

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE

LEASE NO.

DE-AC96-81PO10088

THIS LEASE, made and entered into this date by and between LOCAP Inc.

whose address is Post Office Box 2648
Houston, TX 77001

and whose interest in the property hereinafter described is that of a leasehold hereinafter called the Lessor, and the Department of Energy for the ~~DEPARTMENT OF ENERGY, OFFICE OF THE UNITED STATES OF AMERICA~~, hereinafter called the Government:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

The Land Described in Attachment "E"

including those improvements set forth in Attachment A, which attachments are hereby incorporated.

to be used for pipelines and their appurtenances thereto for transportation of crude oil with associated services.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the term beginning ~~on~~ 2 mos. after delivery of those valves described in paragraph 1 of Attachment A but not later than December 31, 1981 (herein effective date), (See subparagraph 29(e)) ~~through March 9, 2039, subject to termination and renewal rights as may be hereinafter set forth.~~ ~~through~~ ~~subject to termination~~

3. The Government shall pay the Lessor annual rent of \$..... (see paragraph 1)

at the rate of \$..... XXX..... per XXX..... in arrears.
Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

LOCAP Inc.

4. The Government may terminate this lease at any time by giving at least days' notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing. If the Government terminates, General Provision #33 applies.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:
Lease may be renewed only by mutual agreement of the parties.

provided notice be given in writing to the Lessor at least N/A..... days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

6. The Lessor shall furnish to the Government, as part of the rental consideration, the following:

See attached Standard Form 2-A (Modified)

7. The following are attached and made a part hereof:

The General Provisions and Instructions (Standard Form 2-A, Modified edition).

8. The following changes were made in this lease prior to its execution:

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR	
<i>Locas Inc.</i>	
BY	<i>[Signature]</i> (Signature)
IN PRESENCE OF:	<i>[Signature]</i> (Signature)
	<i>10. Post 2048 Houston TX 77001</i> (Address)
UNITED STATES OF AMERICA	
BY	<i>[Signature]</i> (Signature)
	Head of Procuring Activity (Official title)

GENERAL PROVISIONS AND INSTRUCTIONS
U.S. Government Lease for Real Property

1. RENTAL PAYMENTS.

(a) The Government shall pay to Lessor rent as follows:

(i) The Government shall pay \$1265 (herein Base Rent) in arrears for the first year of this lease within 90 days of presentation to the Government of a proper invoice. This amount will be adjusted and invoiced on a yearly basis to determine a new payment under this subparagraph by multiplying the Base Rent by a fraction, the numerator of which shall be the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers: United States City Average, All Items (herein CPI) for each of the first six full calendar months of the lease year for which the new payment under this subparagraph 1(a)(i) is being calculated, and the denominator of which shall be the average of the CPI for each of the first six full calendar months of the first year of this lease. If this index, its revision or equivalent, ceases to be published by the United States Department of Labor Bureau of Labor Statistics or any successor thereto, another reasonably similar generally recognized index mutually agreeable to Lessor and the Government shall be substituted therefor.

(ii) For the first five years of the term of this lease, the Government shall also pay \$388,473 per year in arrears within 90 days of presentation to the Government of a proper invoice.

(iii) The Government shall also pay in additional rent that sum equal to the ad valorem taxes paid by Lessor for the leased premises and the improvements thereon plus ten percent to cover associated administrative expenses. The ad valorem taxes attributable to the leased premises and the improvements thereon shall bear the same proportion to the ad valorem taxes levied on LOCAP Inc.'s property and facilities originally installed thereon at LOCAP Inc.'s St. James, Louisiana, terminal as the gross book value (as determined under generally accepted accounting principles) of the Government's leased premises, including improvements thereon, bears to the gross book value of all of LOCAP Inc.'s property and facilities originally installed thereon at LOCAP Inc.'s St. James, Louisiana, terminal, including the leased premises. For purposes of this subparagraph, facilities shall be considered "originally installed" if installed at the time of the first ad valorem tax assessment after LOCAP Inc.'s common carrier system becomes fully operational. If a tax

assessment is made prior to LOCAP's common carrier system becoming fully operational, an interim ratio shall be computed based on those facilities then installed at LOCAP Inc.'s St. James, Louisiana, terminal. The Government shall pay this amount within ninety days of presentation to the Government of a proper invoice for this amount.

(b) The rent specified in subparagraph 1(a)(ii) is based upon the assumptions that (i) the Attachment A equipment described in paragraph 29 of this sublease, which is to be installed on the leased premises, will have to be tied in after oil is in that portion of Lessor's common carrier facilities immediately adjacent to the leased premises; (ii) the valves described in Attachment A are delivered to Lessor before November 1, 1981; (iii) the pipe supplied by the Government pursuant to subparagraph 29(g) does not have latent defects not reasonably discoverable from a competent visual inspection; and (iv) the improvements described in Attachment A will be completed within two months after delivery to Lessor of those valves described in paragraph 1 of Attachment A. If such assumptions prove not to be the case for subparagraphs 1(b)(ii) or 1(b)(iii) for whatever reasons or for subparagraph 1(b)(iv) for any one or more of the following causes: Acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes (this implies no obligation to settle labor disputes), freight embargoes and unusually severe weather, then the rental payments specified in subparagraph 1(a)(ii) will be equitably adjusted, so long as the reasons or causes for the failure of the assumptions are not primarily due to the fault or negligence of Lessor. If the assumption of subparagraph 1(b)(i) proves not to be the case for whatever reason, then the subparagraph 1(a)(ii) rental payments will be equitably adjusted downward whether or not due to Lessor's fault or negligence. The equitable adjustment will reflect Lessor's increased or decreased costs as a result of such assumptions not being correct and will be in accordance with the cost principles set forth in Federal Procurement Regulations part 1-15.4, 41 CFR 1-15.4. If the Lessor and the Government are unable to agree upon an equitable adjustment, the dispute will be resolved under paragraph 24, Disputes.

(c) The appropriation from which funds are obligated to make payments hereunder is: 9681P010088.001 SA-00-02-02-0-G01 F20004
89X0218.91 SW-18-91 2520 C

2. SUBLETTING THE LEASED PREMISES. With the prior written consent of Lessor, which will not be unreasonably withheld, the Government may sublet any part of the leased premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The terms of this lease will be binding upon any sublessee hereunder.

3. MAINTENANCE OF LEASED PREMISES. The Lessor shall provide personnel and materials to maintain the leased premises, including any and all equipment, fixtures and appurtenances furnished by the Lessor or the Government pursuant to this Lease in good repair and tenantable condition except for damage to any such property arising from the act or negligence of the Government's agents or employees. Maintenance includes appropriate cathodic protection. The Lessor shall perform maintenance under this paragraph for no additional compensation; provided, however, that the Lessor shall perform and be additionally compensated for any item of maintenance (or related items all attributable to the same cause) (herein Extraordinary Maintenance) if, in any single instance, such item exceeds (or the total of those related items exceed) one-half of the Base Rent as set forth and adjusted in subparagraph 1(a)(i); provided, further, that prior to the Lessor performing such Extraordinary Maintenance for which the Lessor expects additional compensation beyond the applicable annual rent the Lessor shall promptly notify the Government contracting officer and receive his prior written consent before performing such Extraordinary Maintenance, except that in cases of emergency where the leased premises are in imminent danger of damage and there is not sufficient time to obtain prior approval of the contracting officer, in which cases Lessor will perform such emergency Extraordinary Maintenance and be compensated in accordance with this paragraph. Lessor shall inform the contracting officer as soon as possible of the circumstances of such Extraordinary Maintenance. If the contracting officer does not consent to any item of Extraordinary Maintenance that is reasonably needed, Lessor shall have no obligation to perform that item of Extraordinary Maintenance and if the failure to perform such particular Extraordinary Maintenance would significantly impair Lessor's ability to operate and maintain adequately the improvements on the leased premises, then Lessor will be excused from its obligations to perform such services, and shall notify the Government of the date and time at which the Government must take over such services. At such time as the Extraordinary Maintenance is either performed or mutually agreed to be unnecessary, Lessor shall resume his obligations to perform under this Lease. Rent shall be reduced by 1/365th of the annual payment under subparagraph 1(a)(i) for each day during which the Government is responsible for operation and maintenance. For those items furnished by or paid for in full by the Government as a result of Lessor's performance of Extraordinary Maintenance, other than the valves described in paragraph 1 to Attachment A and the items on the Lessor common carrier side of those valves, title will vest in the Government and those items may be removed at the termination of the lease; provided, however, that if the Government chooses to exercise its rights under this sentence, (1) Lessor, at its option, and the Government's expense, may remove the property and deliver it to the Government's St. James Terminal facilities; (2) the Government shall be required, at such time mutually acceptable to Lessor and the Government so as to minimize disruption to operation of Lessor's facility, to restore Lessor's property to the property's original condition so

that Lessor's common carrier terminal facilities will be made fully operational, or, alternatively, at Lessor's option and the Government's expense, Lessor may accomplish such restoration at such mutually acceptable times; and (3) the Government shall be required to compensate Lessor for any damages to its common carrier facilities and the lost use thereof, and other direct damages to Lessor which result from the Government's exercise of its removal rights and restoration obligations under this sentence. If Extraordinary Maintenance requires the total replacement of any of those valves described in paragraph 1 to Attachment A or any items on the Lessor common carrier side of those valves which were supplied under the lease, the Government shall pay for 90% of the cost of those valves and/or items, including installation thereof, and Lessor shall pay 10% of this cost, and Lessor shall retain title in these items and/or valves. Any disputes under this paragraph shall be resolved in accordance with the Disputes paragraph number 24 of this lease.

4. DAMAGE BY FIRE OR OTHER CASUALTY. If the leased premises be destroyed by fire or other casualty or in case of partial destruction or damage, so as to render the leased premises untenable, as determined by the Government, the Government may terminate the lease by giving written notice to the Lessor within thirty (30) days thereafter. If the lease is so terminated under this paragraph, no rent shall accrue to the Lessor after such total or partial destruction or damage. During the first five years of the lease, if the Government exercises its termination rights under this paragraph it shall pay to the Lessor the amount set forth in Attachment C attached hereto, which amount will be offset by all insurance proceeds payable for the loss or damage of the facilities located on the leased premises, provided, however, that if such insurance proceeds exceed the appropriate amount set forth in Attachment C, the difference shall be paid to the Government. After the first five years of the lease, if the Government exercises its termination rights under this paragraph, Lessor shall pay to the Government all insurance proceeds payable for the loss or damage of the facilities located on the leased premises.

