

**DEPARTMENT OF ENERGY
STRATEGIC PETROLEUM RESERVE (SPR)
OIL EXCHANGE AGREEMENT
21PO0003**

This Exchange Agreement, entered into this 10 day of September 2021, between the UNITED STATES OF AMERICA, acting by and through the Department of Energy, hereinafter referred to as the “GOVERNMENT” or “DOE” and ExxonMobil Trading, hereinafter referred to as the “Contractor.”

WITNESSETH:

1. AUTHORITY – That the Secretary of Energy, under the authority of the Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*) and sections 159 and 160 of the Energy Policy and Conservation Act (42 U.S.C. 6239, 6240), having determined that the exchanging of crude oil will be advantageous to the Government and in the public interest, hereby enters into this agreement with the Contractor for the exchange of crude oil from the SPR.

2. CUSTODY TRANSFER –
Bayou Choctaw to Redstick
Custody transfer quantity and quality measurements will be the Bayou Choctaw Meters and in-line sampler for deliveries into the Redstick pipeline. Secondary measurement for quantity will be the St. James Sugarland meter and quality will be inline samples taken at the DOE Bayou Choctaw site. If neither the Bayou Choctaw facility or St. James facility can perform as primary or secondary measurement, then the Saint James receipt point destination meter and inline sampler shall be used. The API Gravity, Sediment and Water, and Sulfur content will be performed by the DOE M&O contracted third party inspector. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis. The DOE M&O contracted third party inspection company will witness all measurement and testing and perform testing if necessary.

Any change of the custody measurement point from Bayou Choctaw meter and inline sampler to the St. James meter and inline sampler to facilitate the Bayou Choctaw movements, the customer will remain responsible for all charges pertaining to the Redstick pipeline throughput charges.

The Government will deliver approximately 1,500,000 barrels (plus/minus 10%) of sour crude with an estimated API of 31.9 and an estimated sulfur of 1.46 from the Government’s Bayou Choctaw site to the contractor.

Return of oil to the SPR:

Primary - Sun Tanks to West Hackberry

Custody transfer quantity and quality measurements will be the DOE meter skid and sampler located at the fence line of the Sun Marine Terminal deliveries into the West Hackberry pipeline. Secondary measurement for quantity will be on the down-gauge on the Sun shore tank and quality based on manual grab samples taken at the Sun/DOE inline sampler. The API Gravity, Sediment and Water, and Sulfur content will be performed by the by the DOE M&O contracted third party inspector. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis. The DOE M&O contracted third party inspection company will witness all measurement and testing and perform testing.

All costs associated with the transportation of the exchange oil transferred from and to the SPR will be absorbed by the Contractor, to include but not be limited to, tariffs, marine shipment, pipeline shipment, U.S. Customs duties, harbor and environmental fees (including Texas Coastal protection fees), terminalling and tankage charges.

Secondary - DOE shall have the right to determine SPR site location of physically returned barrels and/or may elect to accept in-situ purchase barrels from the **Fall 2021 Mandatory Sale DE-NS96-21PO30000** as the return barrels referred to in section 5 of this agreement.

3. TERM – The Government will commence delivery as soon as possible with an objective to be completed by September 30, 2021. Contractor shall return all exchange oil plus premium barrels to the West Hackberry SPR site during the month(s) of January 2022. Contractor’s oil return schedules must be approved by the Government prior to delivery. Also, see Provision 18 for additional scheduling requirements.
4. PAYMENT AND PERFORMANCE GUARANTEE – Within three (3) business days after receipt of award, the Contractor must provide to the Contracting Officer an acceptable “Irrevocable Standby Letter of Credit” established in favor of the United States Department of Energy to the Contracting Officer in the amount of \$105,105,000.00 with an expiration date of February 28, 2022. The letter must contain the substantive provisions set out in Attachment B, and be issued by a depository institution located in and authorized to do business in any state of the United States or the District of Columbia, and authorized to issue letters of credit by the banking laws of the United States or any state of the United States or the District of Columbia. The depository institution must be an account holder with the Federal Reserve Banking system with permission to send Fedwires and must have Fedwire eligibility Funds status of either Eligible or Eligible-Settlement-only. The issuing bank must provide documentation indicating that the person(s) signing the letter of credit is authorized to do so, in the form of corporate minutes, the Authorized Signature List, or the General Resolution of Signature Authority. All wire deposit and letter of credit costs will be borne by the purchaser.

