

DEPARTMENT OF ENERGY

ST. JAMES MARINE TERMINAL AND PIPELINE DISTRIBUTION FACILITY

PROPOSED LEASE TERMS AND CONDITIONS

1. PREAMBLE

1.1 This Lease Agreement # _____ is entered into this ____ day of _____, herein after referred to as the "Execution Date," between the United States of America, acting by and through the United States Department of Energy Strategic Petroleum Reserve, hereinafter referred to as the "GOVERNMENT" and _____, hereinafter referred to as "LESSEE". The GOVERNMENT and LESSEE may be hereinafter referred to as a "Party" when not specific as to which Party and collectively hereinafter referred to as "Parties". Terms defined herein shall have the same meaning whether capitalized or not, except for FACILITY where the meaning shall be what is stated in the definition unless otherwise noted.

2. WITNESSETH

2.1 WHEREAS, the GOVERNMENT is the sole owner of the hereinafter defined FACILITY which it offers for lease; and WHEREAS, the GOVERNMENT desires to lease the FACILITY to LESSEE with certain restrictions specified herein. NOW THEREFORE, in consideration of the mutual covenants contained herein, and the benefits to be derived there from by all Parties, it is agreed as follows:

3. DEFINITIONS

3.1 The following terms as used in this Lease Agreement shall mean:

3.2 "Adjustment" - shall have the meaning set forth in [paragraph 13.1.1](#) to this Lease Agreement.

3.3 "Additional Rental Fee" - It is identified as monthly calculation of the total number of barrels of product transported between the GOVERNMENT's Bayou Choctaw site and St. James Sugarland Terminal in either direction, if any, less the monthly Base Rental Fee. Reference [section 44](#) to this Lease Agreement. The monthly calculation will include the GOVERNMENT oil moved through the Pipeline except under a National Emergency, Operational Emergency or system tests. (Emergency Exchanges should be included and the same rates charged in both directions.)

3.4 "Base Rental Fee" - is the sum of the annual rental payment, paid monthly by the LESSEE to the GOVERNMENT for use of the FACILITY, as further defined in [section 44](#) of this Lease Agreement.

3.5 "Commencement Date" - January 1, 2020, the date LESSEE takes operational control of the FACILITY.

3.6 "Crude Oil" - means sales quality and merchantable produced liquid that is consistent with the crude oil quality standards set forth in this Agreement and specified in the attached hereto ATTACHMENT E-1..

3.7 "DOE" - means Department of Energy

3.8 "Drawdown Ready" – For the purposes of the LESSEE responding to a requirement for an SPR drawdown, the following requirements apply. Within 13 days of notice, the LESSEE must provide throughput capacity on the Bayou Choctaw pipeline at a rate of 540 MBD and support the same throughput capacity within the St. James terminal for the vessel docks at 400 MBD and a combination of the LOCAP, Capline and Plains tie-ins at 620 MBD.

3.9 "Exchange" – shall mean a release of GOVERNMENT oil from the SPR approved by the Secretary of Energy, under the authority of the DOE Organization Act and the EPCA and applicable rules, orders, and regulations, when there is an emergency requiring SPR response.

3.10 "Execution Date" - shall mean the date the lease agreement is fully executed by the Parties.

3.11 "EPCA" - shall mean the Energy Policy and Conservation Act, Public Law 94-163 (December 22, 1975), as amended, 42 U.S.C. 6201, et seq. (including without limitation 42 U.S.C. 6239(f)).

- 3.12 “Force Majeure” - An act of God, a strike or labor dispute, fire, explosion, electrical blackout, war, terrorism, rebellion, insurrection, riot, act, regulation or general edict of any Governmental authority in its sovereign capacity or any other similar or dissimilar cause reasonably beyond the control of the Party affected. Reference [paragraph 63.1](#) to this Lease Agreement.
- 3.13 “Free Water” - means as defined in the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 1, Latest Edition.
- 3.14 “GOVERNMENT” - shall mean the United States of America, acting by and through the United States Department of Energy, Strategic Petroleum Reserve.
- 3.15 “GOVERNMENT Representative” – shall mean GOVERNMENT Realty Officer and/or Asset Manager.
- 3.16 “Lease Year” - means any 12-month period, during the Term of this Lease, beginning on the first day of the first calendar month containing the Execution Date, or anniversary of the Execution Date, until the Commencement Date, and thereafter beginning on January 1, and ending twelve (12) months later.
- 3.17 “LESSEE” - shall mean _____ Company, its successors or assigns.
- 3.18 “National Emergency” - means a formal declaration by the President of the United States in accordance with the President's authority under Section 161 of the EPCA. -
- 3.19 “NSV” - means Net Standard Volume as defined in the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 1, Latest Edition.
- 3.20 “Oil Inventory Fee” - The fee paid by the LESSEE to the GOVERNMENT for GOVERNMENT owned oil provided at the start of this lease as tank bottoms.
- 3.21 “Operational Emergency” - means an imminent risk to the safety of operating personnel or to the integrity of the GOVERNMENT's Bayou Choctaw storage facility that requires the expeditious drawdown of oil from the storage caverns.
- 3.22 “Parties” - shall mean the GOVERNMENT and the LESSEE.
- 3.23 “Party” - shall mean either the GOVERNMENT or the LESSEE.
- 3.24 “Pipeline” - shall mean segment of the pipeline, from the Bayou Choctaw site (pig trap area) to St. James Sugarland Terminal as further defined in Appendix “B.”
- 3.25 “Sediment and Water” - means as defined in the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 1, Latest Edition.
- 3.26 “FACILITY - shall refer to both St. James Terminal and the Bayou Choctaw 36” Pipeline collectively known as the ST. JAMES MARINE TERMINAL AND PIPELINE DISTRIBUTION FACILITY, as defined above, as a single entity (See Appendix A).
- 3.27 “Term - shall mean ten-year lease term as set forth in [paragraph 53.1](#) to this Lease Agreement.
- 3.28 “Volume Correction Factor” - means the “factor (or multiplier) obtained from ASTM D 1250/API Standard 2540, Manual of Petroleum Measurement Standards, Chapter 11.1, Table 6A - Generalized Crude Oils, Correction of volume to 60 F Against API Gravity @ 60 F.

4. LEASE OF FACILITY, PURPOSE AND AUTHORITY

- 4.1 That the Secretary of Energy, under and pursuant to authority of the EPCA, and applicable rules, orders, and regulations, having determined that the property hereby leased is not excess property as defined by Section 3(e) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 472), is nor for the time needed for public use, and the leasing thereof will be advantageous to the GOVERNMENT and in the public interest, hereby leases to the LESSEE the following described property, hereinafter referred to as the “FACILITY.” See Appendix A for physical descriptions.

- 4.2 The FACILITY also includes all improvements and appurtenances thereon, thereunder, and thereover, as listed in Appendices A through G, as well as the right of ingress and egress and the right, in common with other, to the use of all supporting rights-of-way servicing the FACILITY to the extent necessary to enable the LESSEE to use same for the purpose of this Lease Agreement.
- 4.3 The purpose of this Lease is to allow LESSEE to receive, transport through, store, or deliver Crude Oil in the leased FACILITY for LESSEE, LESSEE's affiliated companies and for LESSEE's commercial customers.
- 4.4 LESSEE has the right to enter into service agreements with its customers so that LESSEE can accomplish the above tasks via the FACILITY for and on behalf of LESSEE's affiliated companies and/or commercial customers.
- 4.5 The LEASE OF FACILITY also includes the right of ingress and egress to the Bayou Choctaw Storage Facility for the purpose of routine maintenance and operational logistics on the 36-inch Bayou Choctaw to St. James Crude Oil Pipeline.

5. RESTRICTIONS ON USE OF LEASED FACILITY

- 5.1 LESSEE is restricted to operating the FACILITY as a common carrier of Crude Oil.

6. CONDITION OF LEASED PROPERTY

- 6.1 LESSEE has examined, knows, and accepts the condition and state of repair of the Leased Property and acknowledges that the GOVERNMENT has made no representation concerning such condition and state of repair, nor any agreement or promise to alter, improve, adapt, repair, or keep in repair the same, or any item thereof, which has not been fully set forth in this Lease.
- 6.2 LESSEE will be required to develop, document and install a site control system. The site was controlled by a proprietary system that is no longer available. All P&ID's, flow diagrams, electrical drawings and loop diagrams associated with that system will be available to the LESSEE. The site can be controlled manually, but this is not an acceptable standard method of operation.
- 6.3 LESSEE acknowledges that before initiating any changes, upgrades or additions to the facility, the LESSEE will inform the GOVERNMENT and follow the established Engineering Change Process (ECP) procedures to gain approval from the GOVERNMENT. GOVERNMENT will not unreasonably withhold approval of proposed changes. LESSEE will formally document all changes according to the GOVERNMENT's ECP procedures.

7. INSPECTION OF PROPERTY

- 7.1 The GOVERNMENT and LESSEE have inspected (see Appendix B for extent of inspection) and know the condition of the FACILITY, and it is understood that the property is leased "As-Is" and "Where Is" without any representation or warranty by the GOVERNMENT whatsoever and without obligation on the part of the GOVERNMENT to make any alterations, repairs, or additions.
- 7.2 Exhibits in Appendices A and B set forth the condition of the Leased Property as determined from the joint inspection of the GOVERNMENT and the LESSEE.

8. CURRENT OIL INVENTORY

- 8.1 The LESSEE may be subject to negotiating purchase or disposition of current crude oil inventory in tank bottoms and site piping with the owner of said crude oil.
- 8.2 Upon execution of this lease, the parties will evaluate the GOVERNMENT owned oil inventory, effective as of January 1, 2020 which will be the basis for the GOVERNMENT oil inventory for the remainder of this lease agreement. The LESSEE has the right, at its discretion, to return to the GOVERNMENT all or part of the GOVERNMENT oil inventory, with reasonable notice of no less than sixty (60) days. The LESSEE shall thereafter provide the GOVERNMENT monthly shipper statements identifying the number of barrels of crude oil held in inventory for its account. All measurements, sampling, and testing shall be performed in accordance with the latest editions of API, Manual of Petroleum Measurements Standards (MPMS), and American Society for Testing and Materials (ASTM) methods. The GOVERNMENT (through its representatives) has the right to witness and verify all measurements, sampling and testing. The LESSEE shall provide the GOVERNMENT reasonable notice to exercise such rights.

8.3 Within one year of commencement of lease, LESSEE shall return the GOVERNMENT owned oil, including tank bottoms, and any accumulated tank bottom fees owed to the GOVERNMENT. Settlement for any oil quantity or quality differential between the parties shall be settled in cash using the market price at that time.

9. LINEFILL

9.1 This lease does not include any terms for the leasing of line fill from the GOVERNMENT. It is understood that at the commencement date of this Lease, the GOVERNMENT will have crude oil in line fill in the Bayou Choctaw "Redstick" 36-inch pipeline and as a current and future shipper, GOVERNMENT will incur line fill obligations to maintain GOVERNMENT's shipper status. Notwithstanding the forgoing, LESSEE will hold GOVERNMENT's crude oil in line fill inventory until GOVERNMENT desires to remove those line fill inventory barrels not required for maintenance of shipper status. Line fill on the Bayou Choctaw 36-inch pipeline is approximately 238,700 bbls. The exact volume of the GOVERNMENT's crude oil held in line fill inventory will be determined by the parties as of the commencement date of this lease. Thereafter, the GOVERNMENT shall receive a monthly Shipper Statement from LESSEE identifying the number of barrels of crude oil held in line fill inventory for its account.

10. GOVERNMENT QUALITY AND QUANTITY MEASUREMENTS

10.1 LESSEE Crude Oil movements for third parties must adhere to the crude oil quality ranges given in Appendix E.

10.2 LESSEE shall refer to Appendix E for GOVERNMENT crude oil quality, quantity, and adjustment provisions that shall be applicable to crude oil transfers between GOVERNMENT and LESSEE.

11. MONTHLY THROUGHPUT REPORT

11.1 LESSEE will submit to the GOVERNMENT by the 15th day of each succeeding month, a monthly report identifying the prior month activity of any transported crude oil through the Facility reported as Gross Standard Volume (GSV) in barrels.

12. LESSEE OPERATIONS, MAINTENANCE, AND REPAIRS

12.1 LESSEE, at its own expense, shall so protect, preserve, maintain, repair and replace the FACILITY described in Appendices A and B, that the same will at all times be maintained in good repair and tenantable condition.

12.2 LESSEE shall submit a complete and comprehensive maintenance plan and any amendment(s) thereto, for GOVERNMENT approval prior to commencement of operations. Such plan shall include low flow conditions of the Pipeline and be consistent with regulatory requirements and industry standards. The plan shall include refurbishment of major equipment, including tanks, headers, pumps, valves larger than six-inch (6") OD (Outside Diameter), docks, buildings. The GOVERNMENT will not unreasonably withhold approval of the maintenance plan. This maintenance plan is to be updated as required and submitted for the GOVERNMENT's approval and once approved, provided annually for GOVERNMENT review.

12.3 During the Term, the LESSEE shall maintain, and repair the FACILITY as a prudent operator, in accordance with all applicable laws and regulations, and in accordance with LESSEE's Procedural Manual for Operations, Maintenance, and Emergencies. Upon request, LESSEE shall furnish reasonable operating and/or maintenance data to assure the GOVERNMENT that the FACILITY is being so operated/maintained.

12.4 LESSEE's obligations include the responsibility to correct any nonessential drawdown maintenance deficiencies within 6 months (13 days for drawdown essential deficiencies) of when the deficiency was identified. The GOVERNMENT and LESSEE may mutually agree to extend this period.

12.5 Without limitation of the foregoing, LESSEE shall perform the following at its expense:

12.5.1 Any maintenance required to meet 49 CFR 195.402(a) rules and regulations for liquid hydrocarbon pipeline, or other applicable federal or state rules and regulations for liquid hydrocarbon pipeline, and any necessary or appropriate maintenance and repair needed during the Term of this Lease Agreement with respect to the Pipeline, including but not limited to appropriate actions to mitigate internal and external corrosion, leak repair, clean-up, water crossing inspection, valve inspection and maintenance, repairs, or corrective action. All repairs will be made in a manner that is appropriate for a terminal with ANSI 150 Class fittings, a pipeline with ANSI 300 fittings and a pressure rating as specified in Appendix A.

- 12.5.2 Operate, maintain, repair, and replace, any ground bed, anode, rectifier, bond box or any other required component owned by the GOVERNMENT and needed as part of the cathodic protection system for the FACILITY.
- 12.5.3 Implement internal corrosion control measures, as appropriate, such as: chemical treatment with the proper type and quantity of inhibitor and/or biocide, periodic cleaning with pigs, monitoring for the occurrence of internal corrosion by analyzing water and other samples removed during pig runs, and monitoring of internal corrosion rates with coupons and rate probes.
- 12.5.4 LESSEE shall be solely responsible for obtaining and keeping in force any and all permits necessary to physically operate the FACILITY. LESSEE shall operate the FACILITY within the operating guidelines attached as Appendix D and Appendix E. LESSEE shall comply with all valid laws, ordinances, regulations, orders, judgments, and right-of-way provisions that now or hereafter may be applicable for use or occupancy by LESSEE of the FACILITY, including, but not limited to, Department of Transportation Pipeline Safety Regulations (49 CFR 195 or 49 CFR 192), as well as all pertinent Occupational Safety and Health Administration (OSHA) regulations. LESSEE shall not use or permit the use of the FACILITY or any part thereof for any unlawful or unauthorized purpose, and shall not do or permit any action or thing that in any way degrades the value or usefulness of the FACILITY from its condition at the commencement of the Lease Term. Prior to the LESSEE applying for any changes or modifications to any Governmental or Operating permits initiated by the LESSEE, the LESSEE shall forward its permit application to the GOVERNMENT for its information.
- 12.5.5 Maintenance and mowing of the FACILITY including fee lands and rights-of-way.
- 12.5.6 Aerial surveillance and inspections of the Pipeline right-of-way and crossings under navigable waters in accordance with DOT title 49, Subpart F, Part 195.412.
- 12.5.7 Perform pipe-and/or tank-to-soil potential surveys required by applicable law. Analyze the cathodic protection surveys and identify corrective action needed in light of the surveys, in order to assure that adequate cathodic protection is provided. The GOVERNMENT reserves the right to perform periodic cathodic protection tests to verify that the FACILITY is being properly protected.
- 12.5.8 Keep records of all cathodic protection readings, maintenance, monitoring, repair, or corrective action as required by law, rule, regulation, or valid regulatory action and make leak reports and safety-related condition reports as required. Such records shall be available for review by the GOVERNMENT. Upon expiration or termination of this Lease Agreement, LESSEE shall provide to the GOVERNMENT all such records that are required by law, rule or regulation to be retained at that time of all maintenance and repairs performed during the Term of this Lease Agreement.
- 12.5.9 Repairs due to damage caused by LESSEE, its agents, employees, contractors, or assignees.
- 12.5.10 Maintain dropout stations with coupons at both ends of the pipeline.
- 12.5.11 Smart pigging of pipelines will be conducted in accordance with applicable regulation and the LESSEE approved maintenance plan.
- 12.5.12 Tank inspections will be performed in accordance with Appendix F-4.

13. GOVERNMENT - OPERATIONS, MAINTENANCE, REPAIRS, AND ADJUSTMENTS

- 13.1 The GOVERNMENT shall repair or remedy as soon as practical at its expense or, at LESSEE's option, compensate LESSEE for actual and reasonable cost of performing any repairs, maintenance or spill response or remediation costs caused by the GOVERNMENT, its agents, contractors, employees or assigns after the Commencement Date, including:
 - 13.1.1 Any raising, lowering or relocation (hereinafter called "Adjustment") of the Pipeline required by Governmental authority or by any easements, permit or other document to which the GOVERNMENT's easements rights are subject.
 - 13.1.2 Any repairs to the FACILITY that are due to latent defects or deficiencies relative to regulations applicable to the FACILITY.
 - 13.1.3 Any repairs, maintenance, spill response or remediation costs directly caused by the GOVERNMENT, its agents, contractors, employees or assignees after the Commencement Date.
 - 13.1.4 Any soil or other property remediation due to any spill or other contamination which occurred prior to the Lease

Commencement Date.

14. GENERAL MAINTENANCE OBLIGATION

14.1 LESSEE, at its own expense, shall so protect, preserve, maintain, repair and replace the Leased Property, that the same will at all times be maintained in good repair and tenantable condition. Toward that end the LESSEE has provided its maintenance procedures to the GOVERNMENT and the GOVERNMENT has accepted those procedures as adequate maintenance standards. LESSEE's obligation includes the obligation to correct any deficiencies in the maintenance of the Leased Property identified by the GOVERNMENT to the LESSEE as a result of the GOVERNMENT's inspection of the Leased Property, or otherwise.

15. INVENTORY REPORT

15.1 As of the beginning date of this lease, an inventory report of all personal property and improvements included in this Lease shall be made by a representative of the GOVERNMENT and a representative of the LESSEE to reflect the then present condition of the property. A copy of the inventory report shall be attached to this Lease and become a part of the Lease as if originally incorporated. At the expiration, revocation or termination of this Lease a similar inventory report shall be prepared and submitted to the GOVERNMENT. Said report shall constitute the basis for settlement by the LESSEE with the property to be either replaced or restored at the election of the GOVERNMENT; reimbursement may be made by the LESSEE at the then current replacement cost thereof.