5. ALTERATIONS. The Government shall have the right during the existence of this lease to make alterations, attach fixtures, structures or signs in or upon the leased premises. However, the Government shall make no such alterations or improvements to the leased premises without the prior written consent of the Lessor. Any improvements made by the Government at no expense to the Lessor and with the prior written approval of the Lessor shall be and remain the property of the Government and may be removed by the Government at any time during the term of this Lease, and unless the Lessor otherwise agrees, shall be removed by the Government or by the Lessor at the expense of the Government prior to the expiration of this Lease.

6. USE OF LEASED PREMISES BY LESSOR. Lessor reserves the right to use the leased premises in order to construct, operate and

maintain its own improvements on the leased premises during the term of this lease provided that the Lessor gives notice to the Government prior to the beginning of such use and provided further that Lessor's use does not materially interfere with any use being made by the Government under this sublease. Lessor shall, at its expense, immediately repair any damages caused the leased premises as a result of such uses by the Lessor of the leased premises. If the improvements required in Attachment A incorporated by paragraph 29 hereof have to be modified or relocated as a result of such uses by the Lessor of the premises, such modifications and/or relocations will be at Lessor's expense. If Lessor uses the Attachment A improvements on the leased premises on the Government side of the two 36 inch valves for its own purposes, Lessor shall credit the Government for those periods in which Lessor so uses the premises. The amount of this credit will be \$242 per day plus that amount determined by multiplying the ratio of the number of days the leased premises are so used by the Lessor to 365 days by the sum of the applicable annual payments to Lessor under subparagraphs 1(a)(i) and 1(a)(iii). However, after 22 years from the effective date of the lease, the \$242 daily charge will no longer be added into this computation. This credit shall be given to the Government off its next due rental payment.

7. PROPERTY DESCRIPTION. The property description of the leased premises is in Attachment E attached hereto. Within 120 days after the effective date of this lease, Lessor, at its expense, will prepare an "as-built" property description of the leased premises substantially equivalent to Attachment E, based upon the actual installed location of the Attachment A improvements. Upon approval by the Government, this revised Attachment E will be designated as the appropriate property description.

8. COVENANT AGAINST CONTINGENT FEES. The Lessor warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this lease without liability or in its discretion to deduct from the rental price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee. (Licensed real estate agents or brokers having listings on property for rent, in accordance with general business practice, and who have not obtained such licenses for the sole purpose of effecting this lease, may be considered as bona fide employees or agencies within the exception contained in this clause.)

9. OFFICIALS NOT TO BENEFIT. No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this lease contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this lease contract if made with a corporation for its general benefit.

10. ASSIGNMENT OF CLAIMS. Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (31 U.S.C. 203, 41 U.S.C. 15), if this lease provides for payments aggregating \$1,000 or more, claims for monies due or to become due the Lessor from the Government under this contract may be assigned to a bank, trust company, or other financing institution, including any Federal lending agency, and may thereafter be further assigned or reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party, except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Notwithstanding any provisions of this contract, payments to an assignee of any monies due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or set-off.

11. EQUAL OPPORTUNITY CLAUSE. (The following clause is applicable unless this contract is exempt under the rules and regulations of the President's Committee on Equal Employment Opportunity (41 CFR, Chapter 60). During the performance of this contract (Lease), the Contractor (Lessor) agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting for the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under this nondiscrimination clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, as amended, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

(e) The Contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, as amended, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 10925 of March 6, 1961, as amended, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

12. CERTIFICATION OF NONSEGREGATED FACILITIES. Lessor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Lessor or subcontractor

agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion or national origin, because of habit, local custom, or otherwise. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that he will retain such certifications in his files; and that he will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certification for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements is prescribed in 18 U.S.C. 1001.

13. LISTING OF EMPLOYMENT OPENINGS. (This clause is applicable pursuant to 41 CFR 50-250 if this contract or lease is for \$10,000 or more.)

(a) The Lessor agrees, in order to provide special emphasis to the employment of qualified disabled veterans and veterans of the Vietnam era, that all suitable employment openings of the Lessor which exist at the time of the execution of this lease and those which occur during the performance of this lease, including those not generated by this lease and including those occurring at an establishment other than the one wherein the lease is being performed but excluding those of independently operated corporate affiliates, shall be offered for listing at an appropriate local office of the State employment service system wherein the opening occurs and to provide such reports to such local office regarding employment openings and hires as may be required. Provided, that if this lease is with a State or local government the reports set forth in paragraphs (c) and (d) are not required.

(b) Listing of employment openings with the employment service system pursuant to this clause shall be made at least concurrently with the use of any other recruitment service or effort and shall involve the normal obligations which attach to the placing of a bona fide job order, including the acceptance of referrals of veterans and nonveterans. This listing of employment openings does not require the hiring of any particular job applicant or from any particular group of job applicants, and nothing herein is intended to relieve the Lessor from any requirements in any statutes, Executive Orders, or regulations regarding nondiscrimination in employment.

(c) The reports required by paragraph (a) of this clause shall include, but not be limited to, periodic reports which shall be filed at least quarterly with the appropriate local office or, where the Lessor has more than one establishment in a State, with the central office of the State employment service. Such reports shall indicate for each establishment (i) the number of individuals who were hired during the reporting period, (ii) the number of those hired who were disabled veterans, and (iii) the number of those hired who were nondisabled veterans of the Vietnam era. The Lessor shall submit a report within 30 days after the end of each reporting period wherein any performance is made under this lease. The Lessor shall maintain copies of the reports submitted until the expiration of 1 year after final payment under the lease, during which time they shall be made available, upon request, for examination by any authorized representatives of the Contracting Officer or of the Secretary of Labor.

(d) Whenever the Lessor becomes contractually bound by the listing provisions of this clause, he shall advise the employment service system in each State wherein he has establishments of the name and location of each such establishment in the State. As long as the Lessor is contractually bound to these provisions and has so advised the State employment system, there is no need to advise the State system of subsequent contracts. The Lessor may advise the State system when it is no longer bound by this contract clause.

(e) This clause does not apply to the listing of employment openings which occur and are filed outside of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

(f) This clause does not apply to openings which the Lessor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of his own organization or employer-union arrangement for that opening.

(g) As used in this clause:

(1) "All suitable employment openings" includes, but is not limited to, openings which occur in the following job categories: Production and nonproduction; plant and office, laborers and mechanics; supervisory and nonsupervisory; technical; and executive, administrative and professional openings which are compensated on a salary basis of less than \$18,000 per year. The term includes full-time employment, temporary employment of more than 3 days duration, and part-time employment. It does not include openings which the Contractor proposes to fill from within his own organization or to fill pursuant to a customary and traditional employer-union hiring arrangement.

(2) "Appropriate office of the State employment service system" means the local office of the Federal-State national system of public employment offices with assigned responsibility for serving the area of the establishment where the employment opening is to be filled, including the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

(3) "Openings which the contractor proposes to fill from within his own organization" means employment openings for which no consideration will be given to persons outside the Contractor's own organization (including any affiliates, subsidiaries, and parent companies), and includes any openings which the Contractor proposes to fill from regularly established "recall" or "rehire" lists.

(4) "Openings which the Contractor proposes * * * to fill pursuant to a customary and traditional employer-union hiring arrangement" means employment openings for which no consideration will be given to persons outside of a special hiring arrangement, including openings which the Contractor proposes to fill from union halls, which is part of the customary and traditional hiring relationship which exists between the Contractor and representatives of his employees.

(5) "Disabled veteran" means a person entitled to disability compensation under laws administered by the Veterans Administration for a disability rated at 30 percentum or more, or a person whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

(6) "Veteran of the Vietnam era" means a person (a) who (i) served on active duty with the Armed Forces for a period of more than 180 days, any part of which occurred after August 5, 1964, and was discharged or released therefrom with other than a dishonorable discharge, or (ii) was discharged or released from active duty for service-connected disability if any part of such

duty was performed after August 5, 1964, and (b) who was so discharged or released within the 48 months preceding his application for employment covered by this clause.

(h) If any disabled veteran or veteran of the Vietnam era believes that the Lessor (or any first-tier subcontractor) has failed or refuses to comply with the provisions of this contract clause relating to giving special emphasis in employment to veterans, such veteran may file a complaint with the veterans' employment representative at a local State employment service office who will attempt to informally resolve the complaint and then refer the complaint with a report on the attempt to resolve the matter to the State office of the Veterans' Employment Service of the Department of Labor. Such complaint shall then be promptly referred through the Regional Manpower Administrator to the Secretary of Labor who shall investigate such complaint and shall take such action thereon as the facts and circumstances warrant consistent with the terms of this contract and the laws and regulations applicable thereto.

(i) The Lessor agrees to place this clause (excluding this paragraph (i)) in any subcontract directly under this contract.

14. "BEST EFFORTS" CLAUSE:

Utilization of small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals.

(a) It is the policy of the United States and the Department of Energy that small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts let by the Department.

(b) Lessor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. Lessor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the Department of Energy as may be necessary to determine the extent of Lessor compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act (15 U.S.C. 632) and relevant regulations promulgated pursuant thereto, including §1-1.701 of the Federal Procurement Regulations. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:

(1) which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or in the case of any publicly-owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(2) whose management and daily business operations are controlled by one or more of such individuals.

Lessor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, and other specified minorities, or any other individual found to be disadvantaged by the Small Business Administration pursuant to §8(a) of the Small Business Act.

(d) Lessor, acting in good faith, may rely on written representations by its subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

(e) This paragraph 14 is only applicable to subcontracts awarded under this lease.

15. EXAMINATION OF RECORDS BY COMPTROLLER GENERAL.

(a) This clause is applicable if the amount of this lease exceeds \$10,000 and was entered into by means of negotiation.

(b) The Lessor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under this lease or such lesser time specified in Federal Procurement Regulations Part 1-20, as appropriate, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Lessor involving transactions related to this lease.

(c) The Lessor further agrees to include in all his subcontracts hereunder a provision to the effect that the subcontractor agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract unless the DOE authorizes their prior disposition have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor, involving transactions related to the subcontract. The term "subcontract" as used in this clause excludes (1) purchase orders not exceeding \$2,500 and (2) subcontractors or purchase orders for public utility services at rates established for uniform applicability to the general public.

(d) The periods of access and examination described in (b) and (c), above, for records which relate to (1) appeals under the "Disputes" clause of this lease (2) litigation or the settlement

of claims arising out of the performance of this lease, or (3) costs and expenses of this contract as to which exception has been taken by the Comptroller General or any of his duly authorized representatives, shall continue until such appeals, litigation, claims, or exceptions have been disposed of.