The letter of credit must be an “Irrevocable Standby Letter of Credit” and **MUST NOT VARY IN SUBSTANCE** from the sample in Attachment B. If the letter of credit contains any provisions at variance with Attachment B or fails to include any provisions contained in

Attachment B, nonconforming provisions must be deleted and missing substantive provisions must be added or the letter of credit will not be accepted.

The blanks in Attachment B shall be filled in by the issuing bank, except those in the drawing statements. The drawing statements are in bold print with double underlines for the blanks. The double underlined blanks will be filled in only at the time of a drawing against the letter of credit.

The original of the letter of credit must be sent to the attention of:

U.S. Department of Energy
Strategic Petroleum Reserve
Planning and Financial Management Division
FE-4452
900 Commerce Road East
New Orleans, LA 70123-3406

Failure to provide the letter of credit shall constitute grounds for termination of the contract for default.

5. PAYMENT – Contractor agrees to a fixed 3.37% premium return of sour crude oil in addition to actual crude oil received from the SPR. The premium percentage will be applied to the barrels actually delivered to the contractor (*for example if the SPR delivers 1.5MMB NSV barrels, the premium would be $1.5MB \times 1.0337 = 1,550,550$ or 50,550 premium barrels*) with a minimum premium owed to the DOE of 45,495 sour barrels. All sour crude oil returned to the SPR must meet the specifications in Attachment A. The Contractor should make every effort practical to return 100% of the oil quantity delivered however must return at least 90% of the actual crude oil volume received plus the calculated premium to the designated SPR site.
6. GOVERNMENT NON-LIABILITY/ CONTRACTOR LIABILITY – Contractor covenants that it will defend, indemnify and save and hold harmless the Government, its officers, agents, and employees for and from any and all liability or claims for damages to property or injuries to or death of persons which may arise from or be incident to the use of the exchange oil, or for damages to the property or injuries to the person of Contractor (if an individual), or damages to the property or injuries to or death of the person of Contractor'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 exchange activities.

Contractor further covenants that any property of the Government lost, damaged or destroyed incident to Contractor's use of the exchange oil shall be promptly replaced by Contractor to the satisfaction of the Contracting Officer, or in lieu of such replacement Contractor shall, if so required by the said officer, pay to the Government money in an amount sufficient to compensate for the loss sustained by the Government by reason loss, damage or destruction of the property.

7. NOTICES – No notice, order, direction, determination, requirement, consent, or approval under this Exchange Agreement shall be of any effect unless in writing. All notices required

under this Exchange Agreement shall be addressed to Contractor, or to the Contracting Officer, as may be appropriate.

8. COMMUNICATIONS – Notices and other communications provided for herein shall be in writing and shall be delivered or mailed as follows:

Delivery and or Return:

Contractor shall notify Mr. Russ Romero, Bayou Choctaw Site Director at (225) 692-6210, Bayou Choctaw Site, Hwy. 1148 (Off LA1), Plaquemine, LA 70764 for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 473-9975 and email to FFPOCOL@spr.doe.gov. Due to current communications and power grid encumbrances, please include FFPOCOL@spr.doe.gov on all communications. Contractual issues shall be addressed with the Department of Energy's Contracting Officer, Kelly Gele, at (504) 734-4343.

9. EXAMINATION OF RECORDS BY THE GOVERNMENT – Contractor agrees that the Government or any of its duly authorized representatives shall, until the expiration of three years after final payment under this agreement, have access to and the right to examine any books, documents, paper, and records of the Contractor involving transactions related to this agreement or compliance with any clauses thereunder.
10. CHANGES – The Contracting Officer may, at any time, without notice to the Letter of Credit guarantee(s), by written order designated or indicated to be a change order, or verbal direction followed by written order, make changes within the terms and conditions of the contract, including but not limited to the following changes-
- a. In the volume to be delivered to the Contractor or returned to the SPR.
 - b. To the delivery period for issuance of SPR crude oil or for return of barrels back to the SPR.
 - c. In the type of crude oil to be returned to the SPR.
 - d. To delivery mode of crude oil coming out of the SPR or return oil.
 - e. In the delivery point(s) of return oil to the SPR.