16. SPARE PARTS

16.1 Attached hereto within Appendix A, Exhibit A-1 is a list of the spare parts which the GOVERNMENT is leaving on the FACILITY. Should the LESSEE determine that it needs to use an item on the list, the LESSEE will pay to the GOVERNMENT the lesser of the market price or the book value of the item used.

17. INSTALLATIONS, ALTERATIONS, AND REMOVALS

17.1 Following the Commencement Date, LESSEE, at its own expense, may upon GOVERNMENT approval as provided below, modify the FACILITY, including the installation of valves, meters and jump-overs. Such modifications shall comply with 49 CFR 195 regulations and comply with Maximum Allowable Operating Pressure (MAOP) requirements as specified in Appendix A. Any changes to the FACILITY (except replacement in kind and routine maintenance) shall be submitted for GOVERNMENT approval. The LESSEE shall use the SPR Engineering Change Proposal (ECP) process to obtain GOVERNMENT approval. The GOVERNMENT will attempt to approve/disapprove the ECPs within thirty (30) days. The GOVERNMENT shall not unreasonably withhold approval of these changes. LESSEE shall maintain updated documentation of all such changes as well as routine maintenance and replacement in kind.

17.2 It is expressly agreed and understood that LESSEE will make no permanent alterations, additions, or improvements to or installations upon the FACILITY without the prior written approval of the GOVERNMENT Representative, which permission will not be unreasonably withheld, and then only subject to the reasonable terms and conditions of such approval which may include an obligation of removal and restoration upon the expiration or termination of this Lease Agreement, as the GOVERNMENT Representative may direct. Except insofar as said approval expressly provides otherwise, all such alterations, additions, improvements, and installations made by LESSEE shall become the property of the GOVERNMENT.

17.3 LESSEE shall make such modifications in a timely manner so that the GOVERNMENT's operational testing will not be interrupted and so that the FACILITY can be made operational in accordance with GOVERNMENT specifications under a National Emergency or an Operational Emergency.

17.4 The GOVERNMENT shall provide electrical power at no cost to LESSEE for LESSEE's instruments, communications, controls and motor operated valves (excludes any pumping) for facilities by LESSEE at Bayou Choctaw site to monitor and control the Pipeline. LESSEE shall comply with site regulations including safety, security and work permit requirements in the performance of any work on site or on the pipeline property, and be liable for any adverse impact caused by their actions. LESSEE will pay for its own electrical power referenced in this Agreement.

- 17.5 The LESSEE shall use the Tagged Property Change Out Form, Appendix A, Exhibit A-3, each time tagged equipment is changed out.
18. REPLACEMENT OF LINE MARKERS
- 18.1 Prior to the Commencement Date of this Lease Agreement, LESSEE shall inspect and repair/replace all pipeline markers used for the Pipeline covered by this Lease Agreement with LESSEE's pipeline markers which meet the requirements of all applicable regulations. LESSEE shall maintain, repair, and replace said markers during the Term of this Lease Agreement in accordance with all applicable regulations.
19. RESTORATION OF FACILITY AND TRANSITION ASSISTANCE
- 19.1 Upon the failure of any FACILITY equipment, building or systems, with the approval of the GOVERNMENT Representative or designee, LESSEE shall restore the equipment, however subject to any improved condition as may have resulted from any improvement made therein by the GOVERNMENT or by LESSEE during the Lease Agreement Term.
- 19.2 In the event that the FACILITY is not restored in a timely manner, then the GOVERNMENT may act to restore the FACILITY at the expense of LESSEE. Failure to restore the FACILITY by the LESSEE shall be a breach of this agreement.
- 19.3 Twelve months before the expiration or termination of this Lease, LESSEE shall have completed all restoration to the Leased Property to the condition in which it was received, or to such improved condition as may have resulted from any improvement made therein by the GOVERNMENT or by LESSEE during the Lease term.
- 19.4 In addition, at the same time, LESSEE shall remove its property from the Leased Property or such property shall be deemed abandoned by LESSEE and may be used or disposed of by the GOVERNMENT in any manner whatsoever without any liability to account to LESSEE therefor, but such abandonment shall in no way reduce any obligation of LESSEE to perform restoration under this paragraph. In the event that the Leased Property is not restored to the condition at the time of Lease commencement, then the GOVERNMENT may cause the Leased Property to be restored at the sole expense of LESSEE.
- 19.5 The LESSEE will conduct a transition period starting 6 months before the end of this lease with the GOVERNMENT or the GOVERNMENT's designee. This transition will include turn-over of all documentation generated by the LESSEE during the term of the lease. LESSEE will provide working group meetings that provide instruction in the operation of the facility. All outstanding facility repairs and unresolved restoration issues must be completed at the start of this transition period.
20. LESSEE OPERATION
- 20.1 LESSEE shall be solely responsible for obtaining, paying and keeping in force any and all permits necessary to physically operate the Leased Property. LESSEE shall operate the Leased Property within the operating guidelines attached in Appendix D. LESSEE shall comply with all valid laws, ordinances, regulations, orders, judgments, and right-of-way provisions that now or hereafter may be applicable for use or occupancy by LESSEE of the Leased Property, including, but not limited to, Department of Transportation Pipeline Safety Regulations (49 CFR 195 or 49 CFR 192), as well as all pertinent Occupational Safety and Health Administration (OSHA) regulations. LESSEE shall not use or permit the use of the Leased Property or any part thereof for any unlawful or unauthorized purpose, and shall not do or permit any action or thing that in any way degrades the value or usefulness of the Leased Property from its condition at the commencement of the Lease Term. Prior to the LESSEE applying for any changes or modifications to any Governmental or Operating permits initiated by the LESSEE, the LESSEE shall forward its permit application to the GOVERNMENT (DOE) for its information.
21. FACILITY CONNECTIVITY TO OUTSIDE FACILITIES
- 21.1 LESSEE hereby agrees to the inclusion of the TIE-INS and LOCAP TRANSFER LINE as integral parts to the St. James Terminal Facility and their inclusion in the current lease of the St. James Site from DOE.
- 21.2 LESSEE also agrees to operation and maintenance of the TIE-INS as well as the LOCAP TRANSFER LINE as part of the St. James Terminal Lease for the purpose of the movement of crude oil for receipts from and deliveries to the GOVERNMENT 36-inch Bayou Choctaw pipeline and for other movements between PLAINS, the St. James Site, and LOCAP. Should the DOT implement new or amend existing requirements for smart pigging or hydrotesting applicable to these new connections, the GOVERNMENT

agrees to negotiate reasonable and customary compensation to LESSEE for performance and expenditures necessary to attain compliance. LESSEE shall be required to submit ECPs for GOVERNMENT prior to execution of any changes.

21.3 LESSEE will, under separate agreement with LOCAP and PLAINS, agree to commercial provisions for the movement of any crude oil which may include fees, scheduling, etc. LESSEE will not unreasonably withhold the movement of crude oil between any of the connecting parties.

21.4 LESSEE agrees to annual testing of the TIE-INS AND LOCAP TRANSFER LINE in all receipt and delivery, metered and direct modes unless proven to be functional by recent crude oil transfers between the FACILITY and PLAINS and/or LOCAP.

21.5 LESSEE agrees to enter into sub-lease of the lease agreement between the GOVERNMENT and LOCAP. See Appendix G for a copy of the GOVERNMENT /LOCAP Lease Agreement and Sample Sub-Lease.

22. SURGE RELIEF

22.1 LESSEE will provide and maintain surge relief in compliance with applicable laws and regulations for the Bayou Choctaw Pipeline.

23. ENVIRONMENTAL, SAFETY AND HEALTH (ES&H)

23.1 LESSEE to implement a safety program, within industry standard, at lease commencement.

23.2 NEPA. LESSEE shall be required to maintain a Record of Categorical Exclusion (CX) Determination.

23.3 Environmental Permits. LESSEE shall be required to obtain air permits (LAC 33:III.5) and water discharge permits (LAC 33:IX. Subpart 2) for the operation of St. James Terminal. No environmental permits are required for Bayou Choctaw Pipeline operation.

23.4 LDEQ Notification of Change. LESSEE shall submit a notification of change to LDEQ prior to or no later than 45 days after a change of LESSEE has occurred. LDEQ must approve the change request. A VCU system will be required for use in non-emergency vessel loading operations.

24. OIL SPILLS

24.1 LESSEE is responsible for all notifications, cleanup and remediation of all oil spills from the FACILITY while LESSEE is in full operational control of the FACILITY and is responsible for maintenance of the FACILITY except as may be provided in [section 27](#) herein. LESSEE shall immediately report to the GOVERNMENT all oil spills during the use of the Pipeline to the Bayou Choctaw control room 225-692-6232 or by facsimile at 225-692-6391.

25. RESTRICTIONS ON STORAGE AND TRANSPORT OF WASTE, TOXIC OR HAZARDOUS MATERIALS

25.1 Restrictions on contaminants is intended to limit the LESSEE to operation only as a common carrier for marketable crude petroleum. LESSEE will be responsible for restoring any damage caused by processing contaminants through the St. James Facility.

26. EQUAL EMPLOYMENT OPPORTUNITY

26.1 In connection with the performance of work under this Lease Agreement, LESSEE agrees not to discriminate against any employee or applicant for employment because of race, religion, color, age, sex, or national origin. The aforesaid provision 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. LESSEE agrees to post hereafter in conspicuous places available for employees and applicants for employment, notices setting forth the provisions of the nondiscrimination clause. LESSEE further agrees to insert a provision referencing this obligation in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

27. ACCESS, MONITORING AND INSPECTION

27.1 The GOVERNMENT shall have access to the Leased Property at all reasonable times for any purposes not inconsistent with the quiet enjoyment thereof by LESSEE, including, but not limited to, the purpose of inspection. Wherever practicable, the GOVERNMENT shall give advance notice of such inspection to LESSEE and offer the opportunity to accompany the Local GOVERNMENT Representative or designee. The GOVERNMENT has the right to monitor the property involved and inspect records related thereto as necessary to ensure compliance with the terms and conditions of the lease agreement.

28. INGRESS AND EGRESS

28.1 The GOVERNMENT shall allow LESSEE ingress and egress through GOVERNMENT's Bayou Choctaw site to the Pipeline facility for purpose of construction, operation and maintenance.

29. GOVERNMENT REPRESENTATIVES

29.1 Ms. Deanna Walker, Realty Officer, has complete charge of the administration of this Lease Agreement, and shall exercise full supervision and general direction thereof, insofar as the interests of the GOVERNMENT are affected, until notification in writing to LESSEE of any change of such responsibility.

29.2 Day-to-day operations, Emergency SPR Response, engineering, technical, lease payments, and scheduling issues should be directed to Mr. Christopher Roark, Saint James Terminal/ Bayou Choctaw Pipeline Asset Manager.

30. RECORDS RETENTION AND AUDIT

30.1 LESSEE shall maintain adequate books and records in connection with the measurement of volumes shipped through the Pipeline and with the operation and maintenance of the Pipeline in accordance with 49 CFR 195 and other applicable federal, state, or local regulations. All records shall be retained in accordance with 49 CFR 195 regulations, or for a period of three (3) years, whichever is longer. At the end of this Lease Agreement, all retained operating and maintenance records shall be turned over to the GOVERNMENT.

30.2 The GOVERNMENT or any of its duly authorized representatives shall, until the expiration of three (3) years after final rental payment under this Lease Agreement, have access to and the right to examine any books, documents, paper, and records of the LESSEE involving transactions related to this Lease Agreement or compliance with any clauses there under.

31. TRANSFER OF RECORDS AND DRAWINGS

31.1 GOVERNMENT shall continue to have access to all records and drawings that pertain to the FACILITY, including, but not limited to, permits, permit drawings, easements, alignment sheets, mechanical drawings, electrical drawings, civil and structural drawings, cathodic protection records, valve inspection records, rectifier inspections, coupon inspections, and any other significant or required Department of Transportation records. Copies of LESSEE records generated by LESSEE that pertain to the FACILITY, including, but not limited to, the above-mentioned items and/or those required by Regulatory or Governmental bodies shall be provided to the GOVERNMENT by LESSEE on a regular basis.

32. GOVERNMENT EMERGENCY USE OF FACILITY

32.1 In the event of a National Emergency, an Exchange or an Operational Emergency, the GOVERNMENT shall have the right full use of the FACILITY and LESSEE will provide first priority for movement and scheduling to the GOVERNMENT. During such an event, the LESSEE will continue to operate the FACILITY including but not limited to, providing the metering for the transfer of volumes, and all monitoring of pressure and flow rates for leak detection and appropriate control of the Pipeline. Note that in the case of a national emergency involving a crude oil exchange program, the return of crude oil may occur at a later time, beyond the time period of the national emergency. The GOVERNMENT shall continue to have the right to use of the FACILITY for this return of crude oil at a later time.

32.2 LESSEE will be required to ensure that the FACILITY remains drawdown ready for the GOVERNMENT. In a National Emergency, an Exchange or an Operational Emergency, the pipeline flow may be required to be reversed to deliver crude oil to

GOVERNMENT customers. These deliveries by the Bayou Choctaw site may result in the cancellation of previously scheduled deliveries for the LESSEE.

32.3 During drawdown or oil exchange situations where the GOVERNMENT will displace LESSEE's oil from the line, the LESSEE must make arrangements and be responsible for all costs associated with storage and disposition of the displaced linefill oil barrels within three days from notification.

32.4 Under National Emergency or an Operational Emergency, the GOVERNMENT will coordinate and schedule its oil movements with the LESSEE during a drawdown of the SPR, in accordance with the GOVERNMENT's drawdown procedures. The GOVERNMENT declares three alert levels, increasing in urgency, when drawdown of the SPR crude oil is expected. Under Alert Level I, the LESSEE will be requested to provide the GOVERNMENT with information regarding the LESSEE's current FACILITY activities. Under Alert Level II, the LESSEE will be notified that an SPR drawdown may be ordered and the LESSEE is requested to update the GOVERNMENT with information regarding the LESSEE's current FACILITY activities. Under Alert Level III, the LESSEE will be notified that an SPR drawdown has been ordered and the LESSEE shall make the FACILITY available to the SPR within thirteen (13) days from the receipt of the written notice of impending drawdown.

32.5 During Alert Level III full rate drawdown periods, the GOVERNMENT shall be provided full use of the FACILITY for the movement of SPR oil and the LESSEE will operate the FACILITY for the GOVERNMENT's use. In less than a full rate drawdown, the FACILITY capabilities beyond the GOVERNMENT's needs will be available to the LESSEE for commercial operations to the maximum extent possible. Upon cessation of drawdown operations, the GOVERNMENT shall expeditiously return full operational use and control of the FACILITY to the LESSEE. The Facility will be available for GOVERNMENT use for at least 90 days.

32.6 In the event of an Operational Emergency at the SPR, the LESSEE shall make all resources of the FACILITY available to the GOVERNMENT as soon as practical after being notified by the GOVERNMENT.

32.7 In the event of a National Emergency, an Exchange or an Operational Emergency, LESSEE shall continue to provide routine maintenance and repairs of the FACILITY. In addition, LESSEE shall provide or cause to be provided an emergency repair response service during drawdown. The GOVERNMENT reserves the right to provide supplemental emergency repair and emergency response service at its expense to maintain drawdown rates.

33. NON-EMERGENCY OIL MOVEMENTS

33.1 For fill movements into the SPR's Bayou Choctaw site, LESSEE shall deliver crude oil in batch sizes of at least 40,000 barrels. Deliveries shall be at a minimum rate of at least 4,000 barrels per hour, over a 10-hour period. Smaller batch sizes are acceptable if the time between the batches does not exceed 24 hours. In the event that LESSEE uses pigs associated with deliveries into the Bayou Choctaw storage site, the pigs shall be launched at either the beginning, or the beginning and the end of the GOVERNMENT batch delivery. LESSEE's pigs shall not arrive within a GOVERNMENT crude oil batch receipt at Bayou Choctaw.

33.2 During deliveries of crude oil by LESSEE into the Bayou Choctaw site, LESSEE shall allow GOVERNMENT representatives or contracted inspectors onto the St. James facilities to witness the St. James reference measurements for the oil being pushed into the Bayou Choctaw Pipeline. LESSEE also shall make copies of reference meter/tank measurements available to GOVERNMENT representatives/inspectors.

34. OTHER RIGHTS OF GOVERNMENT TO USE THE FACILITY

34.1 The LESSEE shall permit the GOVERNMENT to perform periodic drawdown tests of the Reserve and its distribution FACILITY to assure mission readiness. A maximum of one test per year not to exceed three days per test, and not to exceed twenty-four hours of continuous pumping without allowing LESSEE operational use of the FACILITY, shall be at no charge to the GOVERNMENT.

34.2 Any shipment by the GOVERNMENT on the leased FACILITY not in accordance with a National Energy Emergency or Operational Emergency, or the test of the Strategic Petroleum Reserve's distribution capabilities, shall be subject to payments to LESSEE in accordance with published tariffs and/or special rates negotiated as part of the Lease.

34.3 Any shipment for the GOVERNMENT not in accordance with a National Emergency, Exchange or an Operational Emergency, including any shipment as a test of the Strategic Petroleum Reserve's distribution capabilities, will be conducted so as not to disrupt LESSEE's routine oil movements. LESSEE shall not unreasonably withhold the use of the Pipeline for moving GOVERNMENT Crude Oil.

35. CONDITIONS OF PRIVILEGES GRANTED

35.1 The exercise of the privileges granted shall be without cost or expense to the GOVERNMENT, shall be subject to the legal right of the GOVERNMENT to construct, use, and maintain facilities on the premises without unreasonably interfering with the LESSEE's privileges; shall be subjected to other out-grants of GOVERNMENT on the premises which do not reasonably interfere with LESSEE's privileges; and shall be without liability of the GOVERNMENT for failure to supervise or inspect activities or facilities of the GOVERNMENT.

36. COMPLIANCE

36.1 LESSEE shall comply with all valid laws, ordinances, regulations, orders, judgments, and right-of-way provisions that now or hereafter may be applicable for use or occupancy by LESSEE of the FACILITY, including, but not limited to, Department of Transportation Pipeline Safety Regulations (49 CFR 195), as well as all pertinent Occupational Safety and Health Administration (OSHA) regulations. LESSEE shall not use or permit the use of the FACILITY or any part thereof for any unlawful or unauthorized purpose or any purpose that is not in conformance with this Lease Agreement. Prior to the LESSEE applying for any changes or modifications to any Governmental or Operating permits initiated by the LESSEE, the LESSEE shall forward its permit application to the GOVERNMENT (DOE) for its information.

37. APPLICABLE LAW

37.1 This agreement shall be governed by and construed in accordance with Federal law.

38. REGULATORY DEFICIENCY

38.1 If LESSEE is required by a regulatory agency to correct any deficiency which was in existence prior to the effective date of this Lease, the cost of correcting the deficiency will not be the responsibility of LESSEE and will be reimbursed by the GOVERNMENT..

39. WETLAND AND FLOODPLAINS

39.1 All activity within any flood plain or jurisdictional wetlands must comply with Federal, State, and local laws, rules or ordinances governing land use in flood plains or wetlands.