(e) Nothing in this lease shall be deemed to preclude an audit by the General Accounting Office of any transaction under this lease.

16. APPLICABLE CODES AND ORDINANCES. The Lessor, as part of the rental consideration, agrees to comply with all codes and ordinances applicable to the ownership and operation of the facilities on the leased premises, and at his own expense, to obtain all necessary permits and related items.

17. FAILURE IN PERFORMANCE. In the event of failure by the Lessor to provide any service, utility, maintenance or repairs required under this lease, the Government shall have the right to secure said services, utilities, maintenance or repairs and to deduct the cost thereof from rental payments. Lessor agrees to provide and specify to the Government whatever reasonable access is required through the premises leased to Lessor in order for the Government to exercise its rights under this paragraph.

18. LESSOR'S SUCCESSORS. The terms and provisions of this lease and the conditions herein shall bind the Lessor, and the Lessor's administrators, successors and assigns.

19. APPLICABILITY OF LEASE'S PROVISIONS TO THIS SUBLEASE. The parties acknowledge that this instrument is a sublease; that Lessor has a leasehold interest in the premises being leased by this instrument; and that the provisions and limitations of the lease by and between Paul Nelson Falgoust, et al and LOCAP Inc. (Lessor), effective March 10, 1979, as amended by that Amendment of Lease dated March 4, 1980, such documents being incorporated in Attachment D attached hereto, covering those lands which include these premises are binding upon and shall inure to the benefit of the Government, but only insofar as they may be applicable to those premises that are being sublet by this instrument. However, notwithstanding the foregoing, Lessor covenants and agrees to indemnify and save the Government harmless from and against all claims that may arise under paragraph eleven (11) of that lease by and between Paul Nelson Falgoust, et al, and LOCAP Inc., except those claims cognizable under Federal Tort Claims Act. Any further amendments to that lease by and between Paul Nelson Falgoust et al and LOCAP Inc., which affect in any way the premises being subleased by this instrument, will require the prior written consent of the Government, which consent will not be unreasonably withheld. The terms "Lessor" and "Lessee" as they may be used in this lease are understood to mean "sublessor" and "sublessee."

20. RECORDING OF LEASE. The Lessor shall, at his expense, record this lease within ten (10) working days following receipt of the signed and dated lease document. Recordation shall be in the local land records of the jurisdiction in which the property is located, and a copy of the recordation shall be forwarded promptly to the Contracting Officer.

21. MONITORING OF LEASE REQUIREMENTS.

(a) The Government shall have the right, at any and all times, to monitor Lessor's performance under this lease. The monitoring or lack of monitoring on the part of the Government shall not relieve the Lessor of the responsibility of complying with the requirements of this lease.

(b) The Lessor shall allow the Government access to all relevant records regarding performance under this lease.

(c) The Lessor shall make available complete records of the inspection system covering all elements of work hereunder. These records shall be available to the Government during the term of this lease and for such longer period as may be specified elsewhere in this lease.

(d) The Lessor shall include this provision (modified to make its obligations to the Government binding upon contractors and subcontractors), including this paragraph (d), in all contracts and subcontracts awarded in connection with this lease.

22. CLEAN AIR AND WATER.

(a) The Lessor agrees as follows: (1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Pub. L. 91-604) and section 308 of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq., as amended by Pub. L. 92-500), respectively, relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder before the award of this contract; (2) That no portion of the work required by this lease will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date when this lease was awarded unless and until the EPA eliminates the name of such facility or facilities from such listing; (3) To use his best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed; (4) To insert the substance of the provisions of this clause into any non-exempt subcontract, including this paragraph (a)(4).

(b) The terms used in this clause have the following meanings:

(1) The term "Air Act" means the Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Pub. L. 91-604).

(2) The term "Water Act" means Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq., as amended by Pub. L. 92-500).

(3) The term "clean air standards" means any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Air Act or Executive Order 11738, an applicable implementation plan as described in section 110(d) of the Clean Air Act (42 U.S.C. 1857c-5(d)), an approved implementation procedure or plan under section 111(c) or section 111(d), respectively, of the Air Act (42 U.S.C. 1857c-6(c) or (d)), or an approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 1857c-7(d)).

(4) The term "clean water standards" means any enforceable limitation, control, condition, prohibition, standard, or other requirement which is promulgated pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

(5) The term "compliance means compliance with clean air or water standards. Compliance shall also mean compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution control agency in accordance with the requirements of the Air Act or Water Act and regulations issued pursuant thereto.

(6) The term "facility" means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a contractor or subcontractor, to be utilized in the performance of a contract or subcontract. Where a location or site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are collocated in one geographical area.

23. CLEAN AIR AND WATER CERTIFICATION. The Lessor certifies as follows:

(a) Any facility to be utilized in the performance of this proposed lease has not been listed on the Environmental Protection Agency List of Violating Facilities.

(b) Lessor will promptly notify the contracting officer, prior to award, of the receipt of any communication from the Director, Office of Federal Activities, Environmental Protection Agency, indicating that any facility which he proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities.

(c) Lessor will include substantially this certification, including this paragraph (c.), in every nonexempt subcontract.

24. DISPUTES (41 U.S.C. 601 et seq.)

(a) This lease is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601, et seq.). If a dispute arises relating to the lease, the Lessor may submit a claim to the Contracting Officer who shall issue a written decision on the dispute in the manner specified in Federal Procurement Regulations 1-1.318.

(b) "Claim" means:

(1) A written request submitted to the Contracting Officer;

(2) for payment of money, adjustment of lease terms, or other relief;

(3) which is in dispute or remains unresolved after a reasonable time for its review and disposition by the Government; and

(4) for which a Contracting Officer's decision is demanded.

(c) In the case of disputed requests or amendments to such requests for payment exceeding \$50,000, the Lessor shall certify, at the time of submission of a claim, as follows:

I certify that the claim is made in good faith, that the supporting data is accurate and complete to the best of my knowledge and belief; and that the amount requested accurately reflects the lease adjustment for which the Lessor believes the Government is liable.

(Lessor's Name)

(Title)

(d) The Government shall pay the Lessor interest;

(1) on the amount found due on claims submitted under this clause;

(2) at the rates fixed by the Secretary of the Treasury;

and

(3) from the date the Contracting Officer receives the claim, until the Government makes payment.

(e) The decision of the Contracting Officer shall be final and conclusive and not subject to review by any forum, tribunal, or governmental agency unless an appeal or action is timely commenced within the times specified by the Contract Disputes Act of 1978.

(f) The Lessor shall proceed diligently with performance of this lease, pending final resolution of any request for relief, claim, appeal or action related to the lease, and comply with any decision of the Contracting Officer.

25. TAXES. Lessor covenants and agrees that so long as this lease remains in force and effect, Lessor shall pay all ad valorem taxes levied on the leased premises and all improvements thereto by the State and all political subdivisions thereof. The Lessor shall allow the Government access to all records relevant to the computation and levy of the ad valorem taxes and Lessor's invoicing of these taxes under subparagraph 1(a)(iii). The Government shall have the right to directly intervene and/or contest any assessment or levy related to the payment of ad valorem taxes to such State or its political subdivisions.

26. TRANSPORTATION AND THROUGHPUT SERVICES. Pursuant to and as a part of Lessor's obligations under this lease agreement, Lessor shall provide such services as necessary to receive and transport crude oil between the Government's Strategic Petroleum Reserve (hereinafter SPR) St. James Terminal facilities and Lessor's common carrier facilities through the valves and piping on the leased premises. These transportation and throughput services will be provided in order to fill and/or drawdown and distribute the crude oil in the SPR and/or to test the SPR system.

To the extent possible, the Government will be required to notify the Lessor by the 15th of the preceding month when facilities on the leased premises are proposed to be used for the transportation of crude oil. If this cannot be done, the Government, to the extent possible, shall give Lessor at least 48 hours notice in advance of when the facilities located on the

leased premises are proposed to be used for the transportation of crude oil. However, if the Government is also unable to give such 48 hours notice, Lessor shall use its best efforts to operate said facilities as quickly as possible to meet the Government's requirements. Any incremental costs incurred by the Lessor for operation during the first 48 hours, resulting from the Government not giving 48 hours notice will be reimbursed to the extent reasonable, allocable and allowable in accordance with the Federal Procurement Regulations part 1-15, 41 CFR 1-15.

All transportation to or from the valve connection between the Lessor's common carrier facilities and the leased premises will be accomplished and paid for under Lessor's applicable tariff for this transportation or pursuant to any other terms, conditions and rates to which Lessor and the Government may agree. However, in the event of a drawdown and distribution of the SPR, Lessor agrees that it will coordinate and cooperate with the Government, the purchasers and/or recipients of crude oil that was in the SPR, and Capline owners and any other affected pipeline carriers, to the maximum feasible extent allowed by law and in accordance with the Government's Distribution Plan then in effect, with the objective of assuring prompt and efficient movement of crude oil from the Government's St. James facilities through the leased premises and Lessor's common carrier facilities and into Capline Owners' common carrier systems or other applicable pipeline systems for distribution to the purchasers and/or recipients of the SPR crude oil. Lessor similarly agrees to coordinate and cooperate to the maximum extent allowed by law with the Government and other affected parties regarding the use of Lessor's common carrier facilities, including pumps, to transport oil to fill or refill the SPR. Pump operation necessary for fill or refill through the pipeline on the leased premises will be under Lessor's common carrier tariffs. The provisions and cost of any tests of the SPR system that may involve Lessor's common carrier facilities will have to be agreed upon by both parties.

All transportation from the Government's St. James facilities to the point of the tie-in connecting the Government's facilities to the leased premises is solely the Government's responsibility. Also, the Government will provide sufficient pumping capacity for use of the pipeline on the leased premises for drawdown.

All oil transfers through the leased premises must originate or terminate in the tankage at the Government St. James terminal, unless Lessor expressly authorizes otherwise.

Operating pressures (designed in accordance with ANSI Class 150 (American National Standards Institute)) and flow rates between Lessor's common carrier facilities and Government's St.

James facilities shall be consistent with one another, so as not to damage the other's facilities.

27. SECURITY. In times of drawdown, emergency or a security threat, Lessor agrees to allow Government to supplement Lessor's security of the leased premises as well as Lessor's Common Carrier terminal facilities, with such guards as the Government deems appropriate. The Government will be liable to the extent allowed under the Federal Tort Claims Act for all damages to the facilities arising from the act or the negligence of the Government's agents or employees who have so supplemented security. The foregoing supplemental security will be at the Government's expense.