Any other written or oral order (which, as used in this paragraph, includes direction, instruction, interpretation, or determination) from the Contracting Officer that causes a change shall be treated as a change order under this provision; Provided, that the Contractor gives the Contracting Officer written notice stating –

- a. The date, circumstances, and source of the order, and
- b. That the Contractor regards the order as a change order.

If any change under this provision causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the performance under this contract,

whether or not changed by any such order, the Contracting Officer shall make an equitable adjustment and modify the contract in writing.

The contractor must assert its right to an adjustment under this provision within 30 calendar days after notification of the change.

11. NATIONAL AND OPERATIONAL EMERGENCIES – Return oil deliveries to the DOE may be rescheduled or redirected upon the determination of a national or DOE operational emergency. A negotiated adjustment to the contract will be made as a result of this direction. However, should the parties fail to reach a settlement, the Government shall establish an equitable adjustment subject to the Provision entitled “Disputes.”
12. DEFAULT –
 - a. The Government may, by written notice of default to the Customer, terminate this contract in whole or in part if the Contractor fails to -
 - (1) Receive SPR crude oil within the time specified in this contract or any extension;
 - (2) Make progress in scheduling of contracted deliveries, so as to endanger performance of this contract; or
 - (3) Perform any of the other provisions of this contract.
 - b. The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law or under this contract.
13. TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT – The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the Government’s interest. If this contract is terminated, the Government shall be liable only for reasonable, customary and applicable costs incurred by the Customer before the effective date of termination, but shall not be liable for consequential damages or the contractor’s lost profits.
14. EXCUSABLE DELAYS
 - a. In the event either party should be prevented from performing under this contract by reason of any unforeseeable cause beyond its control and without its fault or negligence, including, but not restricted to, acts of God or of the public enemy, sovereign acts of the United States, acts of a foreign Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, performance under the contract shall be suspended in whole or in part until such cause ceases to exist and thereafter the time for fulfillment of the contract shall be extended by the length of time during which such cause prevented performance under the contract.
 - b. In order for this provision to become operative, the party to the contract affected by the excusable delay condition shall furnish the other party with written notice of the nature

and extent of the excusable delay condition promptly after the commencement thereof, but in any event prior to shipment of the crude oil from the location from which it is to be shipped. Written notice shall be furnished within ten (10) calendar days to the other party when the excusable delay condition ceases to exist.

- 15. FORCE MAJEURE – Force Majeure means, except for payment due hereunder, either party hereto shall be relieved from liability for failure to perform hereunder for the duration and to the extent such failure is occasioned by war, riots, insurrections, fire, explosions, sabotage, strikes, and other labor or industrial disturbances, acts of God or the elements, disruption or mechanical breakdown of production or transportation facilities, or delays of pipeline carrier in receiving and delivering crude oil tendered. Any such failures to perform shall be remedied with all reasonable dispatch.

As employed herein, the term “party”, as it relates to the Contractor, shall not include affiliated business concerns or individuals if, directly or indirectly, (1) either one controls or can control the other, or (2) a third party controls or can control both.

16. DISPUTES –

- a. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. Section 601 et seq.). If a dispute arises relating to the contract, the Customer may submit a claim to the Contracting Officer, who shall issue a written decision on the dispute in the manner specified in 48 CFR 1-33.211.
- b. “Claim” means:
 - (1) A written request submitted to the Contracting Officer;
 - (2) For payment of money, adjustment of contract terms, or other relief;
 - (3) Which is in dispute or remains unresolved after a reasonable time for its review and disposition by the Government; and
 - (4) For which a Contracting Officer’s decision is demanded.
- c. In the case of dispute requests or amendments to such requests for payment exceeding \$100,000, the Customer shall certify at the time of submission as a claim, as follows:

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

Customer’s Name _____
 Signature _____
 Title _____

- d. The Government shall pay to the Customer interest on the amount found due to the Customer on claims submitted under this provision at the rate established by the

Department of the Treasury from the date the amount is due until the Government makes payment. The Contract Disputes Act of 1978, as amended, and the Prompt Payment Act adopt the interest rate established by the Secretary of the Treasury under the Renegotiation Act as the basis for computing interest on money owed by the Government. This rate is published semi-annually in the Federal Register.

