 23, 1970 and the date of this letter.

Please indicate your acknowledgement and acceptance by signing and returning to us the enclosed copy of this letter.

30

Yours very truly,

GULF EXPLORATION COMPANY

By 'Parkman Clancy'

Its Attorney-in-fact

C.S. 21

Acknowledged and Accepted:

EUROPA REFINING COMPANY LIMITED

By 'Bryan Todd'
Director

C.S. 22

GULF OIL CORPORATION

October 31, 1970

Todd Participants Limited
 110-116 Courtenay Place
 Wellington, New Zealand

Dear Sirs,

This letter and your acceptance hereof will record our consent to the price reductions evidenced by the enclosed letters, all of which are dated October 31, 1970.

1. Letter from Gulf Exploration Company to Europa Refining Company Limited recording additional temporary price reductions, with effect from October 23, 1970, in the prices of Kuwait and Iranian crude oils purchased by Europa Refining Company Limited from Gulf Exploration Company under the Feedstock Supply Contract between said parties dated March 10, 1964.
2. Letter from Gulf Exploration Company to Europa Refining Company Limited recording an additional temporary price reduction, with effect from October 23, 1970, in the price of naphtha purchased by Europa Refining Company Limited from Gulf Exploration Company under said Feedstock Supply Contract.
3. Letter from Gulf Oil Corporation to Pan Eastern Refining Company, Limited advising the latter of the aforesaid temporary price reductions.

Please indicate your acknowledgement and acceptance by signing and returning to us the enclosed copy of this letter.

Yours very truly,

GULF OIL CORPORATION

By 'Parkman Clancy'

Its Attorney-in-fact

30 Acknowledged and Accepted:

TODD PARTICIPANTS LIMITED

By 'Bryan Todd'

Director

C.S. 23

GULF OIL CORPORATION

September 20, 1971

Pan Eastern Refining Company, Limited
309 Bay Street
Nassau, Bahama Islands

Dear Sirs,

We refer to the Processing Contract between our companies dated March 10, 1964, and particularly to Clauses 4.01 and 4.02 thereof.

This is to record that consequent upon the recent OPEC
10 settlements and the related posted price increases, we have agreed that, from and including November 14, 1970, the price per barrel, f.o.b. port of loading, to be paid by Pan Eastern Refining Company, Limited ("Paneast") to Gulf Oil Corporation ("Gulf") or to the supplier from time to time designated by Gulf for the crude oils purchased under said Processing Contract but not manufactured into petroleum products thereunder shall be:

- (1) for Kuwait crude oil, the average of the per barrel posted prices at November 13, 1970 of Gulf Kuwait Company, BP Trading Limited, Esso International Inc.
20 and Mobil International Oil Company or their successors (or such of them as post a price) for Kuwait crude oil, f.o.b. Kuwait, of an API gravity equivalent to the average gravity of the Kuwait crude oil loaded aboard the tanker, less an amount equivalent to 15% of the average of said postings, which price shall be adjusted in respect of the dates and to the extent set out in attached Table No. 1 by
 - (a) addition of OPEC cost increases as set out in Table No. 1, and
 - 30 (b) addition of 40% of the difference between
 - (i) 85% of the posted price increases since November 13, 1970 as set out in Table No. 1, and

C.S. 23

- (ii) the OPEC cost increases described in (a),
or deduction of 40% of said difference if (ii)
exceeds (i).
- (2) for Iranian Light crude oil or Iranian Heavy crude oil,
the average of the per barrel posted prices at November 13,
1970 of Gulf International Company, BP Trading Limited,
Esso International Inc. and Mobil International Oil Company,
or their successors (or such of them as post a price), f.o.b.
loading ports in Iran, for Iranian Light crude oil or
10 Iranian Heavy crude oil, as the case may be, of an API
gravity equivalent to the average gravity of the particular
Iranian crude oil loaded aboard the tanker, less an amount
equivalent to 15% of the average of said postings, which
price shall be adjusted by
- (a) addition of the OPEC cost increases arising from
the above described settlements related to
Iranian Light crude oil or Iranian Heavy crude
oil, as the case may be, effective on the
respective dates set out in Table No. 1, and
- 20 (b) addition of 40% of the difference between
- (i) 85% of such posted price increases since
November 13, 1970 for Iranian Light crude
oil or Iranian Heavy crude oil, as the
case may be, and
- (ii) the OPEC cost increases described in (a),
or deduction of 40% of said difference if (ii)
exceeds (i).