28. NOTICES. Any notice required to be given hereunder shall be in writing and shall be properly given if mailed, postage prepaid, addressed as follows:

If to Government: W. T. Williams
Contracting Officer
U. S. Department of Energy
900 Commerce Road East
New Orleans, LA 70123

If to Lessor: LOCAP Inc.
Post Office Box 2648
Houston, TX 77002

ATTN: Secretary/J. A. Davis

These addresses can be changed by notice.

Notwithstanding the foregoing, those notices required to be given by the Government under paragraph 26 of this lease for use of the leased facilities for the transportation of crude oil will be effective when given in writing by the Government Senior Site Representative at St. James Terminal to the Lessor's Terminal Manager, but only if such notice is given a minimum of 48 hours in advance. If notice is less than 48 hours in advance, then the Government Contracting Officer must give such notice.

29. IMPROVEMENTS TO PREMISES.

(a) Prior to the effective date of this lease, Lessor will construct at its expense improvements to the leased premises as set forth in Attachment A.

(b) Prior to this lease's effective date, all work (which term includes, but is not restricted to materials, workmanship, and manufacture and fabrication of components) of installing these improvements shall be subject to inspection by the Government at all reasonable times. Any such inspection is for

the sole benefit of the Government and shall not relieve the Lessor of the responsibility of providing quality control measures to assure that the work strictly complies with Attachment A. Inspection by the Government shall not be construed as constituting or implying acceptance of the work. Inspection shall not relieve the Lessor of responsibility for damage to or loss of the material, nor in any way affect the continuing rights of the Government under the lease.

(c) The Lessor shall, without charge, replace any material or correct any workmanship that does not conform to Attachment A, unless the Government specifically consents in writing to accept such material or workmanship with an appropriate adjustment in the rental payment.

(d) To the extent possible, all inspection by the Government shall be performed in such manner as not to unnecessarily delay the work.

(e) In the event the improvements have not been completed by Lessor in accordance with Attachment A on or before the lease's effective date, the Government may, at its option, upon request by the Lessor, modify the effective date of the lease. Such request from the Lessor shall be made in writing, shall state the reason for the delay and the proposed new effective date, and shall be received by the contracting office at least ten days prior to the effective date.

(f) Within seven days of delivery of those valves described in paragraph 1 of Attachment A, Lessor shall inform the Contracting Officer of the date the valves were received by Lessor. The effective date shall be two calendar months after the delivery date of these valves but not later than December 31, 1981.

(g) The Government shall supply eight joints (approximately 320 feet) of 36 inch .375 wall bare pipe to Lessor at the property yard at the SPR St. James Terminal facilities. Lessor shall use this pipe in constructing the Attachment A improvements after appropriately coating the pipe at its expense. The Government will retain title in this pipe. If the Government terminates the lease under paragraphs 4 or 33, the Government has the right to remove this pipe from the leased premises, provided however, if the Government chooses to exercise its rights under this sentence, Lessor, at its option and the Government's expense (expense to be determined in accordance with Federal Procurement Regulations Section 1-15.4, 41 CFR 1-15.4), may remove the pipe and deliver it to the Government's St. James Terminal facilities in the event of such termination. Lessor shall use, operate, repair, maintain and be totally responsible for this pipe to the extent and in accordance with this lease. This pipe is supplied to Lessor on a "where is, as is" basis. Lessor acknowledges that

it has visually inspected the pipe and that it is suitable for use under this lease, subject to any defects in the pipe not reasonably discoverable from a competent visual inspection. The Government makes no warranties of this pipe, including any warranty that the pipe is fit for any particular purpose, and no warranty shall be implied, except as provided in subparagraph 1(b)(iii).

30. **CONDITION REPORT.** A joint physical survey and inspection report of the leased premises shall be made as of the effective date of this lease, reflecting the then present condition, and will be signed on behalf of the parties hereto. In association with this report, Lessor must demonstrate to the Government that the improvements installed on the leased premises comply with Attachment A.

31. **RESTORATION OF LEASED PREMISES.** Except for its responsibilities under paragraph 5 hereof, the Government will not be required to restore or pay for the restoration of the leased premises unless it terminates the lease under paragraph 33 of this lease.

32. **TERMINATION BY LESSOR.** Lessor may terminate this Lease only (a) if it terminates that base lease by and between Paul Nelson Falgoust, et al and LOCAP Inc., which it may not do until March 9, 1989, or (b) upon default by the Government of a material term of this lease which the Government does not cure or begin to take reasonable action to cure within ninety days after Lessor gives notice to the Government specifying the default. If Lessor terminates this lease pursuant to provision (a) of the preceding sentence, then the Lessor shall pay to the Government the amount set forth in Attachment B attached hereto and incorporated by reference.

33. **TERMINATION BY GOVERNMENT.** The Government may terminate this lease at any time upon giving Lessor 90 days' notice. If the Government terminates this Lease during the first five years of its term, then the Government shall pay to the Lessor the amount set forth in Attachment C attached hereto. If the Government terminates this lease thereafter, the Government shall pay all rent and other sums accrued under this lease up through the date of termination. In this regard, the rental payments payable under subparagraph 1(a)(i) and 1(a)(iii) will be prorated on a daily basis.

34. **LESSOR PERSONAL LIABILITY.** Lessor shall not be responsible or liable for injuries to persons or damages to property when such injuries/damages are caused by or result from the physical presence of the Government and its employees or agents on the leased premises and are not due to the fault or negligence of the Lessor.

35. LESSOR PROPERTY LIABILITY. Lessor shall not be responsible or liable to the Government for any loss or damage of crude oil or other Government property arising out of the Lessor's operation or maintenance of the leased premises unless and then only to the extent that such damage or loss was caused by the Lessor's gross fault or gross negligence.

ATTACHMENT A

FACILITIES DESCRIPTION
DOE CONNECTION TO LOCAP

The following is a scope of work for the installation of a bi-directional delivery/receipt connection between the LOCAP St. James Terminal and the DOE St. James Facility:

1. Install primary piping and fittings to provide bi-directional delivery capabilities to the DOE facility (property line) including one 48" and two 36" double block and bleed gate valves with motor operators, approximately 300 LF of 36" pipe (furnished by DOE) and associated tees, fittings and flanges.
2. Hydrostatically pressure test piping installed in 1 above as required by DOT regulations.
3. Install conduit, wire, motor starters, interlocks and controls to operate the three valves, make software revisions required to operate valves from Capline's control building.
4. Install piling, foundations, cathodic protection, secondary piping, repair road crossing and clean up site for the piping installed in 1 above.
5. The Scope of Work identified in paragraphs 1 through 4 above will be governed by Shell Pipeline Construction Company drawings SD-13198, -13199, -13200, -13201, -13221, and -13222, and the set of general specifications designated Exhibit "D" specifications submitted by Shell.

ATTACHMENT B

LESSOR
TERMINATION PAYMENT
SCHEDULE

<u>PERIOD</u>	<u>LESSOR PAYMENT</u> <u>TO GOVERNMENT</u>
March 9, 1989 to Effective Date 1989	\$1,214,161
Day after Effective Date 1989 to Effective Date 1990	1,176,678
Day after Effective Date 1990 to Effective Date 1991	1,134,698
Day after Effective Date 1991 to Effective Date 1992	1,087,680
Day after Effective Date 1992 to Effective Date 1993	1,035,019
Day after Effective Date 1993 to Effective Date 1994	976,039
Day after Effective Date 1994 to Effective Date 1995	909,982
Day after Effective Date 1995 to Effective Date 1996	835,998
Day after Effective Date 1996 to Effective Date 1997	753,136
Day after Effective Date 1997 to Effective Date 1998	660,330
Day after Effective Date 1998 to Effective Date 1999	556,388
Day after Effective Date 1999 to Effective Date 2000	439,972
Day after Effective Date 2000 to Effective Date 2001	309,587
Day after Effective Date 2001 to Effective Date 2002	163,555

ATTACHMENT C

GOVERNMENT
TERMINATION PAYMENT
SCHEDULE

<u>PERIOD</u>	<u>GOVERNMENT PAYMENT</u> <u>TO LESSOR</u>
Effective Date to Effective Date 1982	\$1,568,400
Day after Effective Date 1982 to Effective Date 1983	1,321,519
Day after Effective Date 1983 to Effective Date 1984	1,045,012
Day after Effective Date 1984 to Effective Date 1985	735,325
Day after Effective Date 1985 to Effective Date 1986	388,473

ATTACHMENT "D"
AMENDMENT OF LEASE

STATE OF LOUISIANA
PARISH OF ST. JAMES

WHEREAS, by LEASE ("Lease") beginning March 10, 1979 and ending March 9, 2039, filed under Entry No. 51558 and recorded in COB 213 of the Deed Records of St. James Parish, Louisiana, Paul Nelson Falgoust, et al, as Lessor, leased to LOCAP INC. certain lands as described in the Lease located in St. James Parish, Louisiana ("Leased Land"); and

WHEREAS, Paul Nelson Falgoust, Gertrude T. Falgoust, Paul N. Falgoust Trust, Falgoust Educational Trust and Falgoust Sugar Farms ("Owners") are the present owners of the Leased Land; and

WHEREAS, Owners and LOCAP INC. desire to delete Condition 3 from the Lease;

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by Owners and LOCAP INC. that the Lease is hereby amended by deleting from the Lease the following language:

3. For a period of five years from and after the date hereof, Lessor shall have the right and option to require the Lessee to purchase a perpetual exclusive use servitude covering all of the leased premises subject to the following terms and conditions:
 - (a) On or before sixty days prior to an anniversary date hereof, Lessor shall give Lessee a written notice of Lessor's election to exercise this right and option.
 - (b) Within thirty days after giving notice of such election, Lessor shall furnish Lessee evidence of title sufficient to show that Lessor has the right and power to execute such servitude and has good and merchantable title free of all liens and encumbrances other than this lease.
 - (c) Upon the satisfaction of the Lessee with respect to title as above provided, Lessor shall tender a good and sufficient conveyance of an exclusive use servitude which will grant to the Lessee all rights necessary and

incident to its proposed use of the premises, as described in paragraph No. 4, on or about such anniversary date and Lessee shall pay the Lessor the sum of \$7,500.00 per acre for the servitude on the land embraced within the leased premises, whereupon this lease shall terminate.

The Lease, as herein amended, shall continue in full force and effect, it not being intended to supersede or novate the Lease in any way hereby.

Owners hereby represent to and covenant with LOCAP, INC. that Owners are the owners of Leased Land, and that Owners have the right, title and capacity to execute this instrument.

The provisions of this agreement shall extend to and be binding upon Owners' heirs, successors and assigns and LOCAP INC.'S successors and assigns.