40. EASEMENTS AND RIGHTS-OF-WAY

40.1 This Lease Agreement is subject to all existing easements and rights-of-way.

40.2 The LESSOR shall not allow any third party use of, over, under across, in or upon the FACILITY or any portion thereof without expressed written approval of the GOVERNMENT. Requests for permission to utilize the FACILITY or any portion thereof by a third party must first be coordinated with Deanna Walker, Realty Officer, before such use is allowed.

41. BOUNDARY OR SURVEY MONUMENTUM

41.1 The LESSEE shall not disturb, obliterate or destroy any land boundary or survey monument on the premises without prior approval from the GOVERNMENT's representative.

42. CULTURAL ITEMS

42.1 The LESSEE shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, architectural, or other cultural artifacts, relics, vestiges, remains, or objects of antiquity. In the event such items are discovered on the premises, the LESSEE shall immediately notify the GOVERNMENT's representative and protect the site and the material from the further disturbance until the GOVERNMENT gives clearance to proceed.

43. LIENS

43.1 LESSEE shall promptly discharge, or cause to be discharged, any valid lien, claim or demand of any kind, except one in favor of the GOVERNMENT, caused by the actions of LESSEE with respect to the FACILITY or materials or equipment furnished therefore, or any part thereof, and if the same shall not be promptly discharged by LESSEE, the GOVERNMENT may discharge, or cause to be discharged, the same at the expense of LESSEE.

44. PAYMENTS

44.1 Payments of Base Rental Fee and Additional Rental Fee shall be made within 25 days from the end of the month for which the payment is due. Payments shall be made via the Fed Wire System. When using the Fed Wire System, route payments to the U. S. Treasury, ABA # 021030004, TREASNYC/CTR/BNF=/Account 89000001, DEPT OF ENERGY (SPRO) U.S. Dollars. Lease Number _____ should be indicated on every fed wire payment.

44.2 All organizations partnering with Federal Government must first register with the Government's System for Award management (SAM) prior to conducting business. To register or update your information please go to the SAM website at www.sam.gov. Please ensure all information is accurate and up to date including your Taxpayer Identification Number (TIN) and current banking information. Original invoices are to be submitted to the Department of Energy's Oak Ridge Financial Service Center using the Vendor Inquiry Payment Electronic Reporting System (VIPERS) at <https://vipers.oro.doe.gov/>. For questions concerning VIPERS, please contact the VIPERS helpdesk at (855)384-7377 or email VipersSupport@science.doe.gov.

44.2.1 In the event the GOVERNMENT exercises its rights herein described in Sections [32](#), [33](#) and [34](#), the following compensation methods to the LESSEE shall be used when the GOVERNMENT owned oil is moved from the Bayou Choctaw site to/through the TERMINAL:

44.2.2 When GOVERNMENT owned oil is moved to other terminals and/or pipelines via the FACILITY's meter skids the payments due to the LESSEE by the GOVERNMENT shall be as given in Appendix D.

44.2.3 When GOVERNMENT owned oil is moved through the FACILITY, the payments due to the LESSEE by the GOVERNMENT shall be as given in Appendix C.

44.2.4 When non-GOVERNMENT owned oil is moved through the FACILITY, compensation to the LESSEE for metering, tank storage, and/or docks shall be the responsibility of the owner of the oil (Third-Party).

45. INTEREST AND PENALTIES

45.1 Rent payments not received by the due date will accrue interest on the amount due from the due date until the date payment is received by the GOVERNMENT at the Treasury's Annual Current Value of Funds rate, currently 1% per annum. Additionally, a charge to cover administrative costs incurred for processing and handling a delinquent account will be assessed at the rate of \$7.25 per month. A 6% per annum penalty on any principal amount not paid within 90 days of the due date shall also be assessed for the period of delinquency.

46. TAXES

46.1 LESSEE is required to pay to the proper taxing authorities all taxes, payments in lieu of taxes, assessments or similar charges which may be assessed or imposed on the property and to assume all costs of operating obligations. In the event that, as a result of any future Act of Congress subjecting GOVERNMENT-owned property to taxation, any taxes, assessment or similar charges are imposed by State or local authorities upon the Leased Property (other than upon LESSEE's possessory interest therein), LESSEE shall pay the same when due and payable.

47. COVENANT AND AGREEMENT

47.1 Each covenant and agreement contained in this Lease Agreement is intended to be, and shall be construed as a separate and independent covenant. If any term or provision of this Lease Agreement or any application thereof is found to be invalid or unenforceable, the remainder of this Lease Agreement or any other application of such term or provision shall not be affected thereby, unless the absence of the invalid provision fundamentally undermines the continued existence of this Lease Agreement.

48. FAILURE TO INSIST ON COMPLIANCE

48.1 The failure of either Party hereto to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this Lease Agreement shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions of the other Party to this Lease Agreement, but the obligation of such other Party with respect to such future performance shall continue in full force and effect.

49. ENTIRE AGREEMENT

49.1 These terms and conditions together with any Appendices attached hereto, constitute the final written expression of the Parties agreement and the complete and exclusive statement of the Lease's terms. If there is any conflict between this base Lease Agreement and any of its attachments, this base Lease Agreement shall take precedence. This Lease Agreement supersedes all prior understandings, drafts, discussion or statements, whether oral or written, express or implied, dealing with the same subject matter, and may not be amended or modified except by a written instrument signed by duly authorized representatives of both Parties.

49.2 All financial settlements, billings, or reports rendered by either Party to the other under the terms of this Lease Agreement and any amendments thereto will to the best of knowledge and belief of the Party rendering such settlement, billing, or report, properly reflect the facts about all activities and transactions related to this Lease Agreement, which data may be relied upon as being complete and accurate in any further recording and reporting made by such other Party for whatever purpose. Each Party shall promptly notify the other Party at any time it has reason to believe that the above-mentioned data is no longer accurate and complete.

50. OTHER AGREEMENTS

50.1 All terms and conditions with respect to this agreement are expressly contained herein and the LESSEE agrees that no representative or designee of the GOVERNMENT has made any representation or promise with respect to this agreement not expressly contained herein.

51. COVENANT AGAINST CONTINGENT FEES

51.1 LESSEE warrants that no person or selling agency has been employed or retained by LESSEE to solicit or secure this Lease Agreement 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. For breach or violation of this warranty, the GOVERNMENT shall have the right to annul this Lease Agreement without liability or in its discretion to add to 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 practices, and who have not obtained such licenses for the sole purpose of effecting this Lease Agreement, may be considered as bona fide employees or agencies within the exception contained in this clause.)

52. ASSIGNMENT

52.1 No interest of LESSEE in this Lease Agreement or the FACILITY may be assigned or sold without the prior written consent of the GOVERNMENT. LESSEE shall not mortgage, pledge or otherwise encumber its interest in the Leased FACILITY. The GOVERNMENT shall not unreasonably withhold its approval of an assignment to other parties.

53. TERM

53.1 This Lease Agreement shall begin on January 1, 2020, and continue for a “Base” period of ten (10) years. At the end of the Base period, this lease will continue for an additional 5 years “Option” period, unless terminated by either GOVERNMENT or LESSEE by giving the other party written notice of its intent to terminate at least eighteen (18) months before the end of the then current lease term. At the end of the 5 year Option period, the lease will continue for an additional 5 years unless terminated by either GOVERNMENT or LESSEE by giving the other party written notice of its intent to terminate at least eighteen (18) months before the end of the then current lease term.

54. TERMINATION BY GOVERNMENT

54.1 If LESSEE materially fails to perform any substantive term or conditions of this Lease Agreement after written notice and reasonable opportunity to cure, the GOVERNMENT may elect to terminate this Lease and no adjustment of any advance rentals paid by LESSEE shall be made, and the GOVERNMENT shall be entitled to recover and LESSEE shall pay the GOVERNMENT:

54.1.1 The reasonable costs incurred in resuming possession of the Leased FACILITY.

54.1.2 The reasonable costs incurred in performing any obligation on the part of LESSEE to be performed prior to such termination hereunder.

54.1.3 An amount equal to the aggregate of all rents and charges assumed hereunder and not theretofore paid or satisfied, less the net rentals, if any, collected by the GOVERNMENT on the re-letting of the Leased FACILITY, which amounts shall be due and payable at the time when such rents, obligations, and charges would have accrued or become due and payable under this Lease Agreement.

54.2 Under these conditions all FACILITY improvements shall become the property of the GOVERNMENT with no obligation by the GOVERNMENT to reimburse LESSEE.

55. TERMINATION BY LESSEE

55.1 If the GOVERNMENT materially fails to perform any substantive term or condition of this Lease Agreement, after written notice and reasonable opportunity to cure, LESSEE may elect to terminate this Lease, and LESSEE shall be entitled to recover and the GOVERNMENT shall pay LESSEE:

55.1.1 At LESSEE’s option, the reasonable costs incurred in removing LESSEE’s property and improvements from the FACILITY or the fair market value of LESSEE’s property and improvements at the FACILITY; and

55.1.2 The reasonable costs incurred in performing any obligation on the part of the GOVERNMENT to be performed hereunder prior to such termination.

56. TERMINATION FOR GOVERNMENT’S CONVENIENCE

56.1 Should the GOVERNMENT unilaterally, at any time during the term of this agreement, decide to terminate this lease for its own convenience, the LESSEE shall not owe the GOVERNMENT the balance of the rental payments for the base period and/or option period, if same has been exercised.

57. TERMINATION or AMMENDMENT BY MUTUAL AGREEMENT

57.1 The parties may terminate or amend this Lease Agreement at any time upon mutual agreement by both parties.

58. GRATUITIES

58.1 The right of LESSEE to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that LESSEE, its agents, or another representative of LESSEE:

58.1.1 Offered or gave a gratuity (e.g., an entertainment or gift of more than \$20 in value) to an officer, official, or employee of the

GOVERNMENT; and

58.1.2 Intended, by the gratuity, to obtain this Lease Agreement or favorable treatment under this Lease Agreement.

58.1.3 The facts supporting this determination may be reviewed by any court having lawful jurisdiction. If this Lease Agreement is terminated under the above, the GOVERNMENT is entitled to pursue the same remedies as in a breach of the lease. The rights and remedies of the GOVERNMENT provided in this clause shall not be exclusive and are in addition to any rights and remedies provided by law or under this Lease Agreement.

59. OFFICIALS NOT TO BENEFIT

59.1 No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this Lease Agreement, or to any benefit arising from it. However, this clause does not apply to this Lease Agreement to the extent that this Lease Agreement is made with a corporation for the corporation's general benefit.

60. SECURITY

60.1 LESSEE must implement a security program at the commencement of the lease, subject to GOVERNMENT review. Property Protection Areas (PPAs) must be configured to protect GOVERNMENT owned property and equipment against damage, destruction, or theft and must provide a means to control public access. Warning/Trespass signs and/or notices must be posted around the perimeter and at entrances to a PPA. Signs listing prohibited articles must be posted at PPA entrances. Physical barriers serve as the physical demarcation of the security area. Chain link fabric consisting of a minimum of No. 11 American Wire Gauge (AWG) or heavier galvanized steel wire with mesh openings not larger than 2 inches (5.08 centimeters) on a side must be used. This fencing must be topped by three or more strands of barbed wire single or double outriggers. Overall fence height, excluding barbed wire or barbed tape coil topping, must be a minimum of 7 feet (2.13 meters). Wire ties used to fasten fence fabric to poles must be of the same or more robust gauge than that of the fence fabric. The fence or physical protection barriers must be maintained structurally sound in that it prevents access (no large gaps or openings). The entry control point should permit entry of only one person at a time into PPA and secured when not in use. Automated access control systems may be used in place of or in conjunction with Security or other authorized personnel to meet access requirements.

61. ANTI-DEFICIENCY ACT CLAUSE

61.1 The GOVERNMENT's obligation to pay or reimburse any money under this lease agreement is subject to the availability of funds appropriated for this purpose to the Department of Energy, Strategic Petroleum Reserve, and nothing in this lease shall be interpreted to require obligations or payments by the GOVERNMENT in violation of the Anti-Deficiency Act, 31 U.S.C. Section 1341.

62. LESSEE LIABILITY

62.1 LESSEE, its parent, affiliate(s), subsidiary company(s) and directors, employees, servants and agents covenants that it will defend, indemnify and save and hold harmless the GOVERNMENT (including its contractors and subcontractors) and its employees and agents for and from any and all liability, fees, fines, penalties, costs or claims by third parties for damages to property or injuries to or death of persons, which may arise from or be incident to the use of the FACILITY by LESSEE, and for and from any and all liability, fees, fines, penalties, costs, claims or damages to the property or injuries to or death of the person of LESSEE's officers, agents, servants, employees, or others who may be on said premises at their invitation or the invitation of any one of them, arising from LESSEE's lease activities, to the extent such claims, liability, injury, or death arises out of the negligence or willful misconduct of the LESSEE.

62.2 LESSEE further covenants that any property of the GOVERNMENT damaged or destroyed by the LESSEE incident to the LESSEE's use and occupancy of the FACILITY, shall be promptly repaired or replaced by LESSEE, or in lieu of such repair or replacement LESSEE shall pay to the GOVERNMENT money in the amount sufficient to compensate for the loss sustained by the GOVERNMENT by reason of the destruction of the property.

63. FORCE MAJEURE

63.1 Neither party shall be responsible to the other for loss arising from failure in performing hereunder caused by reason of acts of God, a strike or labor dispute, fire, explosion, electrical blackout, war, terrorism, rebellion, insurrection, riot, act, regulation or general edict of any governmental authority in its sovereign capacity or any other similar or dissimilar cause reasonably beyond the control of the Party affected.

63.2 Notwithstanding the definition of "Force Majeure" contained in [Section 3](#) of the Lease Agreement, LESSEE shall not be relieved of the obligation to pay Base Rental, Oil Inventory, and, if exercised, Option Rental Fees during the continuance of such Force Majeure situation. In the event such Force Majeure situation cannot be remedied within a reasonable time by reasonable efforts to do so and continues for more than one hundred eighty (180) days, then either party may terminate this Lease Agreement by written notice to the other party, whereupon both Parties shall be relieved of all unaccrued obligations hereunder. This does not relieve the LESSEE of the responsibility to return the oil inventory owed to the GOVERNMENT. Furthermore, the Oil Inventory Rental Fee will continue to be assessed until such time as it is returned to the possession (designated GOVERNMENT site) of the GOVERNMENT or returned with the repossession of the TERMINAL by the GOVERNMENT.

64. INSURANCE, REPAIR AND REPLACEMENT

64.1 If insurance is otherwise required by this lease, then each policy of insurance against loss of or damage to the Leased Property shall contain a loss payable clause reading as follows: "Loss, if any, under this policy shall be adjusted with LESSEE and the proceeds, at the election of the GOVERNMENT, shall be payable to LESSEE; any proceeds not paid to LESSEE shall be payable to the Treasurer of the United States."

64.2 In the event that any item or part of the Leased Property shall require repair, rebuilding, or replacement resulting from loss or damage, the risk of which is assumed by LESSEE under this Lease, then LESSEE shall promptly give notice thereof to the Local GOVERNMENT Representative and, to the extent of its liability as provided in this Lease, shall, upon demand, either compensate the GOVERNMENT for such loss or damage, or rebuild, replace, or repair the item or items of the Lease Property so lost or damaged, as the GOVERNMENT may elect. In the event that the GOVERNMENT shall direct LESSEE to affect any repair, rebuilding, or replacement which it is required to effect pursuant to this paragraph the GOVERNMENT shall direct the payment to LESSEE of so much of the proceeds of any insurance carried by LESSEE and made available to the GOVERNMENT on account of loss of or damage to any item or part of the Leased Property as may be necessary to enable LESSEE to affect such repair, rebuilding, or replacement. In the event the GOVERNMENT shall elect not to require LESSEE to repair, rebuild, or replace any item or part of the leased Property lost or damaged, LESSEE shall promptly pay the GOVERNMENT out of any insurance proceeds collected by LESSEE such portion thereof as may be allocable to loss of or damage to the Leased Property. When compliance with a GOVERNMENT request to affect any repair, rebuilding, or replacement of any lost or damaged item or part of the Leased Property would involve the incurring of costs in excess of LESSEE's liability for such loss or damage under this Article, LESSEE shall be under no obligation to effect same until after a satisfactory agreement has been reached between the GOVERNMENT and LESSEE with regard to GOVERNMENT reimbursement of such excess costs to LESSEE.

65. INSURANCE COVERAGE

65.1 All insurance required of the LESSEE on the premises shall be for the protection of the GOVERNMENT and the LESSEE against their respective risks and liabilities in connection with the premises. It shall be in such form, for such periods of time, and with such insurers as the GOVERNMENT may be required or approved. A certificate of insurance or a certified copy of each policy of insurance shall be furnished to the GOVERNMENT's representative prior to the use of the premises or facilities. The LESSEE agrees that not less than (30) days prior to the expiration of any insurance required by this Lease, it will furnish to the GOVERNMENT's representative a certificate of insurance of a certified copy of each renewal policy to cover the same risks. The LESSEE shall provide evidence of adequate insurance coverage for Bodily Injury and Property Damage.

65.2 Each policy of the insurance against loss or damage to the GOVERNMENT's property shall name the LESSEE and the United States of America (Department of Energy) and the insured and shall contain a loss payable clause substantially as follows: "Loss, if any, under this policy shall be adjusted with (name of LESSEE) and the proceeds, at the direction of the GOVERNMENT, shall be payable to (name of the LESSEE), and proceeds not paid to (name of the LESSEE) shall be payable to the Treasurer of the United States of America."

65.2.1 All insurance policies maintained by LESSEE in accordance with this article shall provide for a waiver of subrogation in favor

of the GOVERNMENT but only to the extent of LESSEE's obligation to defend and indemnify the GOVERNMENT as required elsewhere in this agreement. Additionally, each policy of insurance shall contain an endorsement reading substantially as follows: "The insurer waives any right of subrogation against the United States of America which might arise by reason of any payment made under this policy."

65.3 Nothing in this Lease shall prevent LESSEE from self-insuring any or all of the above insurances. Evidence of LESSEE's intent to self-insure any of such risks shall be in writing and subject to approval by the GOVERNMENT.

65.3.1 LESSEE shall maintain at all times during the lease period the following insurance, at LESSEE's expense, in compliance with all applicable laws and satisfactory to the GOVERNMENT:

65.3.1.1 Oil Pollution Act (OPA) 1990 Pollution Financial Assurance (pollution liability insurance) coverage in an amount adequate to cover damages caused by "Pollution Conditions" arising from the LESSEE operations and the liabilities established in the OPA.

65.3.1.2 Workers' Compensation in statutory limits in the state of operations including coverage for U.S. Longshore & Harbor Workers' Compensation Act and Outer-Continental-Shelf Lands Act, where applicable.

65.3.1.3 Employers' Liability Insurance with limits not less than One Million Dollars (US\$1,000,000) per person/per occurrence including coverage for Maritime employment and Jones Act, where applicable.

65.3.1.4 Commercial General Liability Insurance with limits not less than Five Million Dollars (US\$5,000,000) per occurrence bodily injury and property damage combined single limit. Such insurance shall include coverage for owned, hired and non-owned automobiles.

