CRUDE OIL PURCHASE TERMS AND CONDITIONS


2. Acceptance: If no objection is made to this Contract within two business days, it will be considered final and accepted by Buyer. Parties acknowledge the arbitration standards set forth by the American Arbitration Association (AAA) shall apply to extent not inconsistent with the Contract. Parties agree to submit to any controversies hereunder by AAA arbitration, and that any arbitration decision/award shall be final and binding upon the Parties.

3. UCC/Contractual Terms: (a) This Contract is subject to the Uniform Commercial Code (UCC) to the extent it can be applied, and the Federal Arbitration Act and the Federal Fair Labor Standards Act to the extent they apply to a party’s employees. The parties agree that in the event of conflicting law regarding whether any particular provision of this Contract is to be governed by the UCC or is to be interpreted under principles of common law, the parties are in agreement that the UCC shall govern such provisions; (b) Notwithstanding any other provision in this Contract, the laws of the State of Delaware without regard to principles of conflicts of laws. The United Nations Convention on contracts for the international sale of goods shall not apply.

4. Consent to Recording: The Parties consent to the recording of all telephone conversations between its representatives and representatives of the other Party. The Parties agree that the Contract and/or confirmation relating to any transaction between the Parties may be saved in electronic format. Each Party agrees that if the U.S. Department of the Treasury, Office of Foreign Assets Control, or any governmental authority determines that a party or any of its assets; (d) all governmental and other authorizations, approvals, consents, notices and filings that are required to have been obtained or submitted by it with respect to this Transaction have been obtained or submitted and are in full force and effect and all conditions of any such order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the remaining provisions, and this Contract shall be construed as if such invalid provision had been omitted.

5. Forward Contract: It is agreed that this Agreement is a “Forward Contract” as defined in the Bankruptcy Code (11 U.S.C. Sec 101(25)).

6. Liabilities: In no event shall Buyer be liable for consequential, incidental, punitive, special, exemplary or indirect damages, or lost profits. Seller will be liable for any loss, expense, cost, or damage from any cause whether by reason of the act or omission of Seller or its agents, representatives, contractors, permittees or licensees, or by any neglect of duty, willful or otherwise.

7. Delivery Point: Each party agrees to engage in net settlement arrangements for crude oil deliveries. This Contract is assigned to comply with any provisions in this Contract that are inconsistent with U.S. Export Control Laws and Regulations. This Contract does not constitute, and shall not be deemed to constitute, a Contract by either Party or any of its affiliates to which any U.S. Export Control Laws and Regulations. Each Party acknowledges that such recording or filing has been obtained or submitted by it with respect to this Transaction have been obtained or submitted and are in full force and effect and all conditions of any such order or judgment of any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the remaining provisions, and this Contract shall be construed as if such invalid provision had been omitted.

8. Netting:
   a. Purpose. The parties are selling to and buying from each other various quantities of crude oil or condensate at stated prices, or are exchanging with each other various quantities of crude oil or condensate at stated differentials under existing Contracts (collectively, the “Crude Contracts”). For purposes of this Contract, each party shall be deemed to be the net buyer of all oil purchased or delivered to it under the Crude Contracts (the “Net Buyer”) and the net seller of such crude oil or condensate (the “Net Seller”), as determined in accordance with the respective pricing of oil or condensate under the Crude Contracts. The parties agree to engage in net settlement arrangements for crude oil deliveries. This Contract is assigned to comply with any provisions in this Contract that are inconsistent with U.S. Export Control Laws and Regulations. This Contract does not constitute, and shall not be deemed to constitute, a Contract by either Party or any of its affiliates to which any U.S. Export Control Laws and Regulations. Each Party acknowledges that such recording or filing has been obtained or submitted by it with respect to this Transaction have been obtained or submitted and are in full force and effect and all conditions of any such order or judgment of any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the remaining provisions, and this Contract shall be construed as if such invalid provision had been omitted.

9. Effect on Other Contracts: Except as expressly provided herein, existing Contracts between the parties hereto shall continue in effect and shall not otherwise be affected by this Contract. Notwithstanding the provisions hereof, nothing in this Contract shall have the effect of amending or modifying the pre-payment provisions or the close out netting provisions under this Contract or any existing or future master Contract between the parties.