IN WITNESS WHEREOF, the parties have executed this AMENDMENT OF LEASE in the presence of the undersigned competent witnesses on the dates shown in their respective acknowledgments attached hereto.

WITNESSES:

OWNERS

Roger J. Rousseau
Debbie B. Whitney

Paul Nelson Falgoust
PAUL NELSON FALGOUST

Roger J. Rousseau
Debbie B. Whitney

Gertrude T. Falgoust
GERTRUDE T. FALGOUST

Roger J. Rousseau
Debbie B. Whitney

PAUL N. FALGOUST TRUST

By: Wayne P. Hines
Trustee

By: _____
Trustee

Roger J. Rousseau
Debbie B. Whitney

FALGOUST EDUCATIONAL TRUST

By: Wayne P. Hines
Trustee

By: _____
Trustee

Roger J. Rousseau
Debbie B. Whitney

FALGOUST SUGAR FARMS

By: Paul Nelson Falgoust

J. D. McDaniel
John D. McDaniel

LOCAP INC.

D. W. Derry
D. W. Derry, Attorney-in-Fact

STATE OF LOUISIANA

PARISH OF ST. JAMES

BEFORE ME, the undersigned authority, on this day personally appeared Debbie B. Whitney, known to me to be the person whose name is subscribed to the foregoing instrument as an attesting witness, who being first duly sworn, on this oath says:

That she personally knows PAUL NELSON FALGOUST, GERTRUDE T. FALGOUST and LLOYD R. HIMEL, TRUSTEE for PAUL NELSON FALGOUST TRUST and NELSON FALGOUST EDUCATIONAL TRUST and PAUL NELSON FALGOUST, Partner of FALGOUST SUGAR FARMS sign and execute the foregoing instrument as their free act and deed, and that she, the said Debbie B. Whitney, subscribed her name to the same at the same time as an attesting witness, along with Roger J. Rousseau, the other subscribing witness.

Debbie B. Whitney
Affiant

SWORN TO AND SUBSCRIBED BEFORE ME, this 5th DAY OF FEBRUARY, 1980.

Dwight J. Noble
NOTARY PUBLIC

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared J. I. Michael, Jr., known to me to be the person whose name is subscribed to the foregoing instrument as an attesting witness, who being duly sworn, on his oath says:

That he personally knows D. W. Derry and that he saw the said D.W. Derry sign and execute the foregoing instrument as agent for and as the free act and deed of LOCAP INC. and that he, the said J. I. Michael, Jr. subscribed his name to the same at the same time as an attesting witness, along with Kim Ledoux, the other subscribing witness.

J. I. Michael, Jr.
Affiant

SWORN TO AND SUBSCRIBED BEFORE ME, THIS 4th DAY OF March, 1980.

Linda Davis
NOTARY PUBLIC

LINDA DAVIS
Notary Public in and for Harris County, Texas
My Commission Expires August 29 1981

L E A S E

This agreement of lease by and between Paul Nelson Falgoust, Gertrude T. Falgoust, Paul Nelson Falgoust Trust by Lloyd R. Himel, Trustee and Nelson Falgoust Educational Trust by Lloyd R. Himel, Trustee whose address is Route 2, Box 46, St. James, Louisiana 70086 ("Lessor") and LOCAP INC., whose address is Post Office Box 2648, Houston, Texas 77001 ("Lessee"), appearing herein through its undersigned representative, duly authorized,

W I T N E S S E T H:

Lessor docs hereby demise and lease unto Lessee and Lessee takes and leases from Lessor, the following described premises, herein collectively called "leased premises":

- (a) that certain premises being 125.00 acres of land more or less in St. James Parish, Louisiana, (herein called "Tank Farm Tract"), more particularly described on the attached Exhibit "A", and shown on the attached drawing prepared by T. Baker Smith & Son, Inc. marked Exhibit "B"; and
- (b) a strip of land 100 feet in width extending westward from the Northwest corner of the Tank Farm Tract, across the railroad, thence northerly along the railroad right of way to the South line of the Department of Energy pipeline easement, thence westerly along the Department of Energy easement to lands owned by Hugh Hawthorne, containing 16.1 acres, more or less. Within one year from the date of this lease, Lessee shall prepare and record an instrument with plat attached, defining and depicting the surveyed location of said 100-foot-wide strip and at that time Lessee will retroactively increase or decrease the rental payments as hereafter specified in paragraph 1 payable and paid under this lease to reflect the actual acreage contained in said strip as shown by such survey.

The term of this lease shall be for 60 years beginning March 10, 1979, and ending March 9, 2039.

This lease is subject to the following terms and conditions:

1. Lessee shall pay Lessor annually in advance those rentals specified in the amount and during the periods as follows,

to-wit:

March 10, 1979 to March 9, 1989, \$800.00 per acre per year;

March 10, 1989 to March 9, 1999, \$1000.00

per acre per year;

March 10, 1999 to March 9, 2009, \$1250.00 per acre per year;

March 10, 2009 to March 10, 2019, \$1500.00 per acre per year;

March 10, 2019 to March 10, 2029, \$1750.00 per acre per year;

March 10, 2029 to March 10, 2039, \$2000.00 per acre per year.

It being understood and agreed that during the first ten year period (March 10, 1979 to March 9, 1989) Lessee may not terminate this lease. After the first ten year period (March 10, 1979 to March 9, 1989) Lessee shall have the right to terminate this lease at any time by giving notice to Lessor specifying the termination date and paying an amount equal to one year's rental at the rental rate provided for herein for the time period in effect on the date of such notice. All rentals payable under this lease may be deposited by Lessee to the account of Falgoust Sugar Farms in the First American Bank and Trust, Vacherie, Louisiana 70090 or in such other reasonable manner as Lessor may specify by notice. If at any time Lessor's title or right to receive rent hereunder (or the title or right of any individual or fiduciary lessor) is disputed, or there is a change of ownership of Lessor's estate by act of the parties or by operation of law, Lessee may withhold rent thereafter accruing until Lessee is furnished proof satisfactory to it as to the party entitled thereto.

2. Lessee covenants and agrees that so long as this lease shall remain in force and effect, Lessee shall pay as additional rental all ad valorem taxes levied by the state and all political

subdivisions thereof on the leased premises other than any taxes attributable to those interests hereafter reserved in paragraph 10 and shall, in like manner, pay all ad valorem taxes levied or assessed upon any improvements placed upon the leased premises by the Lessee.

3. For a period of five years from and after the date hereof, Lessor shall have the right and option to require the Lessee to purchase a perpetual exclusive use servitude covering all of the leased premises subject to the following terms and conditions:

- (a) On or before sixty days prior to an anniversary date hereof, Lessor shall give Lessee a written notice of Lessor's election to exercise this right and option.
- (b) Within thirty days after giving notice of such election, Lessor shall furnish Lessee evidence of title sufficient to show that Lessor has the right and power to execute such servitude and has good and merchantable title free of all liens and encumbrances other than this lease.
- (c) Upon the satisfaction of the Lessee with respect to title as above provided, Lessor shall tender a good and sufficient conveyance of an exclusive use servitude which will grant to the Lessee all rights necessary and incident to its proposed use of the premises, as described in paragraph No. 4, on or about such anniversary date and Lessee shall pay the Lessor the sum of \$7,500.00 per acre for the servitude on the land embraced within the leased premises, whereupon this lease shall terminate.

4. Lessee shall have the right to use the leased premises for any lawful purpose including without limitation the right to build, erect, maintain, replace, remove, and operate storage tanks, buildings, structures, pipelines, utility lines (water lines, sewer lines, gas lines, electrical lines, communication lines, etc.), meters, valves, pumps and all other related facilities necessary and incidental to the operation of a facility for the storing, processing, handling and shipping of crude oil and/or other petroleum products; provided that Lessee covenants and agrees to keep the leased premises in a neat condition free of litter and to permit no trees or heavy brush to grow thereon.

5. Lessee understands that Lessor may have the capability of producing water in quantities sufficient to fulfill Lessee's water requirements relating to the testing of its tanks to be constructed on the leased premises and any and all other water needs of Lessee to carry out the purposes of this lease. With respect to Lessee's water requirements, it is understood that Lessor will provide Lessee from off the leased premises with such quantities of water that Lessee may request provided mutual agreement can be reached covering the purchase, sale, delivery and disposal of such water. Notwithstanding the foregoing, Lessee shall have the right to drill for and produce from the leased premises subsurface water in the quantity that is reasonably necessary to fulfill Lessee's emergency and day to day needs including, but not limited to firefighting, sewer, and drinking requirement, and any and all other water requirements necessary for Lessee to fulfill the purpose of this lease. However, if Lessee drills such well ("Lessee's Well"), subsurface water produced therefrom shall not be used for testing of Lessee's tanks unless Lessor is unable to fulfill Lessee's water needs, in which event water from Lessee's well may be used as a supplemental source of water for testing of Lessee's tanks provided mutual agreement can be reached covering the purchase, sale, delivery and disposal of such water.
6. Lessor, realizing Lessee's need for a roadway and utility corridor from the Tank Farm Tract to State Highway No. 18, has included in this lease such roadway and utility corridor. Notwithstanding the foregoing, Lessee will endeavor to secure a mutually acceptable agreement from the Department of Energy ("D.O.E.") permitting Lessee to use the D.O.E. roadway for the foregoing purposes. However, until such an agreement is reached, or if a mutually acceptable agreement cannot be obtained between Lessee and D.O.E., Lessee shall use the roadway and utility corridor included in this lease. Upon securing the right to use the D.O.E. roadway for the aforementioned purposes, Lessee has the right to release all or a part of the roadway and utility corridor covered by this lease, and all future rentals payable hereunder will be reduced on a pro rata acreage basis.