65.3.1.5 Commercial Automobile Liability Insurance with limits not less than \$5 million per occurrence bodily injury & property damage combined single limit. Such insurance shall include coverage for owned, hired and non-owned automobiles.

65.3.1.6 Aircraft Liability Insurance with limits not less than Five Million Dollars (US\$5,000,000) per occurrence bodily injury and property damage combined single limit. Such insurance shall include coverage for owned, hired, and non-owned aircraft.

65.3.1.7 Where vessels are engaged in the performance of any of the operation, marine Liability with limits of not less than Five Million Dollars (US\$5,000,000) per occurrence bodily injury and property damage combined single unit.

66. SEVERABILITY CLAUSE

66.1 GOVERNMENT/LESSEE acknowledge and agree that if any provision of this Lease is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Lease shall continue in full force and effect.

67. GENERAL PROVISIONS

67.1 Any GOVERNMENT request for installation of betterments, alterations or additions to the FACILITY shall be responded to within 45 days of receipt of the request.

67.2 Any improvements, to aid or improve commercialization of the FACILITY, will be LESSEE's responsibility. All improvements made for commercialization will be funded by LESSEE, but ownership of the improvements will be retained by the GOVERNMENT. LESSEE will provide easements to the GOVERNMENT for improvement of facilities located on the property of others which were constructed by LESSEE for commercialization of the Bayou Choctaw Pipeline.

67.3 In the event that the GOVERNMENT terminates the lease or fails to renew the lease prior to the end of any automatic renewal period, it will reimburse the LESSEE the remaining net book value for the improvements made by the LESSEE. Remaining net book value will be calculated as follows: The sum of the actual cost of each new improvement project less its depreciation. Depreciation will be determined by straight line method over a ten-year (10) year period or 10% per year beginning on the date each new improvement is placed in service.

68. DISPUTES CLAUSE

68.1 Except as otherwise provided in this Lease, any dispute concerning a question of fact arising under this Lease which is not disposed of by agreement shall be decided by the GOVERNMENT's representative, who shall reduce his decision to writing and mail or otherwise furnish a copy to the LESSEE. The decision of the GOVERNMENT's representative shall be final and conclusive unless, within (30) days from the date or receipt of such copy, the LESSEE mails or otherwise furnishes to the GOVERNMENT's representative a written appeal addressed to the Secretary of Energy. The decision of the Secretary or his/her duly as authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this condition, the LESSEE shall be afforded and opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the LESSEE shall proceed diligently with its performance and in accordance with the decision of the GOVERNMENT' representative.

69. NOTICES

69.1 No notice, order, direction, determination, requirement, consent, or approval under this Lease Agreement shall be of any effect unless in writing. All notices and other communications required under this Lease Agreement shall be addressed to LESSEE, or to the GOVERNMENT Representative, as may be appropriate, at the addresses specified in this Section or at such other addresses as may from time to time be agreed upon by the Parties hereto and shall be delivered or mailed as follows:

If to the GOVERNMENT:
U.S. Department of Energy
ATTN: Deanna Walker - Realty Officer
900 Commerce Road East
New Orleans, Louisiana 70123
PHONE: (504) 734-4347
FAX: (504) 734-5347

If to LESSEE:

Addresses for notification purposes hereunder may be changed by either Party by providing notice of such change to the other Party at the address specified herein for notices.

70. EXECUTION

70.1 IN WITNESS WHEREOF, this Lease Agreement has been duly executed as of the dates set forth below the signature lines for the Parties hereto, and effective as of the date first above written. It being understood that this Lease may be executed by facsimile to be followed with an original signature in duplicate.

WITNESS:

THE UNITED STATES OF AMERICA

By: _____

Title: _____

Date: _____

WITNESS:

LESSEE

By: _____

Title: _____

Date: _____

STATE OF LOUISIANA

COUNTY/PARISH OF ST. JAMES

On this ___ day of __, before me appeared ____, to me personally known, who, being by me duly sworn (or affirmed) did say that he is the ____ and that the instrument was signed in behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.

ORIGINAL SIGNED BY

(Name, typed or printed)
NOTARY PUBLIC

(Office or Title) Seal

STATE OF LOUISIANA

PARISH OF JEFFERSON

On this ____ day of ____, before me appeared ____, to me personally known, who, being by me duly sworn (or affirmed) did say that she is the Certified Realty Specialist for the Department of Energy of the United States of America, and that the instrument was signed in behalf of the United States of America by authority of the Department of Energy Organization Act and the Energy Policy and Conservation Act, and that she acknowledged the instrument to be the free act and deed of the United States of America.

ORIGINAL SIGNED BY

Attorney

LANSEN C. BARROW – NOTARY PUBLIC

(Title or Office)_Seal

APPENDIX A - DESCRIPTION OF FACILITY

A-1. INTRODUCTION

A-1.1 The St. James facility is located approximately 45 miles west of New Orleans, 30 miles southeast of Baton Rouge and approximately 160 miles upstream from the mouth of the Mississippi River. For crude oil distribution, the St. James facility is connected to the following sites:

LOCAP distribution site by a direct connection 24 and 36-inch pipeline (see Facility Documentation webpage)
Capline distribution site by a 0.5 mile 30-inch pipeline
Plains distribution by a 24-inch pipeline connection (see Facility Documentation webpage)
A current connection to Acadian Terminal
Bayou Choctaw SPR storage site by a 37.2 mile 36-inch pipeline
Baton Rouge Placid refinery via a 24-inch Shell pipeline at the Bayou Choctaw SPR Site
St. James facility marine docks (quantity 2) via 42-inch on-site lines

A-1.2 De-Commissioned pipelines and other connections at the facility include:

30-inch pipeline connection to the Koch/Nustar facility
36-inch pipeline to Cote Blanche valve station, Weeks Island
Tie-in to Exxon North Line Facility (via Capline 30 Inch pipeline)
Tie-in from Ship Shoal / Texaco pipeline

A-1.3 General crude oil site piping and equipment inside the facility is ANSI 150 Class. Pipelines connected to the site are ANSI 300 Class.

A-2. FACILITY PHYSICAL DESCRIPTION

A-2.1 The St. James facility is comprised of two marine docks on the Mississippi River occupying approximately 48 acres of land, a tank terminal occupying approximately 105 acres of land, one 36" pipeline with connectivity to outside facilities, several connections that lead to other oil transfer facilities plus the environmental and safety systems that serve the entire St. James facility. Locations of facilities are given in segments of US Army Corps of Engineers mappings provided in the solicitation Facilities Drawings online library.

A-2.1.1 Marine Docks. The St. James facility has two marine docks on the Mississippi River, which are located approximately two miles southeast of the tank terminal. Dock 1 is located at Mississippi River milepost 158.3, and Dock 2 is located at Mississippi River milepost 158.0. Both docks are concrete and steel construction with four breasting dolphins and eight mooring dolphins with capstan motors and quick release "pelican hooks." Each dock is equipped with three 16-inch Continental Emsco hydraulic operated loading arms, a 5-ton hydraulic crane, in-line sampler and a control room equipped with operational control, status and monitoring of fluid transfer with Emergency shutdown controls.

A-2.1.1.1 Each dock is connected to the terminal with a 42-inch crude oil line, a 6-inch oily water return line, and a 2-inch potable water feed line. The terminal's back-up firewater pumping system is located at Dock 1 and supplies primary fire water to both docks

A-2.1.1.2 Right-of-Way. The fee and easement lands comprising the St. James Marine Docks and associated piping are all located in St. James Parish, Louisiana and are identified as Tract Nos. 201-1, 201-3, 210, 211-1, 211-2, 214, 215., 216, 217, 220, 201E-1, 201E-3, 201E-5, 201E-7, 210E-1, 211E-1, 214E, and 218E-1 on Segment 2 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 1/21/1987.

A-2.1.2 Tank Terminal. The tank terminal provides crude oil storage, pumping, metering, and distribution. The tank terminal consists of six storage tanks totaling approximately two million

barrels capacity, crude oil pumping stations, metering stations, and control and maintenance facilities.

- A-2.1.2.1 Storage Tanks. The six storage tanks have a total shell capacity of approximately 2 million barrels. The tanks are approximately 33 feet high and have a single skin-floating roof. Each of the tanks is equipped with mixers and temperature and level gauging instrumentation. The six tanks are sited in two groups of three, which are each surrounded by a community dike system. Each of the two diked areas could contain the entire volume of one tank with some freeboard allowance. Minor spillage is contained by lower internal dikes between the tanks.
- A-2.1.2.2 Primary Pump Station. The primary pump station consists of five Peabody-Floway vertical, deep well, three-stage pumps with a designed capacity at discharge of 25,000-barrels-per-hour at 288 feet of head each. They are driven by 1,500 horsepower electric motors. The pump station is manifolded to provide two independent pumping units of two pumps each: Pumps 1 and 2, and Pumps 4 and 5. Pump 3 is manifolded into both systems as an on-line spare.
- A-2.1.2.3 Fill Pumps. The terminal also has a second pumping station which contains three horizontal centrifugal pumps rated at 10,000- barrels-per-hour each at 460 psi discharge that are driven by 1,375 horsepower electric motors.
- A-2.1.2.4 Metering and Custody Transfer. The tank terminal has two (quantity) meter stations. Each meter station consists of three 12-inch meter runs equipped with in-line turbine meters having a rated capacity of approximately 18,000-barrels per-hour each. The meters are calibrated and proved by a unidirectional prover loop adjacent to the meter station.
- A-2.1.2.5 Buildings. There are five primary buildings at the terminal: Administration Building, Contractor Office Building, Maintenance Building, Spare Parts Warehouse, and Oil Quality Assurance Laboratory. See facility documents to floor plans and sizes of these buildings. In addition, there are several minor buildings such as the Security Center and various small buildings for safety and oil spill equipment.
- A-2.1.2.6 Right-of-Way. The fee and easement lands comprising the St. James Terminal are all located in St. James Parish, Louisiana and are identified as Tract Nos. 200-2, 200E-14 and 222E on Segment 2 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 1/21/1987.
- A-2.1.3 Bayou Choctaw Pipeline. The FACILITY also includes a 36-inch portion of pipeline between Bayou Choctaw site and St. James Terminal currently known as Redstick and appurtenances thereto. The pipeline is 37.2 miles long. It connects the GOVERNMENT Bayou Choctaw site in Baton Rouge, Louisiana, to the St. James Tank Terminal and Marine Docks.
 - A-2.1.3.1 Pipeline ownership breakpoint locations at both ends of the pipeline are marked and identified on schematics cited below in the following descriptions.
 - A-2.1.3.1.1 Bayou Choctaw end of Bayou Choctaw 36" Pipeline. The property responsibility demarcation (Lessee vs. Government) at the Bayou Choctaw site side of the Bayou Choctaw pipeline is as shown on drawing BC-M-103-031 (Exhibit A-2 within). These delineate three zones of responsibility: Equilon Pipeline GOVERNMENT-owned Site Piping (GOVERNMENT responsibility), and GOVERNMENT-owned Bayou Choctaw pipeline leased out (LESSEE responsibility). Breaks are at spec blinds downstream of GOVERNMENT valves 4LST1 MOV-03 & -04 feeding the BCSTLR-1 launcher, at spec blinds downstream of GOVERNMENT valves 4LST2 MOV-01 & -04 feeding the BC-EQUILON launcher, at the spec blind downstream of GOVERNMENT valve 4LST1 MOV-01 feeding the two pipelines, at the spec blind downstream of valve MOVR1 separating the two pipelines, at the 4" drain valve BCLR20DR1 connecting BCSTLR-1 launcher to the drain of the BC-EQUILON launcher, and at PSV1200 on the BCSTLR-1 launcher.

A-2.1.3.1.2 St James Tank Terminal end of Bayou Choctaw 36” Pipeline. There are no property breaks between the Bayou Choctaw Pipeline and the St. James Facility, delineating responsibilities. The LESSEE is responsible for everything shown in drawing SJ-M-103-018 (can be found in the St. James Facility Drawing Index). Note that this is not the limit of responsibilities. The facility entails more than is depicted in this drawing.

A-2.1.3.1.3 Right-of-Way. The easement lands comprising the Bayou Choctaw Pipeline are all located in various parish and described below:

St. James Parish, Louisiana: Tract Nos. 200E-4, 200E-12, 203E01, 203E-4, 213-L1, and 212E-1 as shown on Segment 2 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 1/21/1987.

Assumption Parish, Louisiana: Tract Nos 202E-1, 204E-1, 205E-1, 205E-3, 206E-1, 207E-1, 208E-1, and 209E-1, 300E-1, 300E-4, 301E-3, 302E-1, 302E-4, 303E-1, and 318E as shown on Segment 2 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 1/21/1987 and on Segment 3 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 2/13/1984.

Ascension Parish, Louisiana: Tract Nos. 301 E-5, 304 E-1, 304 E-3, 305 E-1, 305 E-3, 305 E-7, 305 E-8, 306 E-1, 307 E-1, 308 E-1, 309 E-1, 310 E-1, 311 E-1 as shown on Segment 3 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 2/13/1984.

Iberville Parish, Louisiana: Tracts 305 E-5, 319 E-1, 410 E-1, 410 E-3, 410 E-5, 427 E-1, 122 E-1, 120 E-1, 314 E-1, 315 E-1, 316 E-1, 316 E-3, 407 E-1, 425 E-1, 417 E-1, 428 E-1, 317 E-1, 317 E-3, 320 E-1, 400 E-1, 401 E-1, 401 E-3, 442E, 402 E-1, 403 E-1, 450 E-1, 443E, 444 E-1, 404 E-1, 430 E-1, 431E, 405 E-1, 408 E-1, 452L, 406 E-1, 451 E-1, 409 E-1, 411 E-1, 413 E-1, 414 E-1, 446 E-1, 447 E-1, 415 E-1, 416 E-1, 418 E-1, 424 E-1, 420 E-1, 426 E-1, 121 E-1, 421 E-1, 421 E-3, 423 E-1, 423E-3M 423 E-5, 440E, 441E, 429 E-1, 123 E-1, 123 E-3 as shown on Segment 1 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 11/5/1991, on Segment 3 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 2/13/1984 and on Segment 4 of the Bayou Choctaw Facility of US Army Corps of Engineers mapping dated 12/17/1980.

A-2.1.3.2 Pipeline Specification Data.

Table A-1. Pipeline Specification Data.

ANSI: 300# API-5LX-52 pipe
Wall Thickness: 0.312"
Operating Pressure
MAOP: 325 psi (hydrotest performed 1997)
Normal Operating Pressure: 210 psi
Installation Date: 1978
Last Smart Pig Inspection: 2013 (2018 completed, awaiting final report)

A-2.1.3.3 Valve Stations. Seven, 36-inch full bore slab gate valves.

A-2.1.3.4 Pipeline Connections and Requirements for Connecting. Current connections to the pipeline are at the Bayou Choctaw SPR site and the Tank Terminal, St. James, Louisiana. Whenever Lessee connects at any new tie-in locations, the following are requirements for Lessee:

A-2.1.3.4.1 Hot Tap or stopple, connection with Tee.

A-2.1.3.4.2 Isolation valve, double block and bleed.

A-2.1.3.4.3 Spectacle blind.

A-2.1.3.5 Cathodic Protection. Impressed Current

A-2.1.3.6 Maintenance Inspections

A-2.1.3.6.1 Procedures. Intelligent pigs (magnetic flux, ultrasonic and caliper) surveys have been used for corrosion detection and geometrical reductions. SPR pipeline operation is on an intermittent basis, thus pipeline wall is conducive to internal corrosion. Corrosion inhibiting chemicals and corrosion detection devices are periodically used to maintain and monitor pipeline integrity.

A-2.1.3.6.2 Inspection Summary. Based on 2013 Intelligent Pig Inspection, pipeline is certified to maintain the line at the current MAOP.

A-2.1.4 Pipeline Tie-Ins

A-2.1.4.1 LOCAP 24 and 36 Inch

A-2.1.4.1.1 LESSEE hereby agrees to the inclusion of the TIE-INS and LOCAP TRANSFER LINE as integral parts to the St. James Terminal Facility and their inclusion in the current lease of the ST. JAMES TERMINAL from GOVERNMENT.

A-2.1.4.1.2 LESSEE also agrees to operation and maintenance of the TIE-INS as well as the LOCAP TRANSFER LINE as part of the St. James Terminal Lease for the purpose of the movement of crude oil for receipts from and deliveries to the GOVERNMENT 36-inch Bayou Choctaw pipeline and for other movements between PLAINS, the ST. JAMES TERMINAL, and LOCAP. Should the DOT implement new or amend existing requirements for smart pigging or hydrotesting applicable to these new connections, the GOVERNMENT agrees to negotiate reasonable and customary compensation to LESSEE for performance and capital expenditures necessary to attain compliance. LESSEE shall be required to submit ECPs for GOVERNMENT approval of these capital and operational expenditures prior to execution.

A-2.1.4.1.3 LESSEE will, under separate agreement with LOCAP, agree to commercial provisions for the movement of any crude oil which may include fees, scheduling, etc. LESSEE will not unreasonably withhold the movement of crude oil between any of the connecting parties.

A-2.1.4.1.4 LESSEE agrees to annual testing of the TIE-INS AND LOCAP TRANSFER LINE in all receipt and delivery, metered and direct modes unless proven to be functional by recent crude oil transfers between the ST. JAMES TERMINAL and PLAINS and/or LOCAP.

A-2.1.4.1.5 Connectivity to LOCAP / LOOP can be accomplished through either a 36 inch connection on the upstream side of its internal distribution or a 24 inch bi-directional connection inside.

A-2.1.4.2 LESSEE Shell 24 Inch Tie-In at Bayou Choctaw

A-2.1.4.2.1 LESSEE hereby agrees to the inclusion of the TIE-INS as integral parts to the St. James Terminal Facility and their inclusion in the current lease of the ST. JAMES TERMINAL from GOVERNMENT.

A-2.1.4.2.2 LESSEE also agrees to operation and maintenance of the TIE-INS as part of the St. James Terminal Lease for the purpose of the GOVERNMENT crude oil movements.

A-2.1.4.2.3 LESSEE may, under separate agreement with Equilon Pipeline Company and Placid, provide commercial crude oil movements on the Equilon 24" pipeline.

A-2.1.4.2.4 LESSEE agrees to annual testing of the Tie-Ins.

A-2.1.4.3 CAPLINE 30 Inch

A-2.1.4.3.1 LESSEE hereby agrees to the inclusion of the TIE-INS to Capline as an integral part of the St. James Terminal Facility and its inclusion in the current lease of the ST. JAMES TERMINAL from GOVERNMENT.

A-2.1.4.3.2 LESSEE also agrees to operation and maintenance of the TIE-INS to Capline as part of the St. James Terminal Lease for the purpose of the movement of crude oil for receipts from and deliveries to the GOVERNMENT 36-inch Bayou Choctaw pipeline and for other movements between PLAINS, the ST. JAMES TERMINAL, and LOCAP.

A-2.1.4.3.3 LESSEE will, under separate agreement with Capline, agree to commercial provisions for the movement of any crude oil which may include fees, scheduling, etc. LESSEE will not unreasonably withhold the movement of crude oil between any of the connecting parties.

