CRUDE OIL SALE 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 right of either party to reject a contract at any time prior to execution. The right to reject a contract is not inconsistent with the right of any party to terminate a contract prior to its execution.

3. UCC/Choice of Law: Section 2A-Governing Law shall be deleted and replaced with the following: This Agreement shall be governed by the laws of the State of Texas. The Texas Revised Commercial Code and the Foreign Arbitration Provisions of the Texas Revised Commercial Code do not apply to the sale of goods identified in this Contract.

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 waives any objection it may have to the admissibility of such recording or electronic copy in any judicial, arbitration, administrative, or other proceeding, and waives any evidence or admission that requires the production of a document, requires an original document, or governs the admissibility of duplicates. In addition, each Party acknowledges that such recording or electronic copy is a business record within the many of the business record exception to the hearsay rule.

5. Foreign Controls: 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.

6. Administration Regulations: The Parties acknowledge that they will comply in all respects with U.S. laws, regulations and administrative requirements applicable to this Contract concerning any export or reexport of the Product, including, but not limited to, the International Traffic in Arms Regulations, the Export Administration Regulations, the Foreign Trade Regulations and the regulations and orders issued and/or administered by the U.S. Department Of The Treasury, Office Of Foreign Assets Control in relation to export control, boycott and trade sanctions matters ("US or any of its affiliates to which this Contract is assigned to comply with any provisions in this Contract which are inconsistent with U.S. Export Control Laws and Regulations). The Conoco General Provisions do not apply to any such transactions.

7. Delivery Point: The Delivery Point is the same as the... an invoice is disputed in good faith or cannot be timely verified and approved for payment, such invoice shall not be held for payment under this Net Settlement Arrangement, but shall be settled independently as soon as verified or as soon as any dispute is resolved, provided that an invoice that is partially verified or disputed shall be included in the Net Settlement Amount. Each party shall use its best efforts to achieve the objective of timely verification of invoices in order to permit payment of such invoices pursuant to the terms of this Contract in the month following the Transaction Month and no dispute or lack of verification shall excuse participation in the Net Settlement Arrangement.

8. Effect of 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.

9. Modification. No modification of this Contract shall be binding unless approved in writing. The requirement that any modification of this contract be by signed writing shall not be waived by Seller limited by course of dealing or performance or usage of trade nor shall Seller be deemed estopped to rely upon the terms of the original contract. Notwithstanding the above, the objective of this Contract is to provide a mechanism for the parties to settle their obligations in a fair and reasonable manner.

10. Taxes. The Contract Price shall include full reimbursement for, and Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer 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 and against any liability for any such or election rent... to the extent of its obligation. (iii) has entered into and is performing its obligations under this Transaction; (g) there is not pending or, to its knowledge, threatened against it, any action, suit or proceeding at law or in equity before any court, tribunal, governmental body, agency or any arbitrator that is likely to affect the performance of its obligations under this Transaction; (h) it has entered into this Transaction in connection with the conduct of its business and it has the ability to make or take delivery of the crude oil; (i) with respect to each option transaction: (1) it is a producer, processor, commercial user of, or a merchant handling, the commodity which is the subject of the options transaction, the delivery obligations of which is related to its business as such; (j) it is not relying upon any representations of the other Party other than those expressly set herein or any written guarantee
of the obligations of such other Party; it has entered into this Transaction as principal (and not as advisor, agent, broker or in any other capacity, fiduciary or otherwise); it has entered into this Transaction with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks; it has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the other Party; and the other Party has not to any item of any assurance or guarantee as to the expected performance or result of this Transaction. Limitation of Warranties. EXCEPT AS SET FORTH HEREIN, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
19. **Buy/Sell and Exchange Balancing**: Delete section J in its entirety and replace with the following: “The terms of this Section J shall only apply to this Contract if substantially similar volumes are intended to be bought and sold or exchanged under this Contract: Each party shall be responsible for maintaining the volumes bought and sold or exchanged in balance on a month-to-month basis, as near as reasonably possible. If a party fails to deliver or take its required volume during any month (Shortfall Month), including a failure to deliver or take due to an event of Force Majeure; despite reasonable efforts to remain in balance, such volumes (Imbalance Volumes) shall be delivered and taken as soon thereafter as is reasonably practicable, and the term of this Contract shall be extended for the sole purpose of balancing deliveries. The parties shall endeavor to cause the Imbalance Volumes confirmed by the 20th of the month to be delivered during the following calendar month, and the Imbalance Volumes confirmed after the 20th of the month to be delivered during the second following calendar month, except to the extent prevented by the continuation of the event of Force Majeure. An event of Force Majeure shall not relieve either Party from its obligations to balance deliveries once the event of Force Majeure has passed and the imbalance created during said period is known. A declaration of Force Majeure is not required for the terms of this provision to apply. If Imbalance Volumes created as a result of an event of Force Majeure have not been delivered within three months after the Shortfall Month, and no other resolution of the Imbalance Volumes has been agreed between the Parties, during the fourth month following the Shortfall Month, the Delivering Party shall deliver, and the Receiving Party shall take, an amount of crude oil equal to the Imbalance Volumes of the same type, at the same location and at the same price as was received by the Delivering Party during the Shortfall Month.

a. For all imbalances, if the price specified in this Contract is a fixed price, or a formula price which is based on fixed calendar dates (e.g., April 12, 2009 or April 12-19, 2009), the price of the Imbalance Volumes shall be equal to such price without regard to the month of actual delivery. However, if the price specified in the Contract is a formula price not based on fixed calendar dates, that formula, based on prices for the month of actual delivery, will be used to calculate the price for the Imbalance Volumes, unless specified.

b. 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.

20. **Assignment**: Delete section P in its entirety and replace with the following: “Buyer shall not assign or delegate this Contract, any right, or duty hereunder without the written consent of Seller. This Contract shall be binding upon the heirs, administrators and executors of the respective Parties. Seller may assign the Contract without the consent of Buyer. 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.”

21. **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.