7. Insofar as Lessor's (including any individual Lessor or any combination of individual Lessors) interests are concerned and insofar as Lessor has the right, title and capacity to do so (but subject to all outstanding leases and other encumbrances) Lessor grants Lessee the right to use for pipeline purposes such strip and/or strips of land as may be necessary or desirable across lands (a) owned and/or leased by the D.O.E. and Exxon Pipeline Company located adjacent to the Tank Farm Tract and (b) any lands owned by Lessor located between the Northerly side of the Tank Farm Tract and the Southerly side of the tract commonly known as the Capline St. James Terminal. Such strip(s) will begin on the Northerly side of the Tank Farm Tract and run in a Northerly direction (at locations to be agreed upon by Lessee and Exxon and/or the D.O.E.) to the Southerly side of the tract commonly known as the Capline St. James Terminal.
8. It is understood by Lessor and Lessee that Lessee's design for the construction of facilities on the leased premises is not complete, and Lessee is unable to determine with certainty the exact acreage required for Lessee's facilities. When Lessee's land requirements become firm, Lessee will provide Lessor with a release as to that portion of the leased premises which Lessee considers to be surplus acreage, if any. The surplus acreage will be located on the southerly edge of the leased premises, at locations already surveyed by Lessee. Within 60 days after receipt of notice from Lessee that there is surplus acreage located on the southerly side, Lessor shall have the right to reacquire possession of such surplus acreage from Lessee by so notifying Lessee; and, in that event, Lessee will surrender such surplus acreage to Lessor. Lessor, as consideration for the surrender, will reduce all future rentals payable hereunder on a pro rata acreage basis.
9. Subject to the further provisions of this paragraph, until December 31, 1979, Lessee will pay Lessor for damages to growing crops on all of the leased premises based on the current market

value of the cane actually damaged and/or destroyed by Lessee's operations and/or construction activities. In addition, Lessor retains the right, without the payment of rental to Lessee, to continue to cultivate the cane for a period not extending beyond March 9, 1982, on the westerly portion of the Tank Farm Tract, being 40 + acres lying west of the existing drainage ditch which extends across the westerly part of the Tank Farm Tract in an approximate north-south direction as delineated on Exhibit B. Should Lessee utilize any portion of said westerly portion of the Tank Farm Tract during such retained cultivation period, Lessee shall pay damages to the Lessor on the basis of the then current market value of the cane actually damaged or destroyed by Lessee's operations and/or construction activities, Lessor may, at Lessor's own risk and expense, without the payment of rental to Lessee, continue to cultivate such cane beyond March 9, 1982 on the 40 + acres but after such date Lessee shall not be liable for damages of any kind, type or sort for the cane damaged or destroyed by Lessee's operations after such date.

10. It is understood that no oil, gas, or other minerals are conveyed or leased hereby and that Lessor retains all oil, gas and other minerals; Lessee takes cognizance of a prior existing Lamson/Onshore Petroleum Corporation (Lamson) lease and that Lessee shall have the right to obtain from Lamson a release of all surface rights on leased premises; Lessor further agrees, that it shall not grant any future oil, gas and mineral leases which will permit the mineral lessee use of the surface of the leased premises.
11. Lessee covenants and agrees to indemnify and save Lessor harmless from and against all claims, suits, and judgments for or on account of damage or injury (including death) to property or person of Lessor, its employees or other party or parties caused by due to fault or negligence on the part of Lessee in its operations on the leased premises and in the erection, maintenance, replacement, operations and removal of any tanks or equipment installed on the leased premises by virtue of the rights granted herein.

12. Upon termination of this lease, in any manner other than by Lessor's exercise of its right and option to have Lessee purchase the perpetual servitude provided for in Item 3 above, or upon abandonment or other termination of the servitude, if it comes into being, then Lessee shall upon demand by Lessor restore the premises as nearly as is practicable to the condition in which it exists upon the effective date of this lease and shall provide Lessor satisfactory documentary evidence of the termination of Lessee's rights to the use of the premises. At any time during the term of this lease and within ninety days of any termination thereof, Lessee may remove any buildings, improvements or equipment it has constructed, installed or placed on the premises.
13. All notices permitted or required to be given hereunder shall be deemed to have been properly given if made in writing and delivered to the other party or deposited in the United States mail, postage prepaid, addressed to the other party as follows:
- If to Lessor: Mr. Paul Nelson Falgoust
Route 2, Box 46
St. James, Louisiana 70086
- If to Lessor: LOCAP INC.
c/o Shell Pipe Line Corporation
Land and Environmental Department
Post Office Box 2648
Houston, Texas 77001
- If either party shall change its address, it shall notify the other party in the manner herein provided and such new or different address shall thereafter be the proper address for giving of notices as herein provided. If forfeiture or termination of this lease is permitted for any default, Lessor shall not be entitled to declare any such forfeiture or termination unless Lessor has given Lessee notice of such default and Lessee has failed to remedy same within thirty days after receipt of such notice.
14. The provisions of this lease shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, successors and assigns, and the lease may be assigned or sublet in whole or in part.

IN WITNESS WHEREOF the parties have executed this agreement in the presence of the undersigned competent witnesses on the dates shown in their respective acknowledgments attached hereto.

WITNESSES:

LESSOR(S)

Herman J. Falgoust
Preston L. Falgoust

Paul Nelson Falgoust
PAUL NELSON FALGOUST

Herman J. Falgoust
Preston L. Falgoust

Gertrude T. Falgoust
GERTRUDE T. FALGOUST

Herman J. Falgoust
Preston L. Falgoust

PAUL NELSON FALGOUST TRUST

By Lloyd R. Himel
LLOYD R. HIMEL, TRUSTEE

Herman J. Falgoust
Preston L. Falgoust

NELSON FALGOUST EDUCATIONAL TRUST

By Lloyd R. Himel
LLOYD R. HIMEL, TRUSTEE
LESSEE

J. F. M. ...
C. D. ...

LOCAP INC.

D. W. Derry
D. W. Derry, Attorney-in-Fact

STATE OF LOUISIANA

PARISH OF ST. JAMES

BEFORE ME, the undersigned authority, on this day personally appeared Preston L. Falgoust, known to me to be the person whose name is subscribed to the foregoing instrument as an attesting witness, who being first duly sworn, on his oath says:

That he personally knows PAUL NELSON FALGOUST, GERTRUDE T. FALGOUST and LLOYD R. HIMEL, TRUSTEE for PAUL NELSON FALGOUST TRUST and NELSON FALGOUST EDUCATIONAL TRUST sign and execute the foregoing instrument as their free act and deed, and that he, the said Preston L. Falgoust, subscribed his name to the same at the same time as an attesting witness, along with Herman J. Falgoust, the other subscribing witness.

Preston L. Falgoust
Affiant

SWORN TO AND SUBSCRIBED BEFORE ME, this 9th day of March, 1979.

Anthony J. White
Notary Public

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared J. D. Michael, known to me to be the person whose name is subscribed to the foregoing instrument as an attesting witness, who being first duly sworn, on his oath says:

That he personally knows D. W. Derry and that he saw the said D. W. Derry sign and execute the foregoing instrument as agent for and as the free act and deed of LOCAP INC. and that he, the said J. D. Michael, subscribed his name to the same at the same time as an attesting witness, along with C. A. Derry, the other subscribing witness.

J. D. Michael
Affiant

SWORN TO AND SUBSCRIBED BEFORE ME, this 16th day of March, 1979.

Linda Davis
Notary Public

Notary Public in and for the State of Texas
My Commission Expires August 31, 1979

EXHIBIT "A"

LOCAP, INC.
 DESCRIPTION OF TANK FARM TRACT
 ON PROPERTY OF P. N. FALGOUST, ET AL
 IN SECTIONS 56, 57, & 71, T12S-R16E,
 ST. JAMES PARISH, LOUISIANA

COMMENCING at the intersection of the southerly line of the Department of Energy Tank Farm Tract with the westerly line of a Department of Energy pipeline right-of-way in Section 56, T12S-R16E, said point having a Louisiana Coordinate value of $X = 2,153,737.681$ and $Y = 489,124.527$ and being the point of beginning;

THENCE, $S 24^{\circ}58'17'' E$ a distance of 40.00 feet along the westerly line of a Department of Energy pipeline right-of-way to a point;

THENCE, $N 65^{\circ}29'19'' E$ a distance of 728.36 feet along the southerly right-of-way line of the proposed 40 foot access road to a point;

THENCE, $S 15^{\circ}27'14'' W$ for a distance of 653.02 feet to a point;

THENCE, $S 66^{\circ}29'23'' W$ for a distance of 194.73 feet to a point;

THENCE, $S 16^{\circ}22'31'' E$ for a distance of 442.83 feet to a point;

THENCE, $S 66^{\circ}41'41'' W$ a distance of 4,757.27 feet along a line 100 feet northerly of the upper edge of the shell road which parallels the lower property line of P. N. Falgoust et al property to a point on the property line between P. N. Falgoust, et al and J. Fernand Falgoust et al;

THENCE, $N 88^{\circ}52'18'' W$ a distance of 39.18 feet along said property line to a point;

THENCE, $N 81^{\circ}02'04'' W$ a distance of 78.23 feet along said property line to a point;

THENCE, $N 75^{\circ}30'33'' W$ a distance of 61.79 feet along said property line to a point;

THENCE, $N 68^{\circ}55'36'' W$ a distance of 33.93 feet along said property line to its intersection with the northeasterly right-of-way line of the Missouri Pacific Railroad;

THENCE, $N 49^{\circ}24'56'' W$ a distance of 1,173.22 feet along the northeasterly right-of-way line of the Missouri Pacific Railroad to a point;

THENCE, $N 64^{\circ}43'29'' E$ a distance of 1,603.06 feet along a line which is an average of 25 feet south of the centerline of an existing Department of Energy pipeline to a point on the westerly line of the Department of Energy Tank Farm property;

THENCE, $S 23^{\circ}52'41'' E$ a distance of 333.41 feet along the westerly line of the Department of Energy tank farm property to a point;

THENCE, $N 65^{\circ}29'19'' E$ a distance of 3,771.50 feet along the southerly line of the Department of Energy Tank Farm property to the point of beginning.

The above described tank farm tract contains an area of 124.272 acres and is depicted on a map by T. Baker Smith & Son, Inc., titled, "Locap, Inc. Survey of Tank Farm Tract and Access Road on Property of P. N. Falgoust et al, Located in Sections 12, 56, 57 and 71, T12S-R16E, St. James Parish, Louisiana", dated March 30, 1979.

All bearings and coordinates herein refer to the Louisiana Coordinate System, (South Zone) and are based on a map prepared by Pyburn & Odom, Inc. dated October, 1977, revised February, 1978 and titled, "Federal Energy Administration, Bayou Choctaw Facility Pipeline crossing Property of Paul Nelson Falgoust, Tract No. 200". The location of the D.O.E. property lines were established from the Pyburn & Odom, Inc. map and from monumentation shown to T. Baker Smith & Son, Inc., by D.O.E. personnel.