A-2.1.4.3.4 LESSEE agrees to annual testing of the TIE-INS in all receipt and delivery, metered and direct modes unless proven to be functional by recent crude oil transfers between the ST. JAMES TERMINAL and Capline.

A-2.1.4.4 Plains 24 Inch

A-2.1.4.4.1 LESSEE hereby agrees to the inclusion of the TIE-INS to the Plains 24 Inch pipeline as an integral part of the St. James Terminal Facility and its inclusion in the current lease of the ST. JAMES TERMINAL from GOVERNMENT.

A-2.1.4.4.2 LESSEE also agrees to operation and maintenance of the TIE-INS to the Plains 24inch pipeline as part of the St. James Terminal Lease for the purpose of the movement of crude oil for receipts from and deliveries to the GOVERNMENT 36-inch Bayou Choctaw.

A-2.1.4.4.3 LESSEE will, under separate agreement with Plains, agree to commercial provisions for the movement of any crude oil which may include fees, scheduling, etc. LESSEE will not unreasonably withhold the movement of crude oil between any of the connecting parties.

A-2.1.4.4.4 LESSEE agrees to annual testing of the TIE-INS.

A-2.1.5 Environmental and Safety Systems

A-2.1.5.1 Fire Protection System. The tank terminal is equipped with a primary fire protection system using potable (City) water and a secondary or backup fire protection system using river water. The primary fire protection system is located at the main terminal and consists of a 400,000-gallon water tank, two 200 horsepower, 1,500-gallon-per-minute pumps (one electric and one diesel) and a 10 horsepower, 50-gallon-per-minute jockey pump. The secondary fire system is located on a platform next to Dock 1. The secondary fire system has two 10,000-gallon-per-minute pumps (one electric and one diesel),.

A-2.1.5.2 Foam System. The tank terminal has 3 active foam deluge and proportioner systems located throughout the terminal.

A-2.1.5.3 Foam Retention Ponds. Two foam retention ponds have been constructed at the tank terminal to collect foam/water discharged by the fire control foam system.

A-2.1.5.4 Oil Spill Containment System. The tank terminal and the marine docks have an oil containment

system, which collects any oil spilled during normal operations.

- A-2.1.6 Utilities. Electrical power and potable water are supplied by outside providers. Sanitary waste disposal is on site.
 - A-2.1.6.1 Electric Power. The facility power requirements are currently supplied by Entergy Louisiana. Primary feeders bring 34.5 kilovolts, 60-hertz electricity to an Entergy Louisiana substation located within the tank terminal in an area west of the Control Building. Substation transformers step down the power to a lower voltage prior to feeding the facility power distribution system. In addition to transformers, the substation contains fused disconnect switches, protective devices, and power meters.
 - A-2.1.6.2 Potable Water. Potable water is supplied to the facility from a St. James Parish water main. Water flows through a 4-inch line to a water meter and then to the Maintenance and Control Center/Office Buildings. Potable water is used for drinking fountains, urinals, lavatories, lunchroom, Maintenance/Shop building, showers, laboratory sinks, the first aid sink, and the primary firewater tank. Potable water is also supplied through a 2-inch line to each of the two marine docks.
 - A-2.1.6.3 Sanitary Waste Disposal. Liquid sanitary waste from the Administration, Contractor Office, Maintenance/Shop, and Crude Oil Laboratory Buildings (wash water and sewage) are collected in a sump and then pumped to a packaged chlorination unit for treatment.

A-3. FACILITY CONTROL SYSTEM

- A-3.1 Process. The operations process control system at the St. James Terminal basically monitors and controls the six storage tanks, eight major pumps, associated valves, piping, and instruments both within the site and at the two loading/unloading docks on the Mississippi River. The current operations contractor uses Allen-Bradley ControlLogix PLCs and PLC-5 series I/O modules for control and monitoring at the terminal. An Allen-Bradley graphics program is used on the operator terminals in the site control room. It is the philosophy of the current operations controller to perform all equipment control remotely from an off-site location, but local control can be fully executed from the St. James control room if communications to the off-site location is unavailable. The operator terminals in the main control room are rack-mounted computers. All ladder-logic control programs within the PLCs and graphics programs used on the operator terminals are considered proprietary to the current operator. All ControlLogix and PLC-5 equipment was installed by the current operator. There are two metering stations on the site, each of which have three meter runs. Each meter run has a dedicated Moore flow computer, with one Omni flow computer for each meter taking the data from each of the Moore units for that skid and providing overall calculations for batch tickets, etc. The two (quantity) meter skids share a single prover loop.
- A-3.2 Docks. There is a ControlLogix PLC at Dock 1 that provides control and monitoring for Docks 1 and 2. Each dock has a local operator terminal running the similar Allen-Bradley graphics program as on the main site which allows for local control from the dock.
- A-3.3 Pipeline. All mainline pipeline valves on the St. James-to-Bayou Choctaw pipeline are manually controlled. There is no DCS control or status indication of any of the pipeline valves outside the St. James facility boundary.
- A-3.4 Fire water system. Stand alone system with no interface to the Operations Process Controls.
- A-3.5 Fire system. Stand alone system with no interface to Operations Process Controls.

A-3.6 Building Utilities. Stand alone system with no interface to Operations Process Controls.

A-4. FACILITY DRAWINGS AND DRAWING INDEX

A-4.1 Facility Drawings. Drawings that depict pipelines, tanks, docks, electrical systems, process piping, control system and facility layout are available. These drawings include pipeline map plans, piping and instrumentation drawings, loop diagrams, process flow diagrams, electrical one lines, functional block diagrams and area plans.

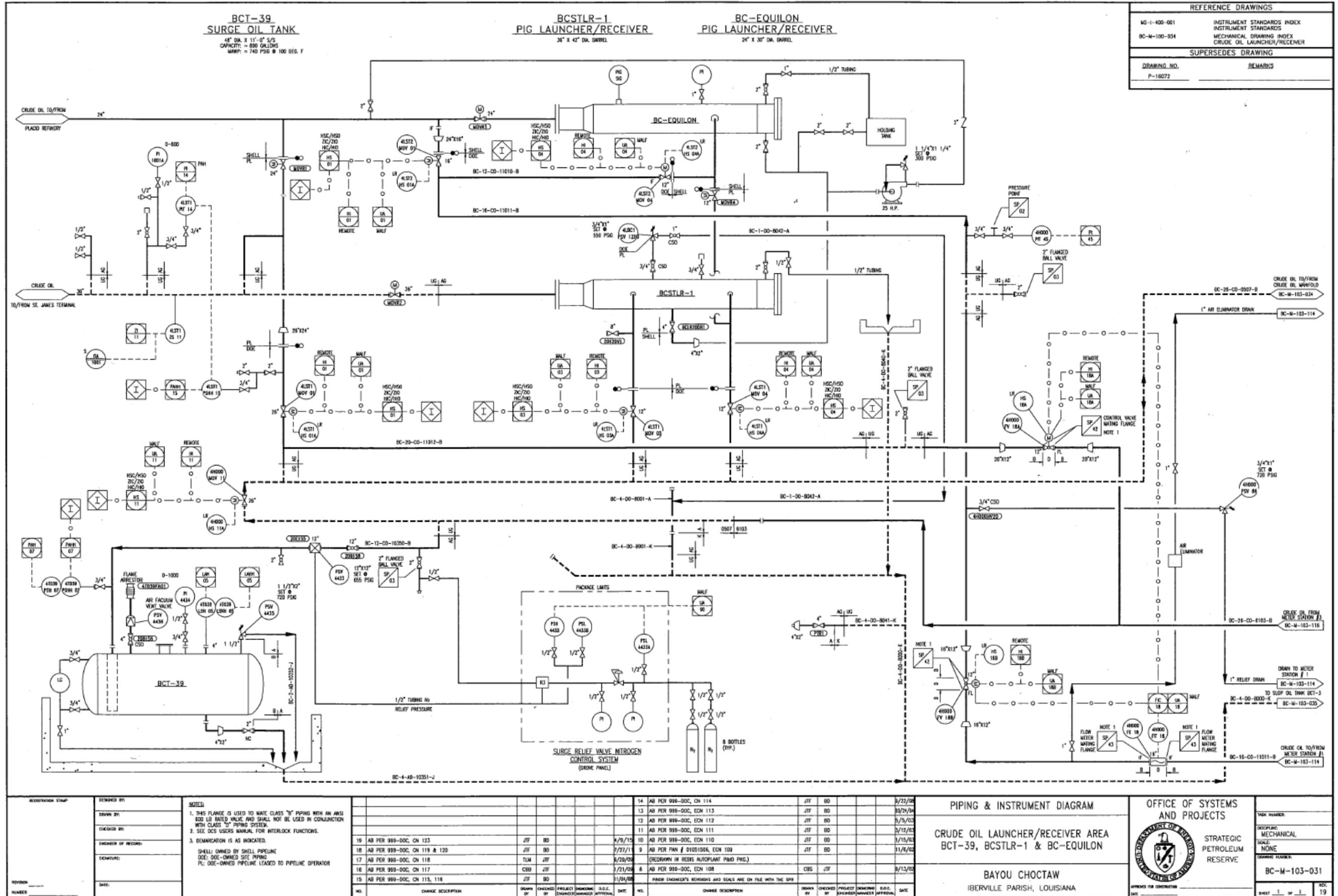
A-4.2 Drawing Index. A drawing index is available, at <https://www.spr.doe.gov/does/Solicitation/facilitydrawings.htm>, and is built using MS Excel with sorting on drawing index fields. The index includes drawing numbers, drawing type, descriptions, revision date, source of drawing, file name and notation on expected drawing accuracy.

Exhibit A-1
SPARE PARTS LIST

The following equipment is located in the warehouse at the terminal site in St. James and accounted for in the SPR Inventory System. LESSEE will be responsible for these items.

DESCRIPTION	QTY	TOTAL VALUE
COUPLING ASSEMBLY METAS:CPLR5000-IV-E430	2	\$11,560
BELL, SUCTION BOTTOM SEC:78-2931-58	1	\$7,863
BOWL, PUMP FOR BINGHAM W:28HXB2	1	\$23,876
BOWL, PUMP FOR BINGHAM W:28HXB2	1	\$23,876
GATE, VALVE, SLAB FOR 42":L41352	1	\$5,917
GATE, VALVE, SLAB FOR 36":L41011	2	\$9,912
ACTUATOR, VALVE LIMITORQUE:SMB000-293199	1	\$2,181
PUMP, FIRE JOCKEY 1.5X1.5X 9:9946341741	1	\$1,984
IMPELLER, PUMP 3-1/4"ID; :547303-1051	3	\$2,751
ACTUATOR, VALVE EIM MODE:3701-016RPM	2	\$7,418
METER, TURBINE 12" 150#:FT192CX1200LJC	1	\$11,313
GATE, VALVE, SLAB FOR 36":L41011	1	\$4,956
SEAT RING ASSEMBLY 42" 400 : 7-043964	2	\$15,824
METER, TURBINE 12" 150#:FT192CX1200LJC	1	\$11,313
TUBE, FLEX OUTER O-RING RUBBER:201-12008	1	\$699
MOTOR, ACTUATOR 16A TYPE:16A21-5A	2	\$1,806
GEARBOX ASSEMBLY F/LTV LOAD:4464-2904-07	1	\$4,728
SPIDER, BEARING 3-1/4" I:V3238-62-056	7	\$19,446
GATE, VALVE, SLAB FOR 30":L42325	4	\$14,132
RING, SEAT APPL TO 30" 1:L42327	6	\$9,000
GATE, VALVE, SLAB FOR 42":L41352	1	\$5,917
GATE, VALVE, SLAB FOR 36":L41011	1	\$4,956
GATE, VALVE, SLAB FOR 30":01700-30GATE	1	\$5,100
GATE, VALVE, SLAB FOR 30":L42325	1	\$3,533
SHAFT, PUMP 9 10" LG; TH:2626291-093	1	\$515
SHAFT APPL TO JENSEN TA:680VAS12D2-39	2	\$2,726
SHAFT, INTERMEDIATE 1"X5:460221706000-093	7	\$756
SHAFT, PUMP 1"DIA; 8 LG; :2626323-093	1	\$549
STEM, VALVE APPL TO 30" :D-124835-2	3	\$4,563
STEM, VALVE APPL TO 24" :271241425	1	\$3,300
SHAFT, TOP APPLIES TO PE:2615883-093	2	\$652
SHAFT, LINE 1.00"X98", A:82361346	1	\$210
SHAFT, PUMP 1-1/8" DIA I:104-207-9-2216	1	\$276
SHAFT, PUMP 1-1/2" DIA; :7392TS1A093	1	\$380
SHAFT, PUMP 1-1/2"DIA; 6:7392IS1A093	4	\$720
SHAFT, PUMP 1-1/2"DIA; 6:7392B51A093	1	\$180
SHAFT, PUMP 1-1/2"DIA; 4:7392-2TS1A093	1	\$175
SHAFT, PUMP 1"X1 4 1/2"; :V1000-03-093-1	1	\$108
SHAFT, PUMP 2-11/16"DIA; :7392BS3A093	1	\$310
SHAFT, PUMP 2-11/16"DIA; :7392LS3A093	1	\$310
SHAFT, PUMP 3" DIA; 91" :7392-TS-3A-093	1	\$1,468
SHAFT, PUMP 2-11/16" DIA:7392-2TS3A093	1	\$385
SHAFT, PUMP 3-1/4" DIA; :5473212-102-5/8	1	\$7,374
STEM, VALVE 90.375"LG; 3:L-41338	2	\$4,054
STEM, VALVE APPLIES TO G:L42330	2	\$3,672
STEM ASSEMBLY APPLY TO :D124836-2	1	\$2,241
SHAFT, PUMP 3-1/4" DIA; :78-2931-65	1	\$4,652
	GRAND TOTAL	\$249,637

Exhibit A-2 Demarcation Responsibility (Lessee vs. Government) at the Bayou Choctaw Site Side of the Bayou Choctaw Pipeline.



REFERENCE DRAWINGS	
MS-I-400-001	INSTRUMENT STANDARDS INDEX
BC-N-100-034	MECHANICAL DRAWING INDEX
	CRUDE OIL LAUNCHER/RECEIVER
SUPERSEDES DRAWING	
DRAWING NO.	REMARKS
P-16072	

DESIGNED BY:	JTF
DRAWN BY:	JTF
CHECKED BY:	JTF
ENGINEER OF RECORD:	JTF
SIGNATURE:	
DATE:	

NOTES:

- THIS FLANGE IS USED TO MATE CLASS "B" PIPING WITH AN ANSI 800 LB RATED VALVE AND SHALL NOT BE USED IN CONJUNCTION WITH CLASS "D" PIPING SYSTEM.
- SEE DCS USER'S MANUAL FOR INTERLOCK FUNCTIONS.
- DEMARICATION IS AS INDICATED.

SHELL: OWNED BY SHELL PIPELINE
 DCS: DCS-OWNED SITE PIPING
 PL: DCS-OWNED PIPELINE LEASED TO PIPELINE OPERATOR

NO.	CHANGE DESCRIPTION	DESIGNED BY	CHECKED BY	PROJECT ENGINEER	S.I.C.	DATE	NO.	CHANGE DESCRIPTION	DESIGNED BY	CHECKED BY	PROJECT ENGINEER	S.I.C.	DATE
14	AB PER 999-DOC, CN 114	JTF	BD			8/22/08							
13	AB PER 999-DOC, EGM 113	JTF	BD			03/24/04							
12	AB PER 999-DOC, EGM 112	JTF	BD			5/5/03							
11	AB PER 999-DOC, EGM 111	JTF	BD			3/12/03							
10	AB PER 999-DOC, EGM 110	JTF	BD			1/15/03							
9	AB PER PAN # 01051006, EGM 109 (RECORD IN REELS AUTOPLANT PWD PNG.)	JTF	BD			11/6/02							
8	AB PER 999-DOC, EGM 108	CBS	JTF			9/13/02							
15	AB PER 999-DOC, CN 115, 116	JTF	BD			11/04/08							

PIPING & INSTRUMENT DIAGRAM
 CRUDE OIL LAUNCHER/RECEIVER AREA
 BCT-39, BCSTLR-1 & BC-EQUILON

BAYOU CHOCTAW
 IBERVILLE PARISH, LOUISIANA

OFFICE OF SYSTEMS AND PROJECTS



STRATEGIC PETROLEUM RESERVE

TASK NUMBER:	
DISCIPLINE:	MECHANICAL
SCALE:	NONE
DRAWING NUMBER:	BC-M-103-031
SHEET:	1 OF 1
REV:	19

Exhibit A-3 Tagged Property Change Out Form

FFPO PROPERTY MANAGEMENT FORM
VERSION 10/2018

TAGGED PROPERTY CHANGE OUT FORM

NOTE: THIS FORM MUST BE COMPLETED EACH TIME TAGGED EQUIPMENT IS CHANGED OUT. THE PROPERTY TAG SHOULD BE REMOVED FROM THE EQUIPMENT AND AFFIXED TO THE BOTTOM OF THIS PAGE IN THE SPACE PROVIDED.

SEND COMPLETED FORM TO: FLUOR FEDERAL PETROLEUM OPERATIONS, LLC
ATTN: PROPERTY MANAGEMENT
521 ELMWOOD PARK BLVD.
NEW ORLEANS, LA 70123

NEW ITEM			
DESCRIPTION OF ITEM			
MANUFACTURER NAME			
MANUFACTURER SERIAL NUMBER			
MANUFACTURER MODEL			
MANUFACTURER PART NUMBER			
WEIGHT OF ITEM			
ACQUISITION VALUE			
YEAR ITEM WAS MANUFACTURED			
IS THERE A TRANSFERABLE WARRANTY			
SITE ITEM INSTALLED ON		DATE ITEM INSTALLED	

REMOVED ITEM			
DESCRIPTION OF ITEM			
GID TAG NUMBER			
MANUFACTURER			
MANUFACTURER SERIAL NUMBER			
MANUFACTURER MODEL NUMBER			
DATE ITEM WAS REMOVED		ITEM REMOVED FROM ONSITE WAREHOUSE INVENTORY	YES / NO (CIRCLE ONE)

FORM COMPLETED BY			REMOVE TAG AND PLACE HERE AFFIX TO PAGE USING TAPE		
RECEIVED BY FFPO					
NEW TAG #		DATE INSTALLED		INSTALLED BY	

APPENDIX B - CONDITION OF FACILITY

B-1. GENERAL CONDITION.

B-1.1 The last assessment of general conditions of the FACILITY can be found in the solicitation library, in the Facility Condition Assessment Report (FCAR) dated 5/18/2016. The FCAR review process included an examination of available records and a site inspection. A copy of the final FCAR report delineating any significant deficiencies found is available in the solicitation contract library. Repair of these significant deficiencies will be inspected during the next annual GOVERNMENT assessment and documented in an assessment report. The GOVERNMENT GOVERNMENTs not warrant that these reports have identified every possible deficiency within the FACILITY and it GOVERNMENTs not warrant the quality of the corrective actions. It is incumbent upon the LESSEE to perform its own facility condition assessment. If any additional assessments are performed and documented, these will be available within the solicitation contract library.