This letter will also record our agreement that, from and
including November 14, 1970, the amount per barrel, f.o.b. refinery
30 loading port, (including the cost of the crude oil, the processing
thereof and all other outgoings) to be paid by Paneast to Gulf,
or to the supplier and refiner from time to time designated by

C.S. 23

The foregoing price and charge changes will be terminated automatically and without notice should any additional OPEC cost or other government take increases not anticipated by this letter affect the period prior to January 1, 1974 and any of the crude oils or petroleum products described in paragraphs (1) through (4) hereof, termination to occur simultaneously with and as of the effective date of any such increase. In said event the applicable prices and charges will thereafter be those stated in the Processing Contract.

10 Please indicate your acknowledgement and acceptance by signing and returning to us the attached copy of this letter.

Yours truly,

GULF OIL CORPORATION

By 'Parkman Clancy'

Its _____

Acknowledged and Accepted

PAN EASTERN REFINING COMPANY, LIMITED

By 'Bryan Todd'

Its _____

C.S. 24

GULF OIL CORPORATION

September 20, 1971

Pan Eastern Refining Company, Limited
309 Bay Street
Nassau, Bahama Islands

Dear Sirs,

We refer to the Processing Contract dated March 10, 1964 and the Letter Agreements dated March 16, 1965, June 30, 1966, and October 31, 1970 between our companies and also to the Feedstock Supply Contract between Gulf Exploration Company and Europa Refining Company Limited dated March 10, 1964, as amended
10 by Letter Agreements between those companies dated March 16, 1965, June 30, 1966 and October 31, 1970.

Gulf Exploration Company has voluntarily agreed to make additional temporary reductions in the prices of naphtha and Kuwait and Iranian crude oils purchased by Europa Refining Company Limited under said Feedstock Supply Contract, as per the enclosed letters of this date.

Clause 5.01 of said Processing Contract provides that the prices to be paid to Pan Eastern Refining Company, Limited for
20 crude oils, feedstocks and finished products thereunder shall be the same prices received by Gulf Exploration Company from Europa Refining Company Limited under said Feedstock Supply Contract, therefore the additional temporary price reductions granted in the enclosed letters will correspondingly and retroactively reduce the respective prices of naphtha and Kuwait and Iranian crude oils to be paid to Pan Eastern Refining Company, Limited under said Clause 5.01. The price to be paid for gas oil by Europa Refining Company Limited to Gulf Exploration Company, and thus under said Clause 5.01 to Pan Eastern Refining Company, Limited, shall continue
30 to be that stipulated in the Letter Agreement between the first two named companies dated March 16, 1965 relating thereto.

C.S. 24

Please acknowledge receipt of this letter by signing and returning to us the enclosed copy hereof.

Yours very truly,

GULF OIL CORPORATION

By 'Parkman Clancy'

Its _____

Acknowledged

PAN EASTERN REFINING COMPANY, LIMITED

By 'Bryan Todd'

Its _____

C.S. 25

GULF EXPLORATION COMPANY

September 20, 1971

Europa Refining Company Limited
 Challenge House
 105-109 The Terrace
 Wellington, New Zealand

Dear Sirs,

We refer to the Feedstock Supply Contract between our companies dated March 10, 1964, as amended by Letter Agreements dated March 16, 1965, June 30, 1966 and October 31, 1970.

10 This is to advise you that Gulf Exploration Company has decided to make additional temporary reductions in the price of Kuwait and Iranian crude oils sold to you under said Contract. As from and including November 14, 1970, the price per barrel, f.o.b. port of loading, shall be:

- (1) for Kuwait crude oil, the average of the per barrel posted prices at November 13, 1970 of Gulf Kuwait Company, BP Trading Limited, Esso International Inc. and Mobil International Oil Company or their respective successors (or such of them as post a price) for Kuwait
- 20 crude oil, f.o.b. Kuwait, of an API gravity equivalent to the average gravity of the Kuwait crude oil loaded aboard the tanker, less an amount equivalent to 15% of the average of said postings, which price shall be adjusted in respect of the dates and to the extent set out in the attached table by
- (a) addition of OPEC cost increases as set out in such table, and
- (b) addition of 40% of the difference between
- (i) 85% of the posted price increases since
- 30 November 13, 1970 as set out in such table, and
- (ii) the OPEC cost increases described in (a), or deduction of 40% of said difference if (ii) exceeds (i).