ATTACHMENT "E"

LEGAL DESCRIPTION "AS BUILT"

A strip or parcel of land lying in Section 56, T12S-R16E, St. James Parish, Louisiana, being 4 feet in width and lying 2 feet on each side, when measuring at right angles, and parallel to the following described centerline;

COMMENCE at an existing grate bar located on the northerly line of Section 12, T12S-R16E, said grate bar being located approximately 300 feet Northeasterly from the centerline of Louisiana State Highway No. 18 and also approximately 900 feet Southwesterly from the low water line of the right descending bank of the Mississippi River;

THENCE, S 65°31'16"W on and along the northerly line of Section 12 for a distance of 1954.74 feet to a point, said point being on a projection of the westerly line of a 40 foot road right-of-way for LOCAP Inc., and S 20°24'30" E on and along said projection of the westerly line of a 40 foot road right-of-way for LOCAP Inc., for a distance of 1080.20 feet to a point, said point being located on the northerly line of a 40 foot road right-of-way for LOCAP Inc., and also being the common property line between LOCAP Inc., and the Federal Energy Administration Department of Energy; and S 65°29'19" W on and along the common property line between LOCAP Inc., and the Federal Energy Administration of Energy, for a distance of 4048.21 feet to the point of beginning;

THENCE, S 24°30'40" E for a distance of 152 feet more or less to a point of intersection of two lines, said point herein identified as point "B".

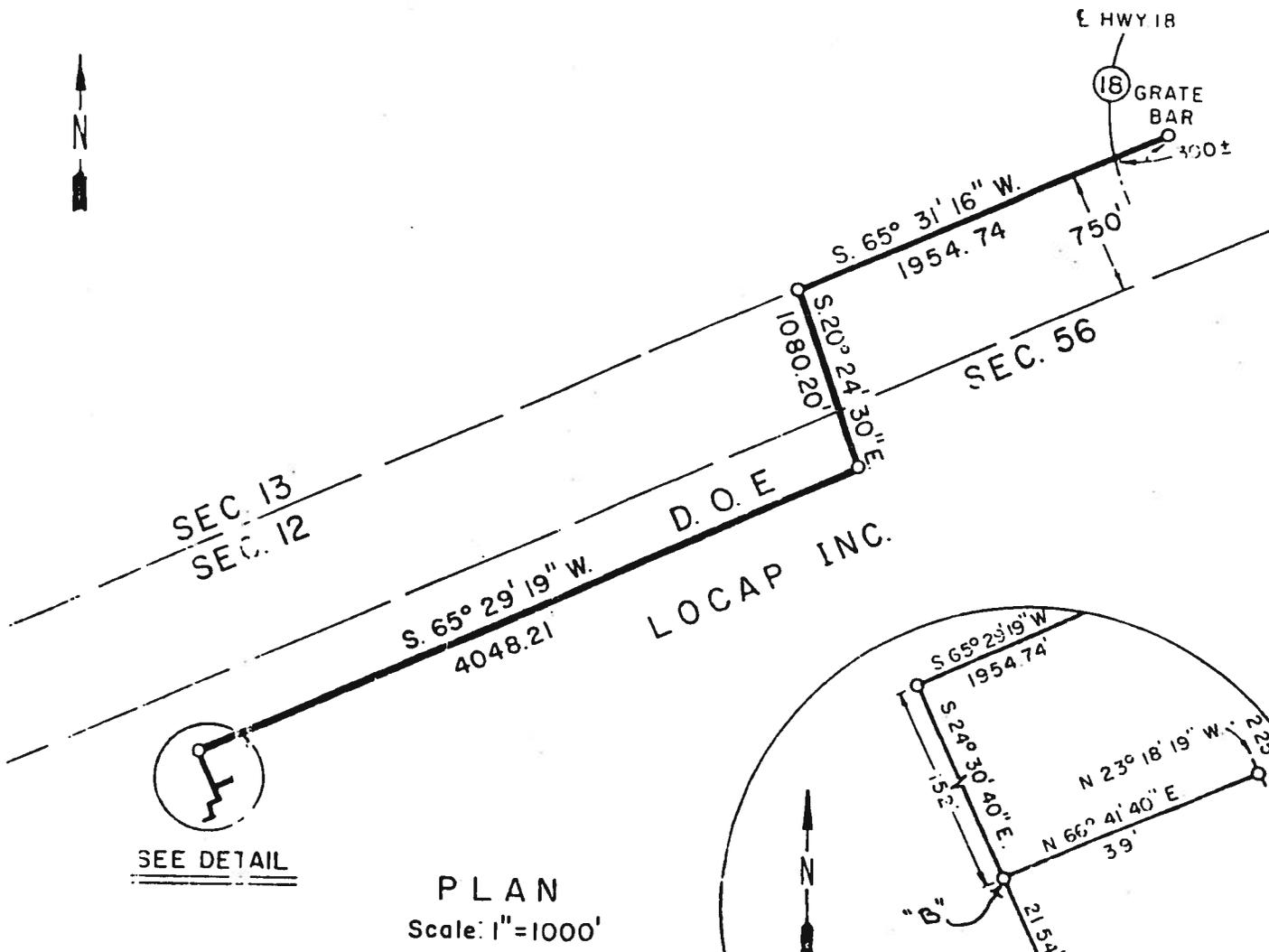
From point "B"; THENCE N 66°41'40" E for a distance of 39 feet to the intersection of a line, said line extending N 23°18'19" W for a distance of 2.25 feet from the point of intersection and also extending S 23°18'19" E for a distance of 2.25 feet from the point of intersection, said line having a total distance of 4.5 feet.

Returning to said point "B"; THENCE S 24°30'40" E for a distance of 21.54 feet more or less to a point;

THENCE S 66°41'40" W for a distance of 21.4 feet more or less to a point;

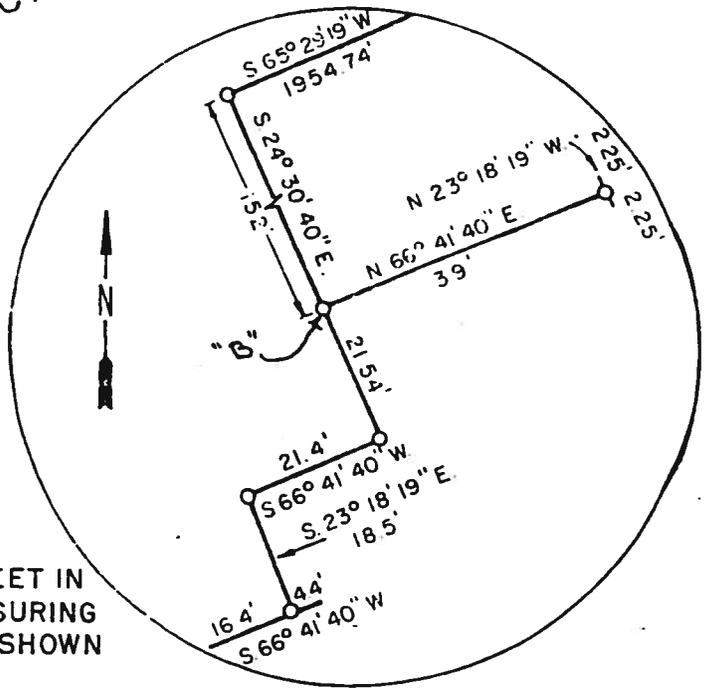
THENCE, S 23°18'19" E for a distance of 18.5 feet more or less to the intersection of a line, said line extending S 66°41'40" W for a distance of 16.4 feet from the point of intersection and also extending N 66°41'40" E for a distance of 4.4 feet said line having a total distance of 20.8 feet.

The above described parcel of land contains 0.0253 acres more or less.



SEE DETAIL

PLAN
Scale: 1"=1000'



DETAIL
Scale: 1"=25'

DESCRIPTION:

A STRIP OR PARCEL OF LAND LYING IN SECTION 56, T 12S-R16E, ST. JAMES PARISH, LOUISIANA, BEING 4 FEET IN WIDTH AND LYING 2 FEET ON EACH SIDE, WHEN MEASURING AT RIGHT ANGLES, AND PARALLEL TO THE ABOVE SHOWN CENTERLINE.

STATE OF LOUISIANA: PARISH OF ST. JAMES

I hereby certify that the above and foregoing is a true copy of the original received and filed under Entry No. 61002 and duly recorded in Volume 247 of the COB

Records of St. James Parish, State of Louisiana, on Sept 7, 1982, at 9:23 o'clock AM

Office of Clerk of Court and Recorder, Convent, Parish of St. James, Louisiana Sept 7, 1982
Mary A. F. Farnese
Deputy Clerk & Recorder

ENGINEERING - PRODUCTS GENERAL ENGINEERING HOUSTON, TEXAS			
PLOT PLAN SECTION 56, T12S, R16E ST. JAMES PARISH., LOUISIANA			
SCALE 1"=1000'	DATE 8-82	REF.	REV.
DRAWN J.B.B.			
CHECKED R.F.D.			
APPROVED R.F.D.			
REV. APP.			
			SA-5875

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT is made and entered into this ___ day of _____, 20__ but effective as of January 01, 2020 by and between the UNITED STATES OF AMERICA, acting by and through the Department of Energy, hereinafter sometimes referred to as "SUBLESSOR" and _____ hereinafter sometimes referred to as the "SUBLESSEE"

WITNESSETH

That,

SUBLESSOR and SUBLESSEE for the considerations hereinafter mentioned, covenant and agree as follows:

1. SUBLESSOR hereby subleases to SUBLESSEE all the land and improvements described in and covered and affected by the sublease (but titled "Lease") from LOCAP Inc. to SUBLESSOR dated December 21, 1981, but effective as of December 31, 1981, bearing SUBLESSOR'S Lease Number DE-AC96-81P010088 a copy of which is attached hereto and made a part hereof as "EXHIBIT A TO SUBLEASE AGREEMENT BETWEEN UNITED STATES OF AMERICA and _____," an extract of which sublease is recorded in Conveyance Book No. 247, Page 618 under Entry No. 61002 of the records of St. James Parish, Louisiana which sublease is hereinafter referred to as the "LOCAP to SUBLESSOR SUBLEASE". Except as herein modified all the terms contained in said (LOCAP to SUBLESSOR Sublease), will be binding upon SUBLESSEE.

2. The initial term of this Sublease shall begin on January 01, 2020 and end on December 31, 2040 unless sooner terminated in accordance with the provisions of this Sublease.

For so long as this Sublease remains in force and effect SUBLESSEE shall pay directly to LOCAP Inc. the yearly rentals provided for in subparagraphs 1.(a)(i) and 1.(a)(iii) of the LOCAP to SUBLESSOR SUBLEASE and the invoices for all such rental payments shall be sent by LOCAP Inc. directly to SUBLESSEE.