APPENDIX C - PAYMENT CALCULATIONS

C-1. BAYOU CHOCTAW PIPELINE. The LESSEE shall pay rent monthly to the GOVERNMENT based upon the prior month's actual average throughput, expressed as Mbbl/day rate and per the following formula:

C-1.1 Minimum guaranteed monthly lease payment shall be:

C-1.1.1 Prior to initiation of commercial operations - \$0.

C-1.1.2 At initiation of commercial operations - \$XX,XXX.xx / month (\$XXX,XXX.xx / year).

C-1.1.3 With the initiation of commercial operations and thereafter for the term of the Lease, and conditional to the subject pipeline maintaining commercial operation at rates of or greater than 62,500 barrels per day, when averaged over the previous three months of operations - the lease payment amount due will be the greater of \$XX,XXX.xx per month (\$XXX,XXX.xx / year) or as determined by the equations that follow.

C-1.2 From greater than 30.0 Mbbls/day rate through 130 Mbbls/day rate, where

$$M = 1000$$

$$X = [(total\ bbls\ shipped/month) \times (month/number\ days) \times (1/1000)]$$

$$R_{mo.} = \text{Monthly Gross Transportation Revenue}$$

$$\text{Equation: } (0.001327(X) + 0.01253) R_{mo.} = Y$$

$$\text{Monthly lease payment} = Y$$

C-1.3 From greater than 130 Mbbls/day rate through 240 Mbbls/day rate, where

$$M = 1000$$

$$X = [(total\ bbls\ shipped/month) \times (month/number\ days) \times (1/1000)]$$

$$R_{mo.} = \text{Monthly Gross Transportation}$$

$$\text{Equation: } (0.0003(X) + 0.1460) R_{mo.} = Y$$

$$\text{Monthly lease payment} = Y$$

C-1.4 From greater than 240 Mbbls/day rate through 400 Mbbls/day rate, where

$$M = 1000$$

$$X = [(total\ bbls\ shipped/month) \times (month/number\ days) \times (1/1000)]$$

$$R_{mo.} = \text{Monthly Gross Transportation}$$

$$\text{Equation: } (0.000142(X) + 0.190133) R_{mo.} = Y$$

$$\text{Monthly lease payment} = Y$$

C-1.5 From greater than 400 Mbbls/day rate through facility capacity, where

$$M = 1000$$

$$R_{mo.} = \text{Monthly Gross Transportation}$$

$$\text{Equation: } 26.0\% R_{mo.} = Y$$

$$\text{Monthly lease payment} = Y$$

C-1.6 Payments shall be made within 20 days from the end of the month for which the payment is due.

C-1.7 Charges. When through-put charges apply, LESSEE published commercial tariff and standard Rules and Regulations shall apply, unless otherwise stated in this agreement. For GOVERNMENT oil movements, [Schedule "A"](#) will apply.

C-1.8 Payment. Payment is made by wire transfer, after receipt of invoice, on or before the 20th day of the month following the month of activity.

C-2. TANK TERMINAL AND DOCKS.

C-2.1 Minimum guaranteed monthly lease payment shall be: \$XXX,XXX.XX

C-2.1.1 With the initiation of commercial operations and thereafter for the term of the Lease, the lease payment amount due will be the greater of \$XXX,XXX.xx per month (\$XXX,XXX.xx / year) or as determined by the equations below.

C-2.1.1.1 From greater than 30.0 Mbbls/day rate through 130 Mbbls/day rate, where
M = 1000
X = [(total bbls shipped/month) x (month/number days) x (1/1000)]
R_{mo.} = Monthly Gross Transportation Revenue
Equation: (0.001327(X) + 0.01253) R_{mo.} = Y
Monthly lease payment = Y

C-2.1.1.2 From greater than 130 Mbbls/day rate through 240 Mbbls/day rate, where
M = 1000
X = [(total bbls shipped/month) x (month/number days) x (1/1000)]
R_{mo.} = Monthly Gross Transportation
Equation: (0.0003(X) + 0.1460) R_{mo.} = Y
Monthly lease payment = Y

C-2.1.1.3 From greater than 240 Mbbls/day rate through 400 Mbbls/day rate, where
M = 1000
X = [(total bbls shipped/month) x (month/number days) x (1/1000)]
R_{mo.} = Monthly Gross Transportation
Equation: (0.000142(X) + 0.190133) R_{mo.} = Y
Monthly lease payment = Y

C-2.1.1.4 From greater than 400 Mbbls/day rate through facility capacity, where
M = 1000
R_{mo.} = Monthly Gross Transportation
Equation: 26.0 % R_{mo.} = Y
Monthly lease payment = Y

C-2.2 Payments shall be made within 20 days from the end of the month for which the payment is due.

C-2.3 Charges. For GOVERNMENT oil movements, [Schedule "A"](#) will apply.

C-3. GOVERNMENT OIL EXERCISE PROVISIONS

C-3.1 National Energy Emergencies

C-3.1.4 In the event a National Energy Emergency is declared by the President that requires the GOVERNMENT to draw down the Strategic Petroleum Reserve (SPR), the GOVERNMENT would require oil to be moved through the Bayou Choctaw Pipeline (from Bayou Choctaw to the St. James Terminal) on a priority basis. The GOVERNMENT will coordinate and schedule national energy emergency oil movements with the LESSEE in accordance with GOVERNMENT drawdown procedures. The GOVERNMENT declares three alert levels, increasing in urgency, when drawdown of the SPR crude oil is expected. Under Alert Level I, the LESSEE will be requested to provide GOVERNMENT with information regarding the LESSEE's current pipeline activities. Under Alert Level II, the LESSEE will be notified that an SPR drawdown may be ordered and the LESSEE will be requested to update GOVERNMENT with information regarding the LESSEE's current pipeline activities. Under Alert Level III, the LESSEE will be notified that an SPR drawdown has been ordered

and the LESSEE shall make the requisite pipeline facilities available to the SPR within 15 days from the receipt of the written notice of impending drawdown.

C-3.1.5 During the period of Alert Level III, the LESSEE will continue to maintain the leased property in accordance with its Maintenance Plan and provide pipeline monitoring and repair services if required.

C-3.1.6 In less than a full rate drawdown, the GOVERNMENT will make the Bayou Choctaw pipeline and the St. James Storage Facility available to the LESSEE for commercial operations to the maximum extent possible.

C-3.2 Emergency Exchange and Operational Emergency Oil Movement

C-3.2.1 In the event of an operational emergency at the Strategic Petroleum Reserve, the LESSEE will make the leased Bayou Choctaw crude oil pipeline available to the Government, as soon as possible, after being notified by the Government. The LESSEE shall provide pipeline transportation services for GOVERNMENT crude oil to be moved through the leased property for the purposes of oil fill and oil withdrawal. In the event of an Emergency Exchange at the Strategic Petroleum Reserve, the LESSEE will make the leased Bayou Choctaw crude oil pipeline available to the Government, as soon as possible, after being notified by the Government.

C-3.2.1.1 Operational emergency oil movements and services will be subject to LESSEE's contract rates as described in Schedule A, which will remain in effect for the term of the Lease.

C-3.3 Non-Emergency Oil Movements

C-3.3.1 The LESSEE shall provide pipeline transportation services for GOVERNMENT crude oil to be moved through the leased property for the purposes of oil fill, oil withdrawal (oil sale) or system test exercises.

C-3.3.1.1 Oil fill or oil withdrawals will be coordinated and scheduled through provisions established for commercial oil movements. Oil fill, and oil withdrawal will be subject to LESSEE's contract rates as described in D-4 Schedule A, which will remain in effect for the term of the Lease.

C-3.3.1.2 SPR system test exercises may be conducted periodically (maximum of once per year) which may require the use of the Bayou Choctaw pipeline and St. James Storage Facility for a short period of time. All system test exercises will be coordinated between the GOVERNMENT and the LESSEE or pipeline operator, and will be scheduled so as to minimize interference with ongoing commercial operations. System test exercises will be subject to LESSEE's contract rates as described in Attachment "2", which will remain in effect for the term of the Lease.

C-3.3.2 LESSEE's standard Rules and Regulations as defined in its published tariffs will apply to all non-emergency oil movements.

C-3.4 General Provisions for GOVERNMENT Oil Movements

APPENDIX D - OPERATIONAL PLAN FOR THE FACILITY

D-1. CRUDE OIL MOVEMENTS.

- D-1.1 National Energy Emergency. Receive crude oil from Bayou Choctaw (SPR) site into LESSEE's facilities or to other third parties' facilities.
- D-1.2 Emergency Exchange and Operational Emergency Oil Movement. Transportation and storage services as may be requested by GOVERNMENT or its customer and as may be available to be provided by LESSEE.
- D-1.2.1 Oil Fill. Receive crude oil into LESSEE's facilities or from other third parties' facilities as directed by GOVERNMENT or its customer and deliver that same oil as directed by the GOVERNMENT or its customer to Bayou Choctaw (SPR). Note that due to the Bayou Choctaw site limitations, the oil receipt rate is limited to approximately 3,000 to 5,000 barrels per hour, dependent upon cavern availability. This may impact and delay the time that a Lessee may have access to the leased pipeline.
- D-1.2.2 Oil Withdraw.
- D-1.2.2.1 Receive crude oil from Bayou Choctaw (SPR) site into LESSEE's facilities or to other third parties' facilities as directed by GOVERNMENT or its customer.
- D-1.3 Non-Emergency Oil Movement.
- D-1.3.1 Oil Fill. Receive crude oil into LESSEE's facilities or from other third parties' facilities as directed by GOVERNMENT or its customer and deliver that same oil as directed by the GOVERNMENT or its customer to Bayou Choctaw (SPR). Note that due to the Bayou Choctaw site limitations, the oil receipt rate is limited to approximately 3,000 to 5,000 barrels per hour, dependent upon cavern availability. This may impact and delay the time that a Lessee may have access to the leased pipeline.
- D-1.3.2 Oil Withdraw. Receive crude oil into LESSEE's facilities or from other third parties' facilities as directed by GOVERNMENT or its customer and deliver that same oil as directed by the GOVERNMENT or its customer to Bayou Choctaw (SPR). Note that due to the Bayou Choctaw site limitations, the oil receipt rate is limited to approximately 3,000 to 5,000 barrels per hour, dependent upon cavern availability. This may impact and delay the time that a Lessee may have access to the leased pipeline.
- D-1.3.3 For fill movements into the SPR's Bayou Choctaw site, LESSEE will deliver crude oil in batch sizes of at least 40,000 barrels. Deliveries shall be at a minimum rate of at least 4,000 barrels per hour, over a 10-hour period. Smaller batch sizes are acceptable if the time between the batches GOVERNMENTs not exceed 24 hours. Note that due to the Bayou Choctaw site limitations, the oil receipt rate is limited to approximately 3,000 to 5,000 barrels per hour, dependent upon cavern availability. This may impact and delay the time that a Lessee may have access to the leased pipeline.
- D-1.3.4 In the event that LESSEE uses pigs associated with deliveries into the Bayou Choctaw storage site, the pigs shall be launched at either the beginning, or the beginning and the end of the batch delivery. LESSEE pigs shall not arrive within a crude oil batch receipt at Bayou Choctaw.
- D-1.3.5 During deliveries of crude oil by LESSEE into the Bayou Choctaw site, Lessee will allow government representatives or contracted inspectors onto the St. James Facility to witness the Lessee reference measurements for the oil being pushed into the Bayou Choctaw Pipeline. Lessee will also make copies of your reference meter/tank measurements available to government representatives/inspectors."
- D-1.4 Annual SPR test exercise. LESSEE will receive crude oil from GOVERNMENT at Bayou Choctaw

(SPR) into Bayou Choctaw Pipeline and deliver that crude oil to St. James Terminal location. Storage services if any is required will be covered under a separate agreement. The test exercise will be concluded when a like quantity of crude oil of same quality, or as may otherwise be directed by GOVERNMENT, is delivered back to GOVERNMENT at Bayou Choctaw (SPR) via Bayou Choctaw Pipeline.

D-1.4.1 National Energy Emergency Procedure.

D-1.4.1.1 During a national emergency wherein the GOVERNMENT is given full use of the Bayou Choctaw pipeline for movement of SPR oil from the Bayou Choctaw site to St. James Terminal, the GOVERNMENT will become the shipper using both the BC measurement into the Bayou Choctaw Pipeline and St. James Terminal measurement leaving the Bayou Choctaw Pipeline. The GOVERNMENT will be the Shipper and incur all through-put charges into the St. James Facility tankage and pumped out to the Docks.

D-1.4.1.2 In the event the GOVERNMENT contracts with its customer to accept Bayou Choctaw measurement for primary custody while given full use of the Bayou Choctaw pipeline, the GOVERNMENT customer will be the shipper and responsible party for all charges pertaining to the Bayou Choctaw pipeline through-put. Any change of the custody measurement point from Bayou Choctaw meter to the St. James meter, the GOVERNMENT customer will remain responsible for all charges pertaining to the Bayou Choctaw pipeline through-put.

D-1.4.2 Emergency Exchange and Operational Emergency Oil Movement.

D-1.4.2.1 During an Emergency Exchange or Operation Emergency, Bayou Choctaw measurement will be the primary custody point. If the GOVERNMENT assumes full use of the Bayou Choctaw pipeline, and assumes ownership of the Bayou Choctaw pipeline inventory, it will be to facilitate SPR movements of crude oil from the Bayou Choctaw site. The GOVERNMENT customer will be the shipper and responsible party for all charges pertaining to the Bayou Choctaw pipeline through-put. In the event of a required change of the custody measurement point from Bayou Choctaw meter to the St. James meter, the GOVERNMENT customer will remain responsible for all charges pertaining to the Bayou Choctaw pipeline through-put.

D-1.4.3 Non-emergency Oil Movement.

D-1.4.3.1 Delivery of crude oil into and out of the Bayou Choctaw site will use the BC meter and inline sampler for measurement. Delivery of crude oil into and out of the Bayou Choctaw pipeline will use the St. James meter and inline sampler. Non-emergency movements and (STEs) System test exercises will be subject to LESSEE's contract rates. Unless otherwise advised, the GOVERNMENT customer will be the shipper and responsible party for all charges pertaining to the Bayou Choctaw pipeline through-put.

D-2. CRUDE OIL QUALITY ASSURANCE.

LESSEE will only accept for storage and transportation, crude oil consistent with merchantable crude. LESSEE will not knowingly accept for storage and transportation crude oil, which GOVERNMENTs not comply with these requirements. LESSEE has no obligation to accept, store, or transport contaminated crude oil.

D-2.1 Contamination Guidelines. Contractor shall be liable for any nonhydrocarbon or non-merchantable liquid hydrocarbons, with contaminates such as additives, slops, organic chlorides, or waste caused by Contractor's gross negligence or willful misconduct. Should contaminated crude oil enter St. James Facility, LESSEE will be responsible for disposal and for all direct (excluding all consequential damages) damages and expenses incurred in returning St. James Facilities to service.

D-3. CRUDE OIL LOSSES.

D-3.1 Title for crude oil and risk of loss shall remain with crude oil owner. Customer is responsible for monthly pro-rated system actual losses in Bayou Choctaw Pipeline. The maximum allowable loss for the DOE for each pipeline and/or terminal through-put will be .20%. The GOVERNMENT will not incur losses of greater than .20% for each movement. Any gains to the GOVERNMENT may be used by the Lessee so as to offset losses within a one-month period for normal handling, transportation, line loss, storage, and shrinkage. Monthly pro-rated actual losses are determined by LESSEE, following month end closing which will occur at 7AM on the first day of each month. The monthly pro-rated actual losses are determined for Bayou Choctaw Pipeline by dividing the Customer's total delivered volume by the total volume delivered for all shippers and then multiplying this pro-rated percentage number by the total losses for Bayou Choctaw Pipeline. Pro-rated losses of less one quarter of one percent ($\frac{1}{4}$ of 1%) will be reduced from Customers inventory volume. Customer may be required to supply additional inventory barrels to offset the crude oil losses assessed against Customers inventory. Line inventory and meters for Bayou Choctaw Pipeline located at Bayou Choctaw (SPR), St. James Terminal and other future meter locations will be utilized to determine monthly pipeline losses. LESSEE is responsible for losses, due to mismeasurement, above one quarter of one percent ($\frac{1}{4}$ of 1%). Net system gains will be retained by LESSEE. Crude oil losses are not automatic pipeline loss allowances charged against all barrels shipped.

D-4. SCHEDULE A - CONTRACT UNIT PRICES

Item	Description	Unit	Unit Price
1.	<p><u>Emergency Exchange or Operation Emergency</u></p> <p>a. Bayou Choctaw site meter station measurement will be the primary custody point. When the GOVERNMENT is the shipper thereby assuming full use of the Bayou Choctaw pipeline, and assumes ownership of the Bayou Choctaw pipeline inventory, it will be to facilitate SPR movements of crude oil from the Bayou Choctaw site.</p> <p>b. Tankage / Dock Loading</p>	Cents Per Barrel	\$XX.XX
2.	<p><u>SYSTEM TESTING</u> - Crude Oil/Crude Petroleum movements from Bayou Choctaw site through Bayou Choctaw Pipeline and return to Bayou Choctaw site during system testing to include operational site maintenance transfers</p>	Cents Per Barrel	\$XX.XX
3.	<p><u>Nonemergency drawdown/Commercial Sale</u></p> <p>a. Delivery of crude oil into and out of the Bayou Choctaw site will use the Bayou Choctaw meter and inline sampler for measurement. Delivery of crude oil into and out of the Bayou Choctaw pipeline will use the St. James Facility meter and inline sampler.</p> <p>b. Tankage / Dock Loading</p>	Cents Per Barrel	\$XX.XX
4.	<p><u>National Emergency Drawdown</u></p> <p>a. During a national emergency wherein, the GOVERNMENT is given full use of the Bayou Choctaw pipeline for movement of SPR oil from the Bayou Choctaw site to St. James Facility, the GOVERNMENT will become the shipper using both the Bayou Choctaw site measurement into the Bayou Choctaw Pipeline and St. James Facility measurement leaving the Bayou Choctaw Pipeline.</p> <p>b. Tankage / Dock Loading</p>	Cents Per Barrel	\$XX.XX
5.	<p><u>TANKAGE</u> – Storage of GOVERNMENT Crude Oil/Crude Petroleum due to emergency and nonemergency drawdown events.</p>	Cents Per Barrel	\$XX.XX

APPENDIX E - GOVERNMENT CRUDE OIL QUALITY AND QUANTITY

E-1. DETERMINATION OF QUANTITY AND QUALITY.