C.S. 25

- (2) for Iranian Light crude or Iranian Heavy crude oil, the average of the per barrel posted prices at November 13, 1970 of Gulf International Company, BP Trading Limited, Esso International Inc. and Mobil International Oil Company or their respective successors (or such of them as post a price), f.o.b. loading ports in Iran, for Iranian Light crude oil or Iranian Heavy crude oil, as the case may be, of an API gravity equivalent to the average gravity of the particular Iranian crude oil loaded aboard the tanker, less an amount
10 equivalent to 15% of the average of said postings, which price shall be adjusted by
- (a) addition of the OPEC cost increases arising from the recent OPEC settlements related to Iranian Light crude oil or Iranian Heavy crude oil, as the case may be, effective on the respective dates set out in the aforementioned table, and
 - (b) addition of 40% of the difference between
 - (i) 85% of such posted price increases since
20 November 13, 1970 for Iranian Light crude oil or Iranian Heavy crude oil, as the case may be, and
 - (ii) the OPEC cost increases described in (a), or deduction of 40% of said difference if (ii) exceeds (i).

You of course understand that these temporary reductions in prices are purely voluntary on our part and are made without prejudice to Gulf Exploration Company's right of withdrawal at any time. They shall be terminated automatically and without notice should any additional OPEC cost or other government take increases not anticipated by this letter affect the period prior
30 to January 1, 1974 and any of the crude oils described in paragraphs (1) and (2) hereof, termination in this case to occur simultaneously with and as of the effective date of any such increase. In the

C.S. 25

event of such withdrawal or termination the prices for said crude oils will thereafter be those stated in the Feedstock Supply Contract.

Please indicate your acknowledgement and acceptance by signing and returning to us the enclosed copy of this letter.

Yours very truly,

GULF EXPLORATION COMPANY

By 'Parkman Clancy'

Its

Acknowledged and Accepted

EUROPA REFINING COMPANY LIMITED

By 'Bryan Todd'

Its

C.S. 25

GULF EXPLORATION COMPANY
EUROPA REFINING COMPANY, LIMITED
FEEDSTOCK SUPPLY CONTRACT PRICE
KUWAIT CRUDE OIL

Columns	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<u>31.0 - 31.9 API Gravity</u>			
	Average of Posted Prices Nov. 13, 1970	Less: 15% Thereof	Plus: OPEC Cost Increases	Posted Price Increases	85% of Posted Price Increases	Plus (Minus) 40% of Difference Between Cols. 3 & 5	Kuwait Crude Price Cols. 1, 2, 3 & 6
Nov. 14, 1970-Dec. 31, 1970	\$1.5900	.2385	.1149	.0900	.0765	(.0154)	1.4510
Jan. 1, 1971-Feb. 14, 1971	1.5900	.2385	.1274	.0900	.0765	(.0204)	1.4585
Feb. 15, 1971-May 31, 1971	1.5900	.2385	.4098	.5025	.4271	.0069	1.7682
June 1, 1971-Dec. 31, 1972	1.5900	.2385	.4716	.6045	.5138	.0169	1.8400
Jan. 1, 1973-Dec. 31, 1973	1.5900	.2385	.5353	.7095	.6031	.0271	1.9139
				<u>32.0-32.9 API Gravity</u>			
Nov. 14, 1970-Dec. 31, 1970	1.6100	.2415	.1155	.0900	.0765	(.0156)	1.4684
Jan. 1, 1971-Feb. 14, 1971	1.6100	.2415	.1279	.0900	.0765	(.0206)	1.4759
Feb. 15, 1971-May 31, 1971	1.6100	.2415	.4102	.4975	.4229	.0051	1.7838
June 1, 1971-Dec. 31, 1972	1.6100	.2415	.4721	.5995	.5096	.0150	1.8556
Jan. 1, 1973-Dec. 31, 1973	1.6100	.2415	.5357	.7045	.5988	.0252	1.9294

C.S. 26

GULF EXPLORATION COMPANY

September 20, 1971

Europa Refining Company Limited
Challenge House
105-109 The Terrace
Wellington, New Zealand

Dear Sirs,

We refer to the Feedstock Supply Contract between our companies dated March 10, 1964, as amended by Letter Agreements dated March 16, 1965, June 30, 1966 and October 31, 1970.

10 This is to advise you that Gulf Exploration Company has decided to make additional temporary reductions in the price of naphtha sold to you under said Contract. All naphtha, irrespective of the port of loading, will be invoiced to you at the average of the posted prices for Kuwait crude oil of 31.0° - 31.9° API gravity, as determined in Clause 7.01(a) of said Contract, plus U.S. \$0.02 for each full degree by which the gravity of the naphtha is above 31.0° API, less U.S. \$0.490 with effect from November 14, 1970, less U.S. \$0.475 with effect from January 1, 1971, less U.S. \$0.601 with effect from February 15, 20 1971 and less U.S. \$0.703 with effect from June 1, 1971.