This Sublease will automatically renew annually each year for 19 years unless terminated by SUBLESSEE giving SUBLESSOR written notice of its intent to terminate at least ninety (90) days before the end of the then current Sublease term. Should said SUBLESSEE give SUBLESSOR such notice of its intent to terminate this Sublease it shall at the same time furnish a copy of such notice to LOCAP Inc. SUBLESSOR may terminate this Sublease only upon termination of the Lease of the Department of Energy St James Storage Facility from SUBLESSOR to SUBLESSEE dated _____, 20__, an extract of which Lease is recorded in Conveyance Book No. ____, Page ____ under Entry No. ____ of the records of St. James Parish, Louisiana and it is understood and agreed that this Sublease will ipso facto and automatically terminate upon termination of said Lease of the Department of Energy St. James Storage Facility from SUBLESSOR to SUBLESSEE without the necessity of SUBLESSOR giving any notice to SUBLESSEE.

Upon termination of this Sublease the rental payments payable to LOCAP Inc. under subparagraphs and of the LOCAP to SUBLESSOR SUBLEASE for the year ending December 31 of the year in which this Sublease terminates will be prorated daily between SUBLESSOR and SUBLESSEE and LOCAP Inc. shall furnish separate invoices to SUBLESSOR and SUBLESSEE for each of said parties proportionate part of the rental payments due to LOCAP Inc. for that year.

3. SUBLESSEE shall not have the right to terminate said LOCAP to SUBLESSOR SUBLEASE.

4. SUBLESSOR hereby appoints and designates SUBLESSEE to act on its behalf and as its representative for the term of this Sublease in all matters relating to the transportation and throughput services to be provided by LOCAP Inc. to fill and/or drawdown and distribute the crude oil in SUBLESSOR'S Strategic Petroleum Reserve and/or to test said SUBLESSOR'S Strategic Petroleum Reserve System as set forth in paragraph 26 of the LOCAP to SUBLESSOR SUBLEASE. When SUBLESSEE gives any notice to LOCAP Inc. as provided in said paragraph 26 it shall advise LOCAP Inc. that it is acting on behalf of and as the representative of SUBLESSOR and not for its own account. Any transportation of crude oil by SUBLESSEE for its own account and not on behalf of SUBLESSOR

through the valves and piping on the leased premises will be accomplished and paid for by SUBLESSEE under LOCAP Inc.'s applicable tariff for such transportation or pursuant to any other terms, conditions and rates as to which LOCAP Inc. and SUBLESSEE may agree. SUBLESSOR shall remain responsible for any reimbursements to LOCAP, Inc. for any incremental costs incurred by LOCAP Inc. for operation during the first 48 hours for the transportation of crude oil through the facilities located on the leased premises as provided for in the second paragraph of paragraph 26 of the LOCAP to SUBLESSOR SUBLEASE and SUBLESSEE shall have no responsibility or liability for such reimbursement. .

5. The rights of SUBLESSOR as to times of drawdown, emergency or security threat as set forth in paragraph 27 of said LOCAP to SUBLESSOR SUBLEASE are hereby excluded and excepted from this SUBLEASE to SUBLESSEE and are reserved unto SUBLESSOR.

6. Any notice required to be given hereunder or under the terms of said LOCAP to SUBLESSOR SUBLEASE shall be in writing and shall be deemed to have been given or made on the day when it is mailed to the addresses or sent by fax to the fax numbers provided in this Paragraph, or at such other address or fax number as the parties may from time to time specify in writing for such purpose.

If to SUBLESSOR: Deanna E. Walker
Realty Officer
United States Department of
Energy
900 Commerce Road East
New Orleans, Louisiana 70123
Fax Number: (504) 734-4947

If to SUBLESSEE:

If to LOCAP Inc.: LOCAP Inc.
c/o LOOP LLC Post
Office Box 6638
New Orleans, Louisiana 70174-6638
Fax Number: (504) 363-9284

Notwithstanding the foregoing, those notices required to be given by SUBLESSOR under paragraph 26 of the LOCAP to SUBLESSOR SUBLEASE for use of the leased facilities for the transportation of crude oil will be effective when given in writing by SUBLESSEE'S Manager of Land or his or her representative to LOCAP Inc.'s Terminal Manager at the St. James Terminal, but only if such notice is given a minimum of 48 hours in advance. If notice is given less than 48 hours in advance, then SUBLESSEE'S Terminal Supervisor must give such notice.

And now to these presents comes and intervenes LOCAP Inc. which has and does by these presents grant and give its consent to the Sublease herein made and to this Sublease Agreement and all the terms, conditions and provisions hereof and LOCAP INC. hereby agrees to be bound by all the terms, conditions and provisions hereof which relate to LOCAP Inc.

IN WITNESS WHEREOF, the parties hereto have caused this Sublease agreement to be executed on their behalf by the duly authorized representatives on the date first above written.

WITNESSES:

SUBLESSOR

DEANNA E. WALKER
REALTY OFFICER
UNITED STATES DEPARTMENT
OF ENERGY

WITNESSES:

SUBLESSEE:

WITNESSES:

LOCAP:

STATE OF LOUISIANA

PARISH OF JEFFERSON

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the said Parish and State, personally came and appeared _____, to me known, who declared and acknowledged to me, Notary, and the undersigned competent witnesses that _____ is the Realty Officer for the United States Department of Energy and that in such duly authorized capacity, she signed and executed the foregoing instrument for and on behalf of the UNITED STATES OF AMERICA, and that said instrument is the free act and deed of the UNITED STATES OF AMERICA. and was executed for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said Appearer hereto affixes her signature in the presence of me, Notary, and the undersigned competent witnesses, at my office in the Parish and State as aforesaid, on this ____ day of _____, 20__.

WITNESSES:

NOTARY PUBLIC

Lifetime Commission

STATE OF _____

PARISH/COUNTY OF _____

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the said County/Parish and State, personally came and appeared _____, to me known, who declared and acknowledged to me, Notary, and the undersigned competent witnesses that _____ is an _____ for _____, and that in such duly authorized capacity, he signed and executed the foregoing instrument for and on behalf of _____, and that said instrument is the free act and deed of _____ and was executed for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said Appearer hereto affixes his signature in the presence of me, Notary, and the undersigned competent witnesses, at my office in the County and State as aforesaid, on this day of _____, 20__.

WITNESSES:

NOTARY PUBLIC

Lifetime Commission

STATE OF LOUISIANA

PARISH OF _____

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the said Parish and State, personally came and appeared _____, to me known, who declared and acknowledged to me, Notary, and the undersigned competent witnesses that ____ is the _____ for LOCAP and that in such duly authorized capacity, she signed and executed the foregoing instrument for and on behalf of LOCAP, and that said instrument is the free act and deed of LOCAP. and was executed for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said Appearer hereto affixes her signature in the presence of me, Notary, and the undersigned competent witnesses, at my office in the Parish and State as aforesaid, on this ____ day of _____, 20__.

WITNESSES:

NOTARY PUBLIC

Lifetime Commission

EXTRACT OF SUBLEASE

This Extract of Sublease dated this ____ day of _____, 20____, but effective as of January 01, 2020, by and between the UNITED STATES OF AMERICA ("SUBLESSOR") and _____ ("SUBLESSEE").

WITNESSETH:

1. on _____, 20____, but effective as of January 01, 20__ SUBLESSOR and SUBLESSEE executed a Sublease Agreement ("SUBLESSOR to SUBLESSEE SUBLEASE") describing and covering and affecting all of the land and improvements described in the sublease (but titled "Lease") from LOCAP Inc. to SUBLESSOR dated December 21, 1981, but effective as of December 31, 1981 bearing SUBLESSOR'S Lease Number DE-AC96-81P010088, an extract of which sublease is recorded in Conveyance Book No. 247, Page 618 under Entry No. 61002 of the records of St. James Parish, Louisiana.

2. The initial term of the SUBLESSOR to SUBLESSEE SUBLEASE shall begin on January 01, 2020 and end on December 31, 2040 unless sooner or terminated in accordance with the provisions of the SUBLESSOR to SUBLESSEE SUBLEASE.

3. The SUBLESSOR to SUBLESSEE SUBLEASE will automatically renew annually each year for 19 years unless terminated by SUBLESSEE giving SUBLESSOR written notice of its intent to terminate at least ninety (90) days before the end of the then current SUBLESSOR to SUBLESSEE SUBLEASE term. SUBLESSOR may terminate the SUBLESSOR to SUBLESSEE SUBLEASE only upon termination of the Lease of the Department of Energy St. James Storage Facility from SUBLESSOR to SUBLESSEE dated January 01, 2020, an extract of which Lease is recorded in Conveyance Book No. ____, Page ____ under Entry No. _____ of the records of St. James

Parish, Louisiana and the SUBLESSOR to SUBLESSEE SUBLEASE will ipso facto and automatically terminate upon termination of said Lease of the Department of Energy St. James Storage Facility from SUBLESSOR to SUBLESSEE without the necessity of SUBLESSOR giving any notice to SUBLESSEE.

IN WITNESS WHEREOF, the parties hereto have executed this Extract of Sublease on the date first above written in the presence of the undersigned witnesses.

WITNESS:

SUBLESSOR:

DEANNA E. WALKER
REALTY OFFICER
UNITED STATES DEPARTMENT
OF ENERGY

WITNESSES:

SUBLESSEE:

STATE OF LOUISIANA

PARISH OF JEFFERSON

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the said Parish and State, personally came and appeared _____, to me known, who declared and acknowledged to me, Notary, and the undersigned competent witnesses that _____ is the Realty Officer for the United States Department of Energy and that in such duly authorized capacity, she signed and executed the foregoing instrument for and on behalf of the UNITED STATES OF AMERICA, and that said instrument is the free act and deed of the UNITED STATES OF AMERICA. and was executed for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said Appearer hereto affixes her signature in the presence of me, Notary, and the undersigned competent witnesses, at my office in the Parish and State as aforesaid, on this ___ day of _____, 20__.

WITNESSES:

NOTARY PUBLIC

Lifetime Commission

STATE OF _____

PARISH/COUNTY OF _____

BEFORE ME, the undersigned Notary Public, duly commissioned and qualified in and for the said County/Parish and State, personally came and appeared _____, to me known, who declared and acknowledged to me, Notary, and the undersigned competent witnesses that _____ is an _____ for _____, and that in such duly authorized capacity, he signed and executed the foregoing instrument for and on behalf of _____, and that said instrument is the free act and deed of _____ and was executed for the uses, purposes and benefits therein expressed.

IN WITNESS WHEREOF, said Appearer hereto affixes his signature in the presence of me, Notary, and the undersigned competent witnesses, at my office in the County and State as aforesaid, on this day of _____, 20__.

WITNESSES:

NOTARY PUBLIC

Lifetime Commission