- e. The Customer shall pay to the Government interest on the amount found due to the Government and unpaid on claims submitted under this provision at the rate specified in Paragraph d. above from the date the amount is due until the Customer makes payment.
- f. The decision of the Contracting Officer shall be final and conclusive and shall not be subject to review by any forum, tribunal, or Government agency unless an appeal or action is commenced within the times specified by the Contract Disputes Act of 1978, as amended.
- g. The Customer shall comply with any decision of the Contracting Officer and at the direction of the Contracting Officer shall proceed diligently with performance of this contract pending final resolution of any request for relief, claim, appeal, or action related to this contract.

17. OIL QUALITY – The Contractor shall be responsible for variations in oil quality exceeding the limits set forth below upon the return of the oil to the Government. The reference basis shall be the weighted average sweet or sour results of the laboratory tests conducted by the Government for API gravity and Sulfur weight percent taken when custody originally passed to the Contractor.

- a. Quality differentials will be calculated by utilizing the Quality tables in Attachment D. The allowable variations from the common quality for crude oil deliveries are defined as:

Allowable Quality Variations

| <u>QUALITY</u> | <u>DOE CRUDE OIL (CATEGORY)</u> | |
|----------------|---------------------------------|-------------|
| | <u>SWEET</u> | <u>SOUR</u> |
| Gravity - API° | -0.5 | -0.5 |
| Sulfur - Wt% | +0.10 | +0.10 |

- b. API Gravity between 40.0 and 45.0: No quality differential shall be accessed.
- c. 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.

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

There is a limit of 0.1% freewater on delivery to the SPR as measured either by contractor's shore tank or on the vessel prior to discharge into tanks designated for DOE receipts. The inspector's gauges, witnessed by the DOE representative, either on the vessel at the dock facility or terminal shore tank, will be the method used to determine the final freewater barrel amount. This clause is effective in conjunction with the Water and Sediment [Vol.%] maximum limit of 1.0% as stated in Attachment A; e.g., a 500,000 barrel oil delivery to the SPR is limited to 1.0% S&W (5,000 barrels), of which a maximum of 0.1% (500 barrels) can be freewater. Contractor is responsible for all costs associated with removal of excess freewater. Exceeding the freewater limitations specified herein will result in the cargo being rejected.

18. SCHEDULING OF OIL MOVEMENTS – Contractor shall schedule all oil deliveries through the appropriate commercial pipeline and marine terminal facilities, ensuring that it has coordinated the deliveries with the SPR.

For marine deliveries, the Contractor shall provide a working schedule to the DOE not later than the fifteenth day of the month prior to the month in which deliveries will be made (e.g. by March 15 for April deliveries). This working schedule will contain total monthly volumes and the approximate delivery dates and quantities for each month of delivery. No later than seven business days prior to each delivery, the Contractor shall provide vessel name, vessel quality data, the expected date of arrival, the volume to be delivered, vessel agents and any other pertinent information that may be needed. The SPR will provide a Nomination-Confirmation Form (Attachment E). The Contractor shall complete the yellow highlighted areas and return the form in the time frame defined above.

The Contractor, or its designated agent, shall provide pre-arrival notices 72 hours, 48 hours and 24 hours prior to discharge to both the DOE and the discharge terminal.

For pipeline deliveries, the Contractor shall make necessary arrangements with the commercial pipelines connected to the DOE or its interconnecting pipelines. Nomination information regarding these deliveries shall be provided to the DOE not later than five calendar days prior to the month in which deliveries will be made.

Note: It is the responsibility of the offerors to confirm these specifications prior to nominations to insure most current information.

19. Utilization of H₂S Scavenger

H₂S Scavenger will be utilized to accommodate delivery of Bayou Choctaw crude oil under this agreement. The injection site will be the SPR Bayou Choctaw site. All costs for DOE provided scavenger will be borne by the DOE. The applicable H₂S Scavenger Safety Data Sheet (SDS) will be provided under separate cover.

The quality characteristics of the crude oil stream offered in the exchange are those cited in the Strategic Petroleum Reserve Crude Oil Assays.