You of course understand that these temporary reductions in price are purely voluntary on our part and are made without prejudice to Gulf Exploration Company's right of withdrawal at any time. They shall be terminated automatically and without notice should any additional OPEC cost or other government take increases affect the period prior to January 1, 1974 and the naphtha described in the preceding paragraph hereof, termination in this case to occur simultaneously with and as of the effective date of any such increase. In the event of such withdrawal or 30 termination the price for naphtha will thereafter be that stated in the Feedstock Supply Contract.

Please indicate your acknowledgment and acceptance by

C.S. 26

signing and returning to us the enclosed copy of this letter.

Yours very truly,

GULF EXPLORATION COMPANY

By 'Parkman Clancy'

Its _____

Acknowledged and Accepted

EUROPA REFINING COMPANY LIMITED

By 'Bryan Todd'

Its _____

TABLE NO. 1

GULF OIL CORPORATION
PAN EASTERN REFINING COMPANY, LIMITED
PROCESSING CONTRACT PRICE
KUWAIT CRUDE OIL

Columns	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			<u>31.0 - 31.9 API Gravity</u>				
	Average of Posted Prices Nov. 13, 1970	Less: 15% Thereof	Plus: OPEC Cost Increases	Posted Price Increases	85% of Posted Price Increases	Plus (Minus) 40% of Difference Between Cols. 3 & 5	Kuwait Crude Price Cols. 1, 2, 3, & 6
Nov. 14, 1970-Dec. 31, 1970	\$1.5900	.2385	.1149	.0900	.0765	(.0154)	1.4510
Jan. 1, 1971-Feb. 14, 1971	1.5900	.2385	.1274	.0900	.0765	(.0204)	1.4585
Feb. 15, 1971-May 31, 1971	1.5900	.2385	.4098	.5025	.4271	.0069	1.7682
June 1, 1971-Dec. 31, 1972	1.5900	.2385	.4176	.6045	.5138	.0169	1.8400
Jan. 1, 1973-Dec. 31, 1973	1.5900	.2385	.5353	.7095	.6031	.0271	1.9139
			<u>32.0 - 32.9 API Gravity</u>				
Nov. 14, 1970-Dec. 31, 1970	1.6100	.2415	.1155	.0900	.0765	(.0156)	1.4684
Jan. 1, 1971-Feb. 14, 1971	1.6100	.2415	.1279	.0900	.0765	(.0206)	1.4758
Feb. 15, 1971-May 31, 1971	1.6100	.2415	.4102	.4975	.4229	.0051	1.7838
June 1, 1971-Dec. 31, 1972	1.6100	.2415	.4721	.5995	.5096	.0150	1.8556
Jan. 1, 1973-Dec. 31, 1973	1.6100	.2415	.5357	.7045	.5988	.0252	1.9294

C.S. 26

GULF OIL CORPORATION
PAN EASTERN REFINING COMPANY, LIMITED
PROCESSING CONTRACT PRICE
KUWAIT NAPHTHA

TABLE NO. 2

Columns	(1)	(2)	(3)	(4)	(5)
	Base Price Nov. 13, 1970	Plus OPEC Cost Increases	Posted Price Increase	Plus (Minus) 40% of Difference Between Cols. 2 & 3	Kuwait Naphtha Price Cols. 1, 2 & 4
Nov. 14, 1970-Dec. 31, 1970	\$1.4600	.1149	.0900	(.0100)	1.5649
Jan. 1, 1971 - Feb. 14, 1971	1.4600	.1274	.0900	(.0150)	1.5724
Feb. 15, 1971-May 31, 1971	1.4600	.4098	.5025	.0371	1.9069
June 1, 1971-Dec. 31, 1972	1.4600	.4716	.6045	.0532	1.9848
Jan. 1, 1973-Dec. 31, 1973	1.4600	.5353	.7095	.0697	2.0650