- E-1.1 All Government movements into and out of the St. James Facility will be performed by the Government 3rd party inspector in accordance with the latest published version from the API Manual of Petroleum Measurement Standards, for Metering, Proving, and Shore-tank gauging. Meters and Provers will be the preferred measurement for quantity. Inline sampler will be the preferred method for quality. Customer will have the right to witness all measurement activities, including witness all Laboratory testing.
- E-1.2 All measurement into and out of the Bayou Choctaw site will be based on Bayou Choctaw Meters (primary). Secondary measurement will be the St. James Meters.
- E-1.3 All measurement into and out of the St. James, (exiting the Bayou Choctaw pipeline) will be based on St. James Facility (primary). Secondary measurement will be the Bayou Choctaw site Meters.
- E-1.4 All measurement into and out of St. James tank farm, including vessel loading, will be based on Meters (primary) and/shore-tank gauging (secondary) unless otherwise agreed to by parties.
- E-1.1 Documentation of oil movements into or out of LESSEE's system will be by the applicable pipeline receipt/delivery ticket, tank gauge ticket, meter proving reports, and laboratory test report. Completed gauging and/or metering tickets and volume calculation worksheets will become supporting documents to the related Tanker/Barge loading and discharge reports (DD 250-1) or to the Material Inspection and Receiving Report (DD 250) for pipeline shipments or the Crude Oil Delivery Report (CODR) for drawdown or sale. (Refer to Attachment Nos. E-2, E-3, and E-4.)
 - E-1.1.4.1 Note: preliminary samples from the vessel's tanks and/or shore tanks will need to be tested (1-2 hours) for API Gravity, S&W (spin out), and NORM to assure compliance with SPR crude oil specifications prior to discharge. The GOVERNMENT 3rd party inspector will retrieve vessel samples upon arrival so as to expedite testing. Additionally, the vessel's tanks and/or shore tanks will need to be tested for contaminants prior to any receipts in Site caverns. Travel and testing can take between 6-8 hours to complete.
- E-1.2 In case of measurement equipment failure, Parties will use best data available to determine the quantity and quality in question. Should a dispute arise concerning volume or other measurement issues, both parties hereto will make available during normal business hours their records concerning such dispute in an attempt to resolve such issues.

E-2. RESPONSIBILITY AND QUALITY/QUANTITY CONTROL FOR CRUDE OIL.

- E-2.1 Determinable losses are defined as losses resulting from spills, pipeline breaks, mechanical failures, theft, fire and contamination. For the purpose of this contract, contamination of GOVERNMENT crude oil is defined in D-3.1 while the oil is in the custody of the LESSEE.

Tables E-1. Quality Levels.

QUALITY	GOVERNMENT CRUDE OIL CATEGORY	
	SWEET	SOUR
Gravity - API°	+/-0.5	+/-0.5
Sulfur - Wt.%	+/-0.10	+/-0.10
Water and Sediment - (% Volume) Max	1.0	1.0

E-2.2 Operational Losses. The quantity of product deliverable at destination shall be the quantity received at origin, less shrinkage, evaporation, or other loss in transit, including leaks and breaks, resulting from any cause other than the sole negligence of Carrier, up to maximum loss of two-tenths of one percent (0.2 of 1%) of a Shipper's total movements hereunder during any calendar year.

E-2.3 Reimbursement for Crude Oil Losses. If the LESSEE is found liable for loss, destruction or contamination of GOVERNMENT crude oil under the provisions of the Government property clause (including all determinable losses, i.e., spills, contamination, destruction or theft, and for excess operational losses as defined below), the LESSEE shall pay the Government for the value of the oil lost, or for the loss in value of oil contaminated and downgraded to a lower type of SPR crude, as set forth below:

E-2.3.1 Determinable Losses

E-2.3.1.1 During Fill, Drawdown and System Testing. LESSEE shall pay the current market value to GOVERNMENT for the volumetric loss which has occurred.

E-2.3.1.2 The current market value is derived from the data published in the Platt's Oilgram Price Report and/or Argus price assessment. If no published prices are available, a mutually agreed upon price will be negotiated. Crude oil prices will be computed as follows:

E-2.3.1.2.1 Foreign crude oil, for SPR site receipt, will be based on current spot prices quoted as U.S. Gulf Coast (USGC) "outturn" barrels (cost of cargo, insurance, freight, lightering and all applicable taxes) against NYMEX WTI for delivery basis with additional cost to account for crudes moving from USGC to site.

E-2.3.1.2.2 Domestic crude oil grade, for SPR site receipt, will be based on spot prices quoted as a grade differential to the NYMEX WTI for delivery basis with additional cost to account for crudes moving from USGC to site.

E-2.3.1.2.3 SPR cavern oil will be based on spot prices as a comparable domestic benchmark crude (i.e., as of June 2018; Light Louisiana Sweet crude oil for Bryan Mound Sweet crude oil, Bonito sour crude oil for Bryan Mound sour crude oil) quoted against the NYMEX WTI for delivery basis which shall be the "Reference Price," with additional cost to account for crudes moving from USGC to site.

E-2.3.1.2.4 All above crude oil pricing computation methods shall be subject to a quality adjustment based on the difference in API gravity and total sulfur between the average of the reference crudes and the SPR crude oil lost (see Section E-3. Quality Adjustments).

E-2.3.2 Operational Losses

E-2.3.2.1 The LESSEE is liable for excess operational losses, as defined herein, and for determinable losses as defined herein, of GOVERNMENT crude oil occurring while in the LESSEE's possession, as specified in the limited risk of loss provisions of the Government Property Clause.

E-2.3.2.2 The LESSEE shall pay the Government for all excess operational quality losses based on the current reference price using the same formula as for system testing and for quality adjustments as defined above. The API gravity and total sulfur of the SPR crude as a basis for the quality adjustments will be the arithmetic average of all SPR crude oil handling during the 6-month period at the LESSEE's facility

for which the loss is calculated.

E-2.3.3 Contamination Resulting in Downgrading to another SPR Crude Type

E-2.3.3.1 The LESSEE shall make payment to GOVERNMENT based on the actual changes in API gravity and total sulfur between the SPR oil received and the downgraded type returned at the rates shown under “Quality Adjustments” below.

E-3. QUALITY ADJUSTMENTS.

E-3.1 Quality adjustments for receipts of crude oil into the GOVERNMENT site shall be based on the differences between the quality test result of crude oil entering into the LESSEE’s facility, or designated quality measurement point and the GOVERNMENT site destination test results which exceed those limits as set forth in section [E-2.1 Table E-1](#).

E-3.2 Quality adjustments for crude oil deliveries out of the GOVERNMENT site shall be based on the differences between the GOVERNMENT site origin test results and the test results of the crude oil exiting the LESSEE’s facility or designated quality measurement point which exceeds those limits as set forth in section [E-2.1 Table E-1](#).

E-3.2.1 Quality differentials will be calculated by utilizing the API GravCap Table attached herein in Attachment E-5, Table E-5. The allowable variations from the common quality for crude oil deliveries are as defined in section [E-2.1 Table E-1](#).

E-3.2.2 API Gravity between 40.0 and 45.0: No quality differential shall be assessed.

E-3.2.3 API Gravity between 35.0 and 40.0: Adjustment for Sweet/Sour crude oil is 2¢ per barrel for each degree (1.0°) increase/decrease in (API) Gravity, or part thereof, by which the allowable variation set forth above is exceeded. Specifically, computed API Gravity excess variances for each cargo, reported in API Gravity 0.1° increments, shall be rounded up to the next whole 1.0° API.

E-3.2.4 API Gravity below 35.0: Adjustment for Sweet/Sour crude oil is 1.5¢ per barrel for each tenth of a degree (0.1°) increase/decrease in (API) Gravity, or part thereof, by which the allowable variation set forth above is exceeded.

E-3.2.5 Total Sulfur: 1.0¢ per barrel for each 1/100th percent (0.01%) increase/decrease in total sulfur by which the allowable variations set forth above are exceeded.

E-3.2.6 If crude oil delivered to the GOVERNMENT falls below the minimum SPR specification for API Gravity, or above the maximum GOVERNMENT specification for sulfur, as defined in Attachment E-1, Table E-4, a quality differential adjustment shall be applied without a variance allowance on that portion exceeding the specification limit.

E-4. PROPERTY CONTROL RECORDS AND REPORTS.

E-4.1 DD Form 250-1, Tanker/Barge Loading and Discharge Report (refer to Attachment E-3-) shall be used to document all tanker/barge loadings and discharges and shall be signed by the Government Third-Party Inspector. DD Form 250, Material Inspection and Receiving Report (refer to Attachment E-2) shall be used to document all pipeline deliveries and receipts and shall be signed by the Government Third-Party Inspector. These reports shall be supported by appropriate tanker/ barge ullage reports and shore tank gauging or meter tickets (as applicable), calculation worksheets and laboratory analyses reports.

E-4.2 During drawdown, all deliveries to purchasers, whether by pipeline or to vessels, will be documented on Form SPRPMO F-416.1-3, Strategic Petroleum Reserve Crude Oil Delivery Report (CODR) (refer to Attachment E-4) which shall require signatures of the purchaser or designee, the terminal representative, the purchaser’s agent, and the vessel’s master (if appropriate). The CODR will be supported by the appropriate shore tank gauging or meter tickets (as applicable), calculation worksheets, and laboratory analyses reports.

E-5. NETOUTS.

E-5.1 If Lessee has been requested by the Government to deliver Crude Oil for the Government for any purpose including tests, Lessee may upon mutual agreement make delivery from the shipments of other shipper’s Crude Oil provided that the Crude Oil to be delivered meets Government’s specifications and is acceptable by the Government. In such event, any quality differences shall be corrected through a monetary adjustment, indexed on current GravCap tables (attachment E-5 GravCap Table API and GravCap Table Sulfur, current as of Oct 2018), as payment to the Government or to Lessee (for the account of Lessee's other shipper(s)) depending on which Party has the net better quality crude by being higher API gravity or lower total sulfur content. Laboratory tests for API Gravity and Sulfur Weight Percent shall be taken both when custody of the Crude Oil is originally passed to the Lessee and when custody of the Crude Oil is returned to the Government or transferred at Government's request to another shipper or carrier. The quality differentials shall be based on the resulting analysis differences between these tests and calculated using the following adjustment factors:

Table E-2. Quality Differential Adjustment Factors.

Quality Characteristics	SPR Crude Oil Quality	
	Sour	Sweet
Gravity – API°	+/- 0.5	+/- 0.5
Sulfur – WT,%	+/- 0.10	+/- 0.10

E-5.2 Where applicable, the quality adjustments shall have rates adjusted per the following methodology which is also shown on attachment E-5 GravCap Table API and GravCap Table Sulfur:

- E-5.2.1 API Gravity. Sour Crude Oil (Sulfur weight % greater than 0.5%), 1.5 cents per barrel for each 1/10th degree (0.1) excess variance (+/-) in gravity when the limits set forth above are exceed.
- E-5.2.2 Sweet Crude Oil (Sulfur weight % less than or equal to 0.5%), 2 cents per barrel for each whole degree (1.0) API Gravity, or part thereof, when the limits set forth above are exceeded.
- E-5.2.3 Total Sulfur. 1.0 cents per barrel for each 1/100th percent (0.01%) increase in total sulfur when the limits set forth above are exceeded. See attachment E-5 GravCap Table Sulfur.
- E-5.2.3.1 API Gravity. If the Government delivers Crude Oil of a lower gravity than that received, then any such adjustment shall represent a payment to the Lessee for the account of Lessee’s other shipper(s).
- E-5.2.3.2 Total Sulfur. If the Government delivers Crude Oil of a lower sulfur than that received, then any such adjustment shall represent a payment to the Government, otherwise any such adjustment shall represent a payment to the Lessee for the account of Lessee’s other shipper(s).
- E-5.2.3.3 Payment due from A) and/or B) shall be netted together and result in a single payment from the Party net owing. Such payment shall be due from the Government within thirty (30) days of receipt of a valid invoice, or from Lessee within ten (10) days of receipt of payment from Lessee’s other shipper(s). Lessee shall arrange for the sampling and testing required to implement this provision. A Government contracted third party inspector shall witness all sampling and testing analysis. Government shall provide access at its facilities to Lessee for the purpose of collecting any such samples.

TABLE E-3. GravCap Example Quality Adjustment.

EXAMPLE: Quality Adjustment	SOUR CRUDE	SWEET CRUDE
API Gravity - SPR delivered bbls	35.8°	35.8°
API Gravity - Lessee returned bbls	38.2°	38.0°
API Gravity - Quality Variance	2.4°	2.2°
Allowable Variance	±0.5°	±0.5°
Excess Variance - API Gravity	1.9°	1.7°
API Gravity \$ Adjustment per bbl	- 28.5¢	- 4¢
"- ¢" = SPR owes Lessee		
"+ ¢" = Lessee owes SPR		
Sulfur Wt% - SPR delivered bbls	1.33%	0.33%
Sulfur Wt% - Lessee returned bbls	1.46%	0.39%
Sulfur Wt% - Quality Variance	0.13%	0.06%
Allowable Variance	±0.10%	±0.05%
Excess Variance - Sulfur Wt%	0.03%	0.01%
Sulfur Wt% \$ Adjustment per bbl	+3¢	+1¢
"- ¢" = SPR owes Lessee		
"+ ¢" = Lessee owes SPR		
Net Quality \$ Adjustment per bbl	- 25.5¢	- 3¢
"- ¢" = SPR owes Lessee		
"+ ¢" = Lessee owes SPR		

ATTACHMENT E-1

TABLE E-4. STRATEGIC PETROLEUM RESERVE CRUDE OIL SPECIFICATIONS ^a (SPRO JULY 2015) ^{e1}

CHARACTERISTIC	SOUR	SWEET	PRIMARY ASTM TEST METHOD ^b
API Gravity [°API]	30-45	30-45	D 1298 or D 5002
Total Sulfur [Mass %], max.	1.99	0.50	D 4294
Pour Point [°C], max.	10	10	D 97
Salt Content [Mass %], max.	0.050	0.050	D 6470
Viscosity			
[cSt @ 15.6°C], max.	32	32	D 445
[cSt @ 37.8°C], max.	13	13	
Reid Vapor Pressure [kPa @ 37.8°C], max.	76	76	D 323 or D 5191
Total Acid Number [mg KOH/g], max.	1.00	1.00	D 664
Water and Sediment [Vol. %], max.	1.0	1.0	D 473 and D 4006, or D 4928
Yields [Vol. %]			D 2892 and D 5236 ^c
Naphtha [28-191°C]	24-30	21-42	
Distillate [191-327°C]	17-31	19-45	
Gas Oil [327-566°C]	26-38	20-42	
Residuum [>566°C]	10-19	14 max.	
Light Ends [Liquid Vol. %] ^d , max			
Methane (C ₁)	0.01	0.01	IP 344 or ITM 6008
Ethane (C ₂)	0.1	0.1	
Propane (C ₃)	1.0	1.0	

^{e1} This revision includes a limitation on light ends content (see Footnote ^d)

^a Marketable crude petroleum suitable for normal refinery processing and free of foreign contaminants or chemicals including, but not limited to, pour point depressants, chlorinated and oxygenated hydrocarbons, and lead.

^b Alternate methods may be used if approved by the contracting officer.

^c D 7169 data may be provided in requesting conditional acceptance of a crude oil. Distillation data according to D 2892 and D 5236 will still be necessary for final qualification of a crude oil's acceptance.

^d Light ends content specifications are interim and will be superseded if and when industry standards for light ends evaluation are implemented.

NOTE 1: The Strategic Petroleum Reserve reserves the right to refuse to accept any crude oil which meets these specifications but is deemed to be incompatible with existing stocks, or which has the potential for adversely affecting handling.

NOTE 2: The acceptability of any crude oil depends upon any assay typical of current production quality of the stream. Assays typical of current production quality are mandatory for any crude oil not received by the SPR within the last three years. Any crude oil offered to the Strategic Petroleum Reserve that meets these specifications may be subject to additional testing for acceptance.

NOTE 3: All crude oil shipments received by the SPR are tested to ensure they meet specifications. Crude streams found consistently not meeting required specifications will be removed from the list of acceptable crude oils.

ATTACHMENT E-2
DD FORM 250
MATERIAL INSPECTION AND RECEIVING REPORT

MATERIAL INSPECTION AND RECEIVING REPORT						<i>Form Approved</i> <i>OMB No. 0704-0248</i>		
Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0248), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0248), Washington, DC 20503. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it GOVERNMENT's not display a currently valid OMB control number.								
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. SEND THIS FORM IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED IN THE DFARS, APPENDIX F-401.								
1. PROCUREMENT INSTRUMENT IDENTIFICATION. (CONTRACT) NO.			(ORDER) NO.		6. INVOICE NO./DATE		7. PAGE OF	8. ACCEPTANCE POINT
2. SHIPMENT NO.		3. DATE SHIPPED			4. B/L TCN	5. DISCOUNT TERMS		
9. PRIME CONTRACTOR CODE			10. ADMINISTERED BY CODE					
11. SHIPPED FROM (if other than 9) CODE			FOB:		12. PAYMENT WILL BE MADE BY CODE			
13. SHIPPED TO CODE			14. MARKED FOR CODE					
15. ITEM NO.	16. STOCK/PART NO. <i>(Indicate number of shipping containers - type of container - container number.)</i>	DESCRIPTION			17. QUANTITY SHIP / REC'D *	18. UNIT	19. UNIT PRICE	20. AMOUNT
21. CONTRACT QUALITY ASSURANCE <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>A. ORIGIN <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents.</p> <p>_____ DATE SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE</p> <p>TYPED NAME TITLE: MAILING ADDRESS:</p> <p>COMMERCIAL TELEPHONE NUMBER:</p> </div> <div style="width: 45%;"> <p>B. DESTINATION <input type="checkbox"/> CQA <input type="checkbox"/> ACCEPTANCE of listed items has been made by me or under my supervision and they conform to contract, except as noted herein or on supporting documents.</p> <p>_____ DATE SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE</p> <p>TYPED NAME TITLE: MAILING ADDRESS:</p> <p>COMMERCIAL TELEPHONE NUMBER:</p> </div> </div>						22. RECEIVER'S USE Quantities shown in column 17 were received in apparent good condition except as noted. _____ DATE RECEIVED SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE TYPED NAME: TITLE: MAILING ADDRESS: COMMERCIAL TELEPHONE NUMBER: <i>* If quantity received by the Government is the same, as quantity shipped, indicate by (x) mark; if different, enter actual quantity received below quantity shipped and encircle.</i>		
23. CONTRACTOR USE ONLY								