This crude oil quality data is a weighted average composition of the specific caverns that comprise the streams offered in the exchange. Although a specific crude oil benchmark is referenced; SPR inventory contains a blend of domestic and global crude including Isthmus, Urals, Alaskan North Slope, Arabian Light, Saharan, and Dubai with segregation by Sweet and Sour storage caverns. The SPR has observed H₂S concentration (which is found naturally in crude oil) greater than 10 ppm in liquid in some crude batches. Measurements of H₂S in vapor space can be orders of magnitude higher than in liquid and difficult to measure due to factors in handling, weather, etc. OSHA provides guidelines on appropriate safety precautions and equipment if crude is handled openly, spilled, or released to the atmosphere. Offerors are encouraged to review the SPR Crude Oil Assay Manual, Crude Oil Safety Data Sheet, and the Strategic Petroleum Reserve Crude Oil Assays for more detailed oil stream composition and specifics so that conditions (such as the presence of H₂S) are expected and communicated downstream.

Note: Each SPR stream will be a blended average using several caverns. As a result, actual representative samples are not available prior to deliveries. Please refer to Crude Oil Assays which provides a weighted average composite profile of the stream.

20. DELIVERY AND RECEIPT DOCUMENTATION – All quantity and quality determinations shall be documented on the Material Inspection and Receiving Report (DD Form 250). See Attachment C-1 for copy of this form. The DD Form 250 shall be signed by the Customer's agent to acknowledge delivery and receipt of the quantity and quality of crude oil indicated. Copies of the completed DD Form 250, with applicable supporting documentation (i.e., metering or tank gauging tickets and appropriate calculation worksheets), shall be furnished to the Customer and/or the Customer's authorized representative after completion of delivery or receipts. Also, marine Bills of Lading or Pipeline Statements identifying crude type shipped shall be provided by the contractor.

The Customer shall provide written confirmation to the SPR, no later than seven calendar days prior to the scheduled date of each delivery under the contract, the name(s) of the authorized agent(s) given signature authority to sign/endorse the delivery documentation on the Customer's behalf. Any changes to this listing of names shall be provided to the SPR in writing no later than 72 hours before the first delivery to which such change applies. In the event that an independent surveyor (separate from the authorized signatory agent) is appointed by the Customer to witness the delivery operation (gauging, sampling, testing, etc.), written notification shall be provided to SPR, no later than 72 hours prior to the scheduled date of each applicable cargo delivery to or from the SPR.

Absence of the provision of the name(s) of bona fide agent(s) and the signature of such agent on the delivery documentation constitutes acceptance of the delivery quantity and quality as determined by the Government and/or its agents

- 21. RECONCILIATION – Within 30 days, barring any exceptions, after completion of the final scheduled delivery of exchange oil under the contract, any imbalances that may exist in the crude oil volumes agreed upon in the contract will be reconciled in the following manner:

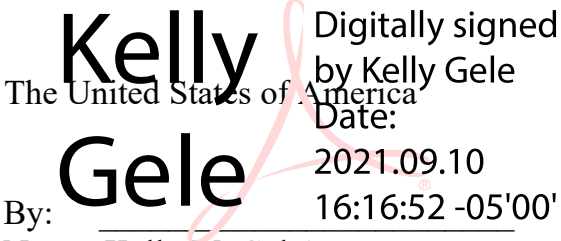
If DOE receives an amount of exchange oil that exceeds the contracted return oil delivery volume, the Government will attempt to reconcile the imbalance through cash payments or other alternate means, as available. If reconciliation is by cash payment, the Contractor shall invoice the DOE based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250.

If the Contractor delivers a total volume of return oil which is less than the contracted quantity, the DOE will invoice the Contractor for the undelivered amount based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250. If no payment is received by the due date specified on the invoice, the applicable amount owed will be drawn against the Contractor’s Payment and Performance Letter of Credit as described in Provision 4 of this contract.

Note: The cost value is derived from the data published in the Argus Americas Crude Oil Price Report. If no published prices are available, a mutually agreed upon price will be negotiated. Should the parties fail to reach a negotiated price, the Government shall determine a fair and reasonable price.