C.S. 26

TABLE NO. 3

GULF OIL CORPORATION
PAN EASTERN REFINING COMPANY, LIMITED
PROCESSING CONTRACT PRICE
KUWAIT GAS OIL

Columns	(1)	(2)	(3)	(4)	(5)
	Base Price Nov. 13, 1970	Plus OPEC Cost Increases	Posted Price Increase	Plus (Minus) 40% of Difference Between Cols. 2 & 3	Kuwait Gas Oil Cols. 1, 2 & 4
Nov. 14, 1970-Dec. 31, 1970	\$2.000	.1149	.0900	(.0100)	2.1049
Jan. 1, 1971-Feb. 14, 1971	2.000	.1274	.0900	(.0150)	2.1124
Feb. 15, 1971-May 31, 1971	2.000	.4098	.5025	.0371	2.4469
June 1, 1971-Dec. 31, 1972	2.000	.4716	.6045	.0532	2.5248
Jan. 1, 1973-Dec. 31, 1973	2.000	.5353	.7095	.0697	2.6050

GULF OIL CORPORATION

September 20, 1971

Todd Participants Limited
 110-116 Courtenay Place,
 Wellington, New Zealand

Dear Sirs,

This letter and your acceptance hereof will record our consent to the price reductions evidenced by the enclosed letters, all of which are of even date herewith.

- 10 1. Letter from Gulf Exploration Company to Europa Refining Company Limited recording additional temporary price reductions in the prices of Kuwait and Iranian crude oils purchased by Europa Refining Company Limited from Gulf Exploration Company under the Feedstock Supply Contract between said parties dated March 10, 1964.
2. Letter from Gulf Exploration Company to Europa Refining Company Limited recording additional temporary price reductions in the price of naphtha purchased by Europa Refining Company Limited from Gulf Exploration Company under said Feedstock Supply Contract.
- 20 3. Letter from Gulf Oil Corporation to Pan Eastern Refining Company, Limited advising the latter of the aforesaid temporary price reductions.

Please indicate your acknowledgement and acceptance by signing and returning to us the enclosed copy of this letter.

Yours very truly,

GULF OIL CORPORATION

By _____ 'Parkman Clancy'

Its _____

Acknowledged and Accepted

TODD PARTICIPANTS LIMITED

BY _____ 'Bryan Todd'

Its _____

C.S. 28

EUROPA OIL (N.Z.) LTD.

25th March 1971

The Commissioner,
Inland Revenue Department,
WELLINGTON

Dear Sir,

Please take notice that Europa Oil (N.Z.) Ltd. objects to the amended assessments of income tax dated 26th February 1971 in respect of the years ended 31st March 1966 to 31st March 1968 inclusive upon the following grounds:

- 10 1. That the expenditure incurred by the company for supplies of feedstocks in each of the said years was exclusively incurred in the production of its assessable income for such year.
2. That Section 108 of the Land and Income Tax Act 1954 has no application to the said amended assessments.
3. That the Judgment of the Judicial Committee of the Privy Council dated 21st October 1970 in the Appeal Commissioner of Inland Revenue versus Europa Oil (N.Z.) Ltd. has no application to the said amended assessments because
- 20 (a) the said Judgment cannot determine the liability of Europa Oil (N.Z.) Ltd. for any year other than the years ending 31st March 1950 to 31st March 1965 inclusive,
- (b) insofar as it dealt with the first year of the 1964 Contracts, the said Judgment mistakenly assumed Europa Refining Company Ltd. to be a wholly owned subsidiary of Europa Oil (N.Z.) Ltd,
- (c) the circumstances of purchase by Europa Oil (N.Z.) Ltd. of feedstocks from Europa Refining Company Ltd. bear no legal or factual similarity to the purchase by Europa Oil (N.Z.) Ltd. of products from Gulfiran under the 1956 Contracts.

30

Yours faithfully,

EUROPA OIL (N.Z.) Ltd.

'N.K. Smith'

Treasurer

C.S. 29

EUROPA OIL (N.Z.) LTD.

28th April, 1971

The Commissioner,
Inland Revenue Department,
WELLINGTON

Dear Sir,

Please take notice that Europa Oil (N.Z.) Ltd. objects to the amended assessment of income tax for the year ended 31st March 1968 sent under cover of your letter dated 15th April 1971 and under cover of the tax statement of account dated 21st April 1971 upon the
10 following grounds:

1. That the expenditure incurred by the company for supplies of feedstocks in the said year was exclusively incurred in the production of its assessable income for such year.
2. That Section 108 of the Land and Income Tax Act 1954 has no application to the said amended assessment.
3. That the Judgment of the Judicial Committee of the Privy Council dated 21st October 1970 in the Appeal Commissioner of Inland Revenue versus Europa Oil (N.Z.) Ltd. has no application to the said amended assessment because
20 (a) the said judgment cannot determine the liability of Europa Oil (N.Z.) Ltd. for any year other than the years ending 31st March 1960 to 31st March 1965 inclusive,
(b) insofar as it dealt with the first year of the 1964 Contracts, the said Judgment mistakenly assumed Europa Refining Company Ltd. to be a wholly owned subsidiary of Europa Oil (N.Z.) Ltd,
(c) the circumstances of purchase by Europa Oil (N.Z.) Ltd. of feedstocks from Europa Refining Company Ltd. bear no legal or factual similarity to the purchase by Europa Oil (N.Z.) Ltd. of products from Gulfiran under the 1956 Contracts.