10. Taxes: The Contract Price shall include full reimbursement for, and Seller is liable for and shall pay, or reimburse Buyer if Buyer has paid, all Taxes applicable to a transaction arising prior to the Delivery Point. “Tax” or “Taxes” means any and all ad valorem, property, occupation, severance, production, windfall, windfall profits, depletion, royalty, royalty cap, severance, gross profits, excise, license, lease, transaction, and other taxes or governmental charges, licenses, fees, permits and assessments, or increases therein, on the purchase, sale, delivery, availability or exchange of crude oil, other than taxes based on net income or net worth. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, or reimburse Seller if Seller has paid, all Taxes applicable to a transaction arising at, and from the Delivery Point, including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any claims for such Taxes. Either Party, upon written request of the other, shall provide a certificate of exemption or other reasonably satisfactory evidence of exemption if either Party is exempt from Taxes, and shall use reasonable efforts to obtain and cooperate with obtaining any exemption from or reduction of any Tax. Each Party shall use reasonable efforts to administer this Annex “A” and implement the procedures and other provisions in accordance with the intent to minimize the imposition of Taxes.

THE FOLLOWING SECTIONS MODIFY PROVISIONS OF THE CONOCO GENERAL PROVISIONS

11. Warranty: The following text shall be added at the end of Section B: General Representations and Warranties. Each Party represents and warrants to the other Party, as of the date of this Transaction and of each delivery in connection with such Transaction, that: (a) it is duly organized and validly existing under the laws of the jurisdiction under which it is organized and has the power to execute and deliver the attached Confirmation, to enter into transactions for the purchase/sale of crude oil and physically-settled options on crude oil, to perform its obligations under such transactions, and has taken all necessary action to authorize such execution, delivery and performance; (c) such execution, delivery and performance, and performance of its obligations in connection therewith, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets or any of its obligations to any third party in connection with such execution, delivery and performance does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the remaining provisions, and this Contract shall be construed as if such invalid provision had been omitted.

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subject of such option transaction, or the products or byproducts thereof; and (2) it is entering into the option transaction solely for purposes related to its business as such; (c) it is not relying upon any representations of the other Party or any of its Affiliates to the defaulting party under this Contract or otherwise, against any amounts payable by the defaulting party to the Liquidating Party or any of its Affiliates under this Contract or otherwise.

15. Liquidation: Delete Section H in its entirety and replace with the following: new Section: "Default and Liquidation; Termination: Buyer has all remedies applicable under the Uniform Commercial Code ("UCC"). In addition, in the event Seller breaches this Contract in any manner, Seller shall not have the right to terminate this Agreement in its entirety. Notwithstanding the foregoing, Buyer may pursue any remedy allowed by law at Buyer's expenses resulting therefrom; require Seller to pay the different between the contract price and the price on the date of cancellation; or Buyer may without further obligation cancel this Agreement in its entirely. Notwithstanding the foregoing, Buyer may pursue any remedy allowed by law at Buyer's option, provided that any amounts not then due shall be discounted to present value. Unless otherwise agreed in writing, Seller shall make delivery on a prorated basis.

16. Buy/Sell and Exchange Balancing: The third sentence of Section C is deleted in its entirety.

17. Effective March 2019
c. The foregoing notwithstanding, for any Imbalance Volumes existing at the end of this Contract less than 1000 barrels, the obligation of either party to deliver or take such Imbalance Volumes shall be excused.

17. **Assignment:** Delete section P in its entirety and replace with the following: “Seller shall not assign or delegate this Contract, any right, or duty hereunder without the written consent of Buyer. Buyer may assign the Contract without the consent of Seller. This Contract shall be binding upon the heirs, administrators and executors of the respective Parties. Any payment made by Buyer to the payee specified in Seller’s invoice in respect of crude oil delivered under the Contract shall be in full discharge of Buyer’s payment obligations to Seller under the Contract. Any such assignment will not detract from Seller’s obligations under the Contract.”

18. **Delivery, Title, and Risk of Loss:** The following text shall be added after all text contained in Section K “Except as expressly provided herein, Seller shall sell and deliver or cause to be delivered, and Buyer shall purchase and receive or cause to be received, the Contract Quantity. Seller shall arrange and pay for transportation to the Delivery Point and Buyer shall arrange and pay for transportation from the Delivery Point. Title to and risk of loss related to the Contract Quantity shall transfer from Seller to Buyer upon delivery and receipt at the Delivery Point. Each Party shall indemnify, defend and hold harmless the other Party from any claims arising from any act or incident occurring during the period when possession, control and title to the crude oil is vested in the indemnifying Party. Equal Daily Deliveries. All crude oil delivered hereunder during any calendar month shall be considered to have been delivered in equal daily quantities during such month.”