Contractor

By: 
Name: Enrique Heredia
Title: Crude Trader


Digitally signed by Kelly Gele
The United States of America
Date: 2021.09.10 16:16:52 -05'00'
By: Kelly M. Gele'
Name: Kelly M. Gele'
Title: Contracting Officer

ATTACHMENT A

STRATEGIC PETROLEUM RESERVE CRUDE OIL SPECIFICATIONS ^a (SPRO MAY 2020) ^{ε1}

| CHARACTERISTIC | SOUR | SWEET | PRIMARY ASTM TEST METHOD ^b |
|--|---------|---------|---------------------------------------|
| API Gravity [°API] | 30-45 | 30-45 | D1298 or D5002 |
| Total Sulfur [Mass %], max. | 1.99 | 0.50 | D4294 |
| Pour Point [°C], max. | 10 | 10 | D97 |
| Salt Content [Mass %], max. | 0.050 | 0.050 | D6470 |
| Viscosity | | | |
| [cSt @ 15.6°C], max. | 32 | 32 | D445 |
| [cSt @ 37.8°C], max. | 13 | 13 | |
| Vapor Pressure | | | |
| [VPCR4 (100°F) psia (kPa)] ^e , max. | 9(62.1) | 9(62.1) | D6377 |
| Total Acid Number [mg KOH/g], max. | 1.00 | 1.00 | D664 |
| Water and Sediment [Vol. %], max. | 1.0 | 1.0 | 473 and D4006, or D4928 |
| Yields [Vol. %] | | | D2892 and D5236 ^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 | IP344 or ITM 6008 |
| Ethane (C ₂) | 0.1 | 0.1 | |
| Propane (C ₃) | 1.0 | 1.0 | |

^{ε1} 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.
- ^e Vapor pressure changed to better reflect current domestic crude standards.

- 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.

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WITNESSETH:

1. **AUTHORITY** – That the Secretary of Energy, under the authority of the Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*) and sections 159 and 160 of the Energy Policy and Conservation Act (42 U.S.C. 6239, 6240), having determined that the exchanging of crude oil will be advantageous to the Government and in the public interest, hereby enters into this agreement with the Contractor for the exchange of crude oil from the SPR.

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Custody transfer quantity and quality measurements will be the Bayou Choctaw Meters and in-line sampler for deliveries into the Redstick pipeline. Secondary measurement for quantity will be the St. James meter and quality will be inline samples taken at the DOE Bayou Choctaw site. The API Gravity, Sediment and Water, and Sulfur content will be performed by the Bayou Choctaw site lab and witnessed by the DOE M&O contracted third party inspector. Contractor shall have the right to have a representative present to witness all sampling, measurements and testing analysis. The DOE M&O contracted third party inspection company will witness all measurement and testing and perform testing if necessary.

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4. PAYMENT AND PERFORMANCE GUARANTEE – Within three (3) business days after receipt of award, the Contractor must provide to the Contracting Officer an acceptable “Irrevocable Standby Letter of Credit” established in favor of the United States Department of Energy to the Contracting Officer in the amount of \$102,510,000.00 with an expiration date of February 28, 2022. The letter must contain the substantive provisions set out in Attachment B, and be issued by a depository institution located in and authorized to do business in any state of the United States or the District of Columbia, and authorized to issue letters of credit by the banking laws of the United States or any state of the United States or the District of Columbia. The depository institution must be an account holder with the Federal Reserve Banking system with permission to send Fedwires and must have Fedwire eligibility Funds status of either Eligible or Eligible-Settlement-only. The issuing bank must provide documentation indicating that the person(s) signing the letter of credit is authorized to do so, in the form of corporate minutes, the Authorized Signature List, or the General Resolution of Signature Authority. All wire deposit and letter of credit costs will be borne by the purchaser.

The letter of credit must be an “Irrevocable Standby Letter of Credit” and **MUST NOT VARY IN SUBSTANCE** from the sample in Attachment B. If the letter of credit contains any provisions at variance with Attachment B or fails to include any provisions contained in Attachment B, nonconforming provisions must be deleted and missing substantive provisions must be added or the letter of credit will not be accepted.

The blanks in Attachment B shall be filled in by the issuing bank, except those in the drawing statements. The drawing statements are in bold print with double underlines for the blanks. The double underlined blanks will be filled in only at the time of a drawing against the letter of credit.