30

Yours faithfully,

EUROPA OIL (N.Z.) LTD.

'N.K. Smith'

Treasurer

C.S. 30

EUROPA OIL (N.Z.) LTD.

28th April, 1971

The Commissioner,
Inland Revenue Department,
WELLINGTON

Dear Sir,

Please take notice that Europa Oil (N.Z.) Ltd. objects to the amended assessments of income tax for the years ended 31st March 1969 and 1970 sent under cover of your letter dated 15th April 1971 and under cover of the tax statement of account dated 21st April 1971

10 upon the following grounds:-

1. That the expenditure incurred by the company for supplies of feedstocks in each of the said years
 - (a) was incurred in gaining or producing its assessable income for each of the said years or any income year, or
 - (b) was necessarily incurred in carrying on a business for the purpose of gaining or producing its assessable income for each of the said years or any income year.
2. That Section 108 of the Land and Income Tax Act 1954 has no application to the said amended assessments.
- 20 3. That the Judgment of the Judicial Committee of the Privy Council dated 21st October 1970 in the Appeal Commissioner of Inland Revenue versus Europa Oil (N.Z.) Ltd. has no application to the said amended assessments because
 - (a) the said Judgment cannot determine the liability of Europa Oil (N.Z.) Ltd. for any year other than the years ending 31st March 1960 to 31st March 1965 inclusive,
 - (b) insofar as it dealt with the first year of the 1964 Contracts, the said Judgment mistakenly assumed Europa Refining Company Ltd. to be a wholly owned subsidiary of Europa Oil (N.Z.) Ltd.,
 - 30 (c) the circumstances of purchase by Europa Oil (N.Z.) Ltd. of feedstocks from Europa Refining Company Ltd. bear no legal or factual similarity to the purchase by Europa Oil (N.Z.) Ltd. of products from Gulfiran under the 1956 Contracts,

C.S. 30

- (d) in respect of the said years the liability of the company falls to be determined under Section 111 of the Land and Income Tax Act 1954 as re-enacted by Section 12 of the Land and Income Tax Amendment Act 1968.

Yours faithfully,

EUROPA OIL (N.Z.) LTD.

'N.K. Smith'

Treasurer

C.S. 31

EUROPA OIL (N.Z.) LTD.

12th May, 1972

The Commissioner,
Inland Revenue Department,
WELLINGTON

Dear Sir,

Please take notice that Europa Oil (N.Z.) Ltd. objects to the amended assessment of income tax dated 28th April 1972 for the year ended 31.3.71 sent under cover of your letter dated 1 May 1972, upon the following grounds:-

- 10 1. That the expenditure incurred by the company for supplies of feedstocks in the said year
- (a) was incurred in gaining or producing its assessable income for the said year or any income year, or
- (b) was necessarily incurred in carrying on a business for the purpose of gaining or producing its assessable income for the said year or any income year.
2. That Section 108 of the Land and Income Tax Act 1954 has no application to the said amended assessment.
3. That the Judgment of the Judicial Committee of the Privy
- 20 Council dated 21st October 1970 in the Appeal Commissioner of Inland Revenue versus Europa Oil (N.Z.) Ltd. has no application to the said amended assessment because
- (a) the said Judgment cannot determine the liability of Europa Oil (N.Z.) Ltd. for any year other than the years ending 31st March 1960 to 31st March 1965 inclusive,
- (b) insofar as it dealt with the first year of the 1964 Contracts the said Judgment mistakenly assumed Europa Refining Company Ltd. to be a wholly owned subsidiary of Europa Oil (N.Z.) Ltd.,
- (c) the circumstances of purchase by Europa Oil (N.Z.) Ltd. of
- 30 feedstocks from Europa Refining Company Ltd. bear no legal or factual similarity to the purchase by Europa Oil (N.Z.) Ltd. of products from Gulfiran under the 1956 Contracts,
- (d) in respect of the said year the liability of the company

C.S. 31

falls to be determined under Section 111 of the Land and
Income Tax Act 1954 as re-enacted by Section 12 of the Land
and Income Tax Amendment Act 1968.