**ATTACHMENT E-5
GRAVCAP TABLE API.**

GRAVCAP, INC.
ADJUSTMENT AUTHORIZATION

TABLES OF DIFFERENTIALS FOR USE IN DETERMINING ADJUSTMENTS FOR
DIFFERENCE IN GRAVITY OF CRUDE PETROLEUM

WHITE CAP SYSTEM - BONITO PIPE LINE COMPANY - SHIP SHOAL SYSTEM - CAPLINE SYSTEM

API GRAVITY	DIFF. PER BBL														
10.0	1.250	16.0	2.150	22.0	3.050	28.0	3.950	34.0	4.850	40.0	5.100	46.0	4.950	52.0	4.050
10.1	1.265	16.1	2.165	22.1	3.065	28.1	3.965	34.1	4.865	40.1	5.100	46.1	4.935	52.1	4.035
10.2	1.280	16.2	2.180	22.2	3.080	28.2	3.980	34.2	4.880	40.2	5.100	46.2	4.920	52.2	4.020
10.3	1.295	16.3	2.195	22.3	3.095	28.3	3.995	34.3	4.895	40.3	5.100	46.3	4.905	52.3	4.005
10.4	1.310	16.4	2.210	22.4	3.110	28.4	4.010	34.4	4.910	40.4	5.100	46.4	4.890	52.4	3.990
10.5	1.325	16.5	2.225	22.5	3.125	28.5	4.025	34.5	4.925	40.5	5.100	46.5	4.875	52.5	3.975
10.6	1.340	16.6	2.240	22.6	3.140	28.6	4.040	34.6	4.940	40.6	5.100	46.6	4.860	52.6	3.960
10.7	1.355	16.7	2.255	22.7	3.155	28.7	4.055	34.7	4.955	40.7	5.100	46.7	4.845	52.7	3.945
10.8	1.370	16.8	2.270	22.8	3.170	28.8	4.070	34.8	4.970	40.8	5.100	46.8	4.830	52.8	3.930
10.9	1.385	16.9	2.285	22.9	3.185	28.9	4.085	34.9	4.985	40.9	5.100	46.9	4.815	52.9	3.915
11.0	1.400	17.0	2.300	23.0	3.200	29.0	4.100	35.0	5.000	41.0	5.100	47.0	4.800	53.0	3.900
11.1	1.415	17.1	2.315	23.1	3.215	29.1	4.115	35.1	5.000	41.1	5.100	47.1	4.785	53.1	3.885
11.2	1.430	17.2	2.330	23.2	3.230	29.2	4.130	35.2	5.000	41.2	5.100	47.2	4.770	53.2	3.870
11.3	1.445	17.3	2.345	23.3	3.245	29.3	4.145	35.3	5.000	41.3	5.100	47.3	4.755	53.3	3.855
11.4	1.460	17.4	2.360	23.4	3.260	29.4	4.160	35.4	5.000	41.4	5.100	47.4	4.740	53.4	3.840
11.5	1.475	17.5	2.375	23.5	3.275	29.5	4.175	35.5	5.000	41.5	5.100	47.5	4.725	53.5	3.825
11.6	1.490	17.6	2.390	23.6	3.290	29.6	4.190	35.6	5.000	41.6	5.100	47.6	4.710	53.6	3.810
11.7	1.505	17.7	2.405	23.7	3.305	29.7	4.205	35.7	5.000	41.7	5.100	47.7	4.695	53.7	3.795
11.8	1.520	17.8	2.420	23.8	3.320	29.8	4.220	35.8	5.000	41.8	5.100	47.8	4.680	53.8	3.780
11.9	1.535	17.9	2.435	23.9	3.335	29.9	4.235	35.9	5.000	41.9	5.100	47.9	4.665	53.9	3.765
12.0	1.550	18.0	2.450	24.0	3.350	30.0	4.250	36.0	5.020	42.0	5.100	48.0	4.650	54.0	3.750
12.1	1.565	18.1	2.465	24.1	3.365	30.1	4.265	36.1	5.020	42.1	5.100	48.1	4.635	54.1	3.735
12.2	1.580	18.2	2.480	24.2	3.380	30.2	4.280	36.2	5.020	42.2	5.100	48.2	4.620	54.2	3.720
12.3	1.595	18.3	2.495	24.3	3.395	30.3	4.295	36.3	5.020	42.3	5.100	48.3	4.605	54.3	3.705
12.4	1.610	18.4	2.510	24.4	3.410	30.4	4.310	36.4	5.020	42.4	5.100	48.4	4.590	54.4	3.690
12.5	1.625	18.5	2.525	24.5	3.425	30.5	4.325	36.5	5.020	42.5	5.100	48.5	4.575	54.5	3.675
12.6	1.640	18.6	2.540	24.6	3.440	30.6	4.340	36.6	5.020	42.6	5.100	48.6	4.560	54.6	3.660
12.7	1.655	18.7	2.555	24.7	3.455	30.7	4.355	36.7	5.020	42.7	5.100	48.7	4.545	54.7	3.645
12.8	1.670	18.8	2.570	24.8	3.470	30.8	4.370	36.8	5.020	42.8	5.100	48.8	4.530	54.8	3.630
12.9	1.685	18.9	2.585	24.9	3.485	30.9	4.385	36.9	5.020	42.9	5.100	48.9	4.515	54.9	3.615
13.0	1.700	19.0	2.600	25.0	3.500	31.0	4.400	37.0	5.040	43.0	5.100	49.0	4.500	55.0	3.600
13.1	1.715	19.1	2.615	25.1	3.515	31.1	4.415	37.1	5.040	43.1	5.100	49.1	4.485		
13.2	1.730	19.2	2.630	25.2	3.530	31.2	4.430	37.2	5.040	43.2	5.100	49.2	4.470		
13.3	1.745	19.3	2.645	25.3	3.545	31.3	4.445	37.3	5.040	43.3	5.100	49.3	4.455		
13.4	1.760	19.4	2.660	25.4	3.560	31.4	4.460	37.4	5.040	43.4	5.100	49.4	4.440		
13.5	1.775	19.5	2.675	25.5	3.575	31.5	4.475	37.5	5.040	43.5	5.100	49.5	4.425		
13.6	1.790	19.6	2.690	25.6	3.590	31.6	4.490	37.6	5.040	43.6	5.100	49.6	4.410		
13.7	1.805	19.7	2.705	25.7	3.605	31.7	4.505	37.7	5.040	43.7	5.100	49.7	4.395		
13.8	1.820	19.8	2.720	25.8	3.620	31.8	4.520	37.8	5.040	43.8	5.100	49.8	4.380		
13.9	1.835	19.9	2.735	25.9	3.635	31.9	4.535	37.9	5.040	43.9	5.100	49.9	4.365		
14.0	1.850	20.0	2.750	26.0	3.650	32.0	4.550	38.0	5.060	44.0	5.100	50.0	4.350		
14.1	1.865	20.1	2.765	26.1	3.665	32.1	4.565	38.1	5.060	44.1	5.100	50.1	4.335		
14.2	1.880	20.2	2.780	26.2	3.680	32.2	4.580	38.2	5.060	44.2	5.100	50.2	4.320		
14.3	1.895	20.3	2.795	26.3	3.695	32.3	4.595	38.3	5.060	44.3	5.100	50.3	4.305		
14.4	1.910	20.4	2.810	26.4	3.710	32.4	4.610	38.4	5.060	44.4	5.100	50.4	4.290		
14.5	1.925	20.5	2.825	26.5	3.725	32.5	4.625	38.5	5.060	44.5	5.100	50.5	4.275		
14.6	1.940	20.6	2.840	26.6	3.740	32.6	4.640	38.6	5.060	44.6	5.100	50.6	4.260		
14.7	1.955	20.7	2.855	26.7	3.755	32.7	4.655	38.7	5.060	44.7	5.100	50.7	4.245		
14.8	1.970	20.8	2.870	26.8	3.770	32.8	4.670	38.8	5.060	44.8	5.100	50.8	4.230		
14.9	1.985	20.9	2.885	26.9	3.785	32.9	4.685	38.9	5.060	44.9	5.100	50.9	4.215		
15.0	2.000	21.0	2.900	27.0	3.800	33.0	4.700	39.0	5.080	45.0	5.100	51.0	4.200		
15.1	2.015	21.1	2.915	27.1	3.815	33.1	4.715	39.1	5.080	45.1	5.085	51.1	4.185		
15.2	2.030	21.2	2.930	27.2	3.830	33.2	4.730	39.2	5.080	45.2	5.070	51.2	4.170		
15.3	2.045	21.3	2.945	27.3	3.845	33.3	4.745	39.3	5.080	45.3	5.055	51.3	4.155		
15.4	2.060	21.4	2.960	27.4	3.860	33.4	4.760	39.4	5.080	45.4	5.040	51.4	4.140		
15.5	2.075	21.5	2.975	27.5	3.875	33.5	4.775	39.5	5.080	45.5	5.025	51.5	4.125		
15.6	2.090	21.6	2.990	27.6	3.890	33.6	4.790	39.6	5.080	45.6	5.010	51.6	4.110		
15.7	2.105	21.7	3.005	27.7	3.905	33.7	4.805	39.7	5.080	45.7	4.995	51.7	4.095		
15.8	2.120	21.8	3.020	27.8	3.920	33.8	4.820	39.8	5.080	45.8	4.980	51.8	4.080		
15.9	2.135	21.9	3.035	27.9	3.935	33.9	4.835	39.9	5.080	45.9	4.965	51.9	4.065		

For API GRAVITY values above 55.0° API the differential continues to decline 0.015/ bbl. per 0.1° API GRAVITY.

**ATTACHMENT E-5
GRAVCAP TABLE SULFUR.**

GRAVCAP, INC.
ADJUSTMENT AUTHORIZATION

TABLES OF DIFFERENTIALS FOR USE IN DETERMINING ADJUSTMENTS FOR
DIFFERENCE IN SULFUR CONTENT FOR CRUDE PETROLEUM

WHITE CAP SYSTEM - BONITO PIPE LINE COMPANY - SHIP SHOAL SYSTEM - CAPLINE SYSTEM

PERCENT SULFUR	DIFF. PER BBL												
0.00	1.000	0.60	1.600	1.20	2.200	1.80	2.800	2.40	3.400	3.00	4.000	3.60	4.600
0.01	1.010	0.61	1.610	1.21	2.210	1.81	2.810	2.41	3.410	3.01	4.010	3.61	4.610
0.02	1.020	0.62	1.620	1.22	2.220	1.82	2.820	2.42	3.420	3.02	4.020	3.62	4.620
0.03	1.030	0.63	1.630	1.23	2.230	1.83	2.830	2.43	3.430	3.03	4.030	3.63	4.630
0.04	1.040	0.64	1.640	1.24	2.240	1.84	2.840	2.44	3.440	3.04	4.040	3.64	4.640
0.05	1.050	0.65	1.650	1.25	2.250	1.85	2.850	2.45	3.450	3.05	4.050	3.65	4.650
0.06	1.060	0.66	1.660	1.26	2.260	1.86	2.860	2.46	3.460	3.06	4.060	3.66	4.660
0.07	1.070	0.67	1.670	1.27	2.270	1.87	2.870	2.47	3.470	3.07	4.070	3.67	4.670
0.08	1.080	0.68	1.680	1.28	2.280	1.88	2.880	2.48	3.480	3.08	4.080	3.68	4.680
0.09	1.090	0.69	1.690	1.29	2.290	1.89	2.890	2.49	3.490	3.09	4.090	3.69	4.690
0.10	1.100	0.70	1.700	1.30	2.300	1.90	2.900	2.50	3.500	3.10	4.100	3.70	4.700
0.11	1.110	0.71	1.710	1.31	2.310	1.91	2.910	2.51	3.510	3.11	4.110	3.71	4.710
0.12	1.120	0.72	1.720	1.32	2.320	1.92	2.920	2.52	3.520	3.12	4.120	3.72	4.720
0.13	1.130	0.73	1.730	1.33	2.330	1.93	2.930	2.53	3.530	3.13	4.130	3.73	4.730
0.14	1.140	0.74	1.740	1.34	2.340	1.94	2.940	2.54	3.540	3.14	4.140	3.74	4.740
0.15	1.150	0.75	1.750	1.35	2.350	1.95	2.950	2.55	3.550	3.15	4.150	3.75	4.750
0.16	1.160	0.76	1.760	1.36	2.360	1.96	2.960	2.56	3.560	3.16	4.160	3.76	4.760
0.17	1.170	0.77	1.770	1.37	2.370	1.97	2.970	2.57	3.570	3.17	4.170	3.77	4.770
0.18	1.180	0.78	1.780	1.38	2.380	1.98	2.980	2.58	3.580	3.18	4.180	3.78	4.780
0.19	1.190	0.79	1.790	1.39	2.390	1.99	2.990	2.59	3.590	3.19	4.190	3.79	4.790
0.20	1.200	0.80	1.800	1.40	2.400	2.00	3.000	2.60	3.600	3.20	4.200	3.80	4.800
0.21	1.210	0.81	1.810	1.41	2.410	2.01	3.010	2.61	3.610	3.21	4.210	3.81	4.810
0.22	1.220	0.82	1.820	1.42	2.420	2.02	3.020	2.62	3.620	3.22	4.220	3.82	4.820
0.23	1.230	0.83	1.830	1.43	2.430	2.03	3.030	2.63	3.630	3.23	4.230	3.83	4.830
0.24	1.240	0.84	1.840	1.44	2.440	2.04	3.040	2.64	3.640	3.24	4.240	3.84	4.840
0.25	1.250	0.85	1.850	1.45	2.450	2.05	3.050	2.65	3.650	3.25	4.250	3.85	4.850
0.26	1.260	0.86	1.860	1.46	2.460	2.06	3.060	2.66	3.660	3.26	4.260	3.86	4.860
0.27	1.270	0.87	1.870	1.47	2.470	2.07	3.070	2.67	3.670	3.27	4.270	3.87	4.870
0.28	1.280	0.88	1.880	1.48	2.480	2.08	3.080	2.68	3.680	3.28	4.280	3.88	4.880
0.29	1.290	0.89	1.890	1.49	2.490	2.09	3.090	2.69	3.690	3.29	4.290	3.89	4.890
0.30	1.300	0.90	1.900	1.50	2.500	2.10	3.100	2.70	3.700	3.30	4.300	3.90	4.900
0.31	1.310	0.91	1.910	1.51	2.510	2.11	3.110	2.71	3.710	3.31	4.310	3.91	4.910
0.32	1.320	0.92	1.920	1.52	2.520	2.12	3.120	2.72	3.720	3.32	4.320	3.92	4.920
0.33	1.330	0.93	1.930	1.53	2.530	2.13	3.130	2.73	3.730	3.33	4.330	3.93	4.930
0.34	1.340	0.94	1.940	1.54	2.540	2.14	3.140	2.74	3.740	3.34	4.340	3.94	4.940
0.35	1.350	0.95	1.950	1.55	2.550	2.15	3.150	2.75	3.750	3.35	4.350	3.95	4.950
0.36	1.360	0.96	1.960	1.56	2.560	2.16	3.160	2.76	3.760	3.36	4.360	3.96	4.960
0.37	1.370	0.97	1.970	1.57	2.570	2.17	3.170	2.77	3.770	3.37	4.370	3.97	4.970
0.38	1.380	0.98	1.980	1.58	2.580	2.18	3.180	2.78	3.780	3.38	4.380	3.98	4.980
0.39	1.390	0.99	1.990	1.59	2.590	2.19	3.190	2.79	3.790	3.39	4.390	3.99	4.990
0.40	1.400	1.00	2.000	1.60	2.600	2.20	3.200	2.80	3.800	3.40	4.400	4.00	5.000
0.41	1.410	1.01	2.010	1.61	2.610	2.21	3.210	2.81	3.810	3.41	4.410		
0.42	1.420	1.02	2.020	1.62	2.620	2.22	3.220	2.82	3.820	3.42	4.420		
0.43	1.430	1.03	2.030	1.63	2.630	2.23	3.230	2.83	3.830	3.43	4.430		
0.44	1.440	1.04	2.040	1.64	2.640	2.24	3.240	2.84	3.840	3.44	4.440		
0.45	1.450	1.05	2.050	1.65	2.650	2.25	3.250	2.85	3.850	3.45	4.450		
0.46	1.460	1.06	2.060	1.66	2.660	2.26	3.260	2.86	3.860	3.46	4.460		
0.47	1.470	1.07	2.070	1.67	2.670	2.27	3.270	2.87	3.870	3.47	4.470		
0.48	1.480	1.08	2.080	1.68	2.680	2.28	3.280	2.88	3.880	3.48	4.480		
0.49	1.490	1.09	2.090	1.69	2.690	2.29	3.290	2.89	3.890	3.49	4.490		
0.50	1.500	1.10	2.100	1.70	2.700	2.30	3.300	2.90	3.900	3.50	4.500		
0.51	1.510	1.11	2.110	1.71	2.710	2.31	3.310	2.91	3.910	3.51	4.510		
0.52	1.520	1.12	2.120	1.72	2.720	2.32	3.320	2.92	3.920	3.52	4.520		
0.53	1.530	1.13	2.130	1.73	2.730	2.33	3.330	2.93	3.930	3.53	4.530		
0.54	1.540	1.14	2.140	1.74	2.740	2.34	3.340	2.94	3.940	3.54	4.540		
0.55	1.550	1.15	2.150	1.75	2.750	2.35	3.350	2.95	3.950	3.55	4.550		
0.56	1.560	1.16	2.160	1.76	2.760	2.36	3.360	2.96	3.960	3.56	4.560		
0.57	1.570	1.17	2.170	1.77	2.770	2.37	3.370	2.97	3.970	3.57	4.570		
0.58	1.580	1.18	2.180	1.78	2.780	2.38	3.380	2.98	3.980	3.58	4.580		
0.59	1.590	1.19	2.190	1.79	2.790	2.39	3.390	2.99	3.990	3.59	4.590		

For Sulfur Values
above 4.00% the
differential continues
to increase 0.01/BBL
per 0.01 Percent
Sulfur

APPENDIX F - MAINTENANCE OBLIGATIONS AND REQUIREMENTS FOR FACILITY

F-1. OVERVIEW. The LESSEE is expected to know and use all applicable API and DOT guidelines and standards, as well as, standard industry maintenance practices as a carrier for crude oil. Additionally, the GOVERNMENT requires the LESSEE to include the following requirements in the LESSEE's Maintenance, Repair and Major Maintenance Program which in some cases, are more stringent.

F-2. GENERAL REQUIREMENTS

LESSEE must utilize a written facility maintenance plan, based upon industry and government requirements, that implements maintenance program strategy, responsibilities, initiatives and activities.
LESSEE must have a complete set of approved maintenance procedures before start of operations.
LESSEE must have an acceptable Management of Change (MOC) process and use it during the course of the lease.
LESSEE must create and maintain a complete set of drawings, documentation and software using MOC process.
LESSEE MOC process reports must be provided to the GOVERNMENT regularly, as changes occur.
LESSEE must use the SPR ECP process for anything that deviates or changes fit / form or function from what is currently in the facility.

F-3. MARINE DOCKS AND LOADING EQUIPMENT.

No additional requirements beyond industry and government standards.

F-4. TANK TERMINAL AND FACILITY MECHANICAL EQUIPMENT

The LESSEE will be required to comply with API653 for storage tank inspections. Results of the inspections will be communicated to the GOVERNMENT for the purpose of mutually determining required repairs and future inspection intervals. Custody Transfer Meters, Samplers, Densitometer and Prover - No additional requirements beyond industry and government standards. Pumps - No additional requirements beyond industry and government standards. Valves - No additional requirements beyond industry and government standards.

F-5. FACILITY PIPING AND PIPELINES.

The LESSEE will implement a site piping and pipeline integrity monitoring program that regularly measures pipe wall thickness changes over time. Any time the monitoring program finds remaining wall thickness less than 50% of the nominal wall thickness, the LESSEE will perform a more substantial investigation and report findings to the GOVERNMENT. LESSEE will immediately restore any pipe section with remaining wall thickness less than 50% of the nominal wall thickness. High Consequence Areas - No additional requirements beyond industry and government standards. Right of Ways - No additional requirements beyond industry and government standards.

F-6. ENVIRONMENTAL AND SAFETY SYSTEMS.

No additional requirements beyond industry and government standards.

F-7. FIRE SYSTEMS

LESSEE will maintain all Fire Systems in accordance with the latest NFPA (National Fire Protection Association) Codes and Standards.

F-8. UTILITIES, BUILDINGS AND SECURITY SYSTEMS.

No additional requirements beyond industry and government standards.