The original of the letter of credit must be sent to the attention of:

U.S. Department of Energy
Strategic Petroleum Reserve
Planning and Financial Management Division

Failure to provide the letter of credit shall constitute grounds for termination of the contract for default.

5. PAYMENT – Contractor agrees to a fixed 3.43% premium return of sour crude oil in addition to actual crude oil received from the SPR. The premium percentage will be applied to the barrels actually delivered to the contractor (*for example if the SPR delivers 1.5MMB NSV barrels, the premium would be $1.5MB \times 1.0343 = 1,551,450$ or 51,450 premium barrels*) with a minimum premium owed to the DOE of 46,305 sour barrels. All sour crude oil returned to the SPR must meet the specifications in Attachment A. The Contractor should make every effort practical to return 100% of the oil quantity delivered however must return at least 90% of the actual crude oil volume received plus the calculated premium to the designated SPR site.
6. GOVERNMENT NON-LIABILITY/ CONTRACTOR LIABILITY – Contractor covenants that it will defend, indemnify and save and hold harmless the Government, its officers, agents, and employees for and from any and all liability or claims for damages to property or injuries to or death of persons which may arise from or be incident to the use of the exchange oil, or for damages to the property or injuries to the person of Contractor (if an individual), or damages to the property or injuries to or death of the person of Contractor'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 exchange activities.

Contractor further covenants that any property of the Government lost, damaged or destroyed incident to Contractor's use of the exchange oil shall be promptly replaced by Contractor to the satisfaction of the Contracting Officer, or in lieu of such replacement Contractor shall, if so required by the said officer, pay to the Government money in an amount sufficient to compensate for the loss sustained by the Government by reason loss, damage or destruction of the property.

7. NOTICES – No notice, order, direction, determination, requirement, consent, or approval under this Exchange Agreement shall be of any effect unless in writing. All notices required under this Exchange Agreement shall be addressed to Contractor, or to the Contracting Officer, as may be appropriate.
8. COMMUNICATIONS – Notices and other communications provided for herein shall be in writing and shall be delivered or mailed as follows:

Delivery and or Return:

Contractor shall notify Mr. Russ Romero, Bayou Choctaw Site Director at (225) 692-6210, Bayou Choctaw Site, Hwy. 1148 (Off LA1), Plaquemine, LA 70764 for coordination of pipeline schedules and operations as well as Chuck Costanza at (504) 473-9975 and email to FFPOCOL@spr.doe.gov. Due to current communications and power grid encumbrances, please include FFPOCOL@spr.doe.gov on all

communications. Contractual issues shall be addressed with the Department of Energy's Contracting Officer, Kelly Gele, at (504) 734-4343.

9. EXAMINATION OF RECORDS BY THE GOVERNMENT – Contractor agrees that the Government or any of its duly authorized representatives shall, until the expiration of three years after final payment under this agreement, have access to and the right to examine any books, documents, paper, and records of the Contractor involving transactions related to this agreement or compliance with any clauses thereunder.
10. CHANGES – The Contracting Officer may, at any time, without notice to the Letter of Credit guarantee(s), by written order designated or indicated to be a change order, or verbal direction followed by written order, make changes within the terms and conditions of the contract, including but not limited to the following changes-
 - a. In the volume to be delivered to the Contractor or returned to the SPR.
 - b. To the delivery period for issuance of SPR crude oil or for return of barrels back to the SPR.
 - c. In the type of crude oil to be returned to the SPR.
 - d. To delivery mode of crude oil coming out of the SPR or return oil.
 - e. In the delivery point(s) of return oil to the SPR.

Any other written or oral order (which, as used in this paragraph, includes direction, instruction, interpretation, or determination) from the Contracting Officer that causes a change shall be treated as a change order under this provision; Provided, that the Contractor gives the Contracting Officer written notice stating –

- a. The date, circumstances, and source of the order, and
- b. That the Contractor regards the order as a change order.

If any change under this provision causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the performance under this contract, whether or not changed by any such order, the Contracting Officer shall make an equitable adjustment and modify the contract in writing.

The contractor must assert its right to an adjustment under this provision within 30 calendar days after notification of the change.