Yours faithfully,

EUROPA OIL (N.Z.) LTD.

'N.K. Smith'

Treasurer

IN THE SUPREME COURT OF NEW ZEALAND
WELLINGTON REGISTRY

No. M. 319/72

BETWEEN EUROPA OIL (N.Z.) LIMITED

Objector

A N D THE COMMISSIONER OF INLAND
REVENUE

Respondent

THURSDAY the 22ND DAY OF MARCH 1973

BEFORE THE HONOURABLE MR JUSTICE McMULLIN.

10 UPON READING the Case Stated by the abovenamed Respondent
 herein dated the 24th day of October, 1972 AND UPON HEARING
 Mr. G.P. Barton and Mr. R.F. Pethig of Counsel on behalf of the
 abovenamed Objector and the evidence adduced on behalf of the
 abovenamed Objector and Mr. I.L.M. Richardson and Mr. G. Gain
 of Counsel on behalf of the abovenamed Respondent and the
 evidence adduced on behalf of the abovenamed Respondent THIS
COURT HEREBY ORDERS that the questions for determination by this
 Court namely whether the Respondent acted incorrectly in
 making the assessments in respect of income for the years
 20 ended 31st March 1966 to 1971 inclusive referred to in
 Paragraph 7 of the Case Stated, be answered in the negative
AND THIS COURT FURTHER ORDERS that the question of costs be
 reserved.

By the Court

L.S.

"V.R. Harrison"

Deputy Registrar

IN THE COURT OF APPEAL OF NEW ZEALANDNo. C.A. 24/73BETWEEN EUROPA OIL (N.Z.) LIMITED
of WellingtonAppellantA N D THE COMMISSIONER OF INLAND
REVENUERespondent

TAKE NOTICE that Counsel for the abovenamed Appellant
 10 WILL MOVE this Honourable Court on the day
 of 1973 or so soon thereafter as Counsel may be
 heard ON APPEAL from the whole of the Judgment of the
 Supreme Court of New Zealand delivered by the Honourable Mr
 Justice McMullin on the 22nd day of March 1973 on a Case
 Stated by the abovenamed Respondent pursuant to Section 32 of the
 Land and Income Tax Act 1954 wherein the abovenamed Appellant
 was Objector and the abovenamed Respondent was Respondent
UPON THE GROUNDS that the said Judgment was erroneous in
 fact and in law.

20 DATED at Wellington this 6th day of April 1973.

'Ramon Pethig'

Solicitor for the abovenamed Appellant

TO: The Registrar of the Court of Appeal

AND TO: The Registrar of the Supreme Court, Wellington

AND TO: The abovenamed Respondent.

DUPLICATE

8075

C.A. 24/73

IN THE COURT OF APPEAL OF NEW ZEALAND

BETWEEN EUROPA OIL (N.Z.) LIMITED

Appellant

A N D THE COMMISSIONER OF INLAND
REVENUE

Respondent

BEFORE

THE RIGHT HONOURABLE MR JUSTICE MCCARTHY President

THE RIGHT HONOURABLE MR JUSTICE RICHMOND

THE HONOURABLE MR JUSTICE BEATTIE

TUESDAY THE 19TH DAY OF NOVEMBER 1974

THIS Appeal coming on for hearing on the 15th, 16th, 17th, 18th and 19th days of October 1973 and on the 17th day of October 1974 AND UPON READING the interim judgment delivered herein on the 12th day of June 1974 AND UPON HEARING Mr Barton and Mr Pethig of counsel for the Appellant and Mr Richardson and Mr Cain of counsel for the Respondent IT IS ORDERED that the Appeal is allowed and in lieu of the answer given by the Supreme Court to the question asked by the case stated the following answer is substituted :

(1) In respect of the years ending 31 March 1966, 1967 and 1968 the Commissioner acted incorrectly by disallowing the amounts set out in para 7 of the case stated and representing Pan Eastern benefits. The Commissioner should instead have disallowed a proportion of the objector's fob costs. That proportion should be determined in each year in the ratio which the Pan Eastern benefit bears to the sum total of that benefit and the actual arm's length long term market value of the feedstocks in respect of which the fob costs were incurred.



2.

(2) In respect of the years ending 31 March 1969, 1970 and 1971 the Commissioner acted incorrectly by disallowing the amounts set out in para 7 of the case stated and representing Pan Eastern benefits. The Commissioner should instead have disallowed so much (if any) of the objector's fob costs in each year as exceeded the actual arm's length long term market values of the feedstocks in respect of which such costs were incurred.

AND IT IS FURTHER ORDERED that the case be remitted to the Supreme Court with a direction that it amend the assessments in accordance with the foregoing answers and for that purpose hear any evidence which the parties may wish to call and then determine the actual arm's length long term market values.

AND IT IS FURTHER ORDERED that the question of costs in the Court below and in this Court be reserved.

By the Court


Registrar



JUPPLICATE

C.A. 24/73

IN THE COURT OF APPEAL OF NEW ZEALAND

BETWEEN EUROPA OIL (N.Z.) LIMITED
Appellant

A N D THE COMMISSIONER OF INLAND
REVENUE

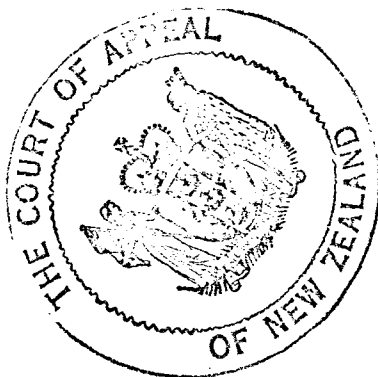
Respondent

MONDAY THE 3RD DAY OF MARCH 1975.

BEFORE THE RT. HON. SIR RICHARD WILD CHIEF JUSTICE
THE RT. HON. MR JUSTICE RICHMOND
THE RT. HON. MR JUSTICE WOODHOUSE

UPON READING the Notice of Motion of the Appellant dated the 28th day of February 1975 and the affidavit of John Francis Clifford Henderson AND UPON HEARING Mr. R.F.Pethig of Counsel on behalf of the Appellant and Mr G. Cain of Counsel on behalf of the Respondent THIS COURT HEREBY ORDERS that final leave to appeal to Her Majesty in Council from the judgment of this Honourable Court delivered on the 19th day of November 1974 be and the same is hereby granted to the Appellant.

By the Court




Registrar

IN THE COURT OF APPEAL OF NEW ZEALAND

DUPLICATE

BETWEEN EUROPA OIL (N.Z.) LIMITED
Appellant

AND THE COMMISSIONER OF INLAND
REVENUE
Respondent

Monday the 3rd day of March 1975

BEFORE:

THE RT. HON. SIR RICHARD WILD
THE RT. HON. MR JUSTICE RICHMOND
THE RT. HON. MR JUSTICE WOODHOUSE

UPON READING the Notice of Motion of the Respondent dated the 28th day of February 1975 and the Affidavit of JOHN FRANCIS CLIFFORD HENDERSON AND UPON HEARING Mr G. Cain on behalf of the Respondent and Mr R.F. Pethig on behalf of the Appellant THIS COURT HEREBY ORDERS that final leave to appeal to Her Majesty in Council from the Judgments of this Honourable Court delivered on the 12th day of June 1974 and the 19th day of November 1974 herein insofar as it was ordered and determined that the Respondent acted incorrectly in making the amended assessments referred to in paragraph 7 of the Case Stated herein and that the case be remitted to the Supreme Court for that Court to amend the assessments and for that purpose hear any evidence which the parties might wish to call be and the same is hereby granted to the Respondent.



By the Court

[Handwritten Signature]
Registrar

IN THE COURT OF APPEAL OF NEW ZEALANDBETWEEN EUROPA OIL (N.Z.) LIMITEDAppellantA N D THE COMMISSIONER OF
INLAND REVENUERespondentCERTIFICATE OF REGISTRAR OF COURT
OF APPEAL AS TO ACCURACY OF RECORD

I, DOUGLAS VICTOR JENKIN, Registrar of the Court of Appeal of New Zealand DO HEREBY CERTIFY that

- (i) the volumes of printed matter numbered 1 to 5 filed herewith as the Record in respect of the previous appeal to the Privy Council (No. 20 of 1970) and
- (ii) the volumes numbered 8 to 12 filed herewith as in respect of the present appeal to the Privy Council contain true and correct copies of all the proceedings, evidence, judgments, decrees and orders had or made in the above matter, so far as the same have relation to the matters of appeal, AND I DO FURTHER CERTIFY that the appellant has taken all the necessary steps for the purpose of procuring the preparation of the record, and the despatch thereof to England, and has done all other acts, matters and things entitling the said appellant to prosecute this appeal.

AS WITNESS my hand and Seal of the Court of Appeal of New Zealand this 24th day of March 1975.

L.S.

D.V. Jenkin,
Registrar.