11. NATIONAL AND OPERATIONAL EMERGENCIES – Return oil deliveries to the DOE may be rescheduled or redirected upon the determination of a national or DOE operational emergency. A negotiated adjustment to the contract will be made as a result of this direction. However, should the parties fail to reach a settlement, the Government shall establish an equitable adjustment subject to the Provision entitled "Disputes."

12. DEFAULT –

- a. The Government may, by written notice of default to the Customer, terminate this contract in whole or in part if the Contractor fails to -
 - (1) Receive SPR crude oil within the time specified in this contract or any extension;
 - (2) Make progress in scheduling of contracted deliveries, so as to endanger performance of this contract; or
 - (3) Perform any of the other provisions of this contract.
- b. The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law or under this contract.

13. TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT – The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the Government's interest. If this contract is terminated, the Government shall be liable only for reasonable, customary and applicable costs incurred by the Customer before the effective date of termination, but shall not be liable for consequential damages or the contractor's lost profits.

14. EXCUSABLE DELAYS

- a. In the event either party should be prevented from performing under this contract by reason of any unforeseeable cause beyond its control and without its fault or negligence, including, but not restricted to, acts of God or of the public enemy, sovereign acts of the United States, acts of a foreign Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, performance under the contract shall be suspended in whole or in part until such cause ceases to exist and thereafter the time for fulfillment of the contract shall be extended by the length of time during which such cause prevented performance under the contract.
- b. In order for this provision to become operative, the party to the contract affected by the excusable delay condition shall furnish the other party with written notice of the nature and extent of the excusable delay condition promptly after the commencement thereof, but in any event prior to shipment of the crude oil from the location from which it is to be shipped. Written notice shall be furnished within ten (10) calendar days to the other party when the excusable delay condition ceases to exist.

15. FORCE MAJEURE – Force Majeure means, except for payment due hereunder, either party hereto shall be relieved from liability for failure to perform hereunder for the duration and to the extent such failure is occasioned by war, riots, insurrections, fire, explosions, sabotage, strikes, and other labor or industrial disturbances, acts of God or the elements, disruption or mechanical breakdown of production or transportation facilities, or delays of pipeline carrier

in receiving and delivering crude oil tendered. Any such failures to perform shall be remedied with all reasonable dispatch.

As employed herein, the term "party", as it relates to the Contractor, shall not include affiliated business concerns or individuals if, directly or indirectly, (1) either one controls or can control the other, or (2) a third party controls or can control both.

16. DISPUTES –

- a. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. Section 601 et seq.). If a dispute arises relating to the contract, the Customer may submit a claim to the Contracting Officer, who shall issue a written decision on the dispute in the manner specified in 48 CFR 1-33.211.
- b. "Claim" means:
 - (1) A written request submitted to the Contracting Officer;
 - (2) For payment of money, adjustment of contract terms, or other relief;
 - (3) Which is in dispute or remains unresolved after a reasonable time for its review and disposition by the Government; and
 - (4) For which a Contracting Officer's decision is demanded.
- c. In the case of dispute requests or amendments to such requests for payment exceeding \$100,000, the Customer shall certify at the time of submission as a claim, as follows:

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

Customer's Name _____
Signature _____
Title _____

- d. The Government shall pay to the Customer interest on the amount found due to the Customer on claims submitted under this provision at the rate established by the Department of the Treasury from the date the amount is due until the Government makes payment. The Contract Disputes Act of 1978, as amended, and the Prompt Payment Act adopt the interest rate established by the Secretary of the Treasury under the Renegotiation Act as the basis for computing interest on money owed by the Government. This rate is published semi-annually in the Federal Register.
- e. The Customer shall pay to the Government interest on the amount found due to the Government and unpaid on claims submitted under this provision at the rate specified in Paragraph d. above from the date the amount is due until the Customer makes payment.

- f. The decision of the Contracting Officer shall be final and conclusive and shall not be subject to review by any forum, tribunal, or Government agency unless an appeal or action is commenced within the times specified by the Contract Disputes Act of 1978, as amended.
- g. The Customer shall comply with any decision of the Contracting Officer and at the direction of the Contracting Officer shall proceed diligently with performance of this contract pending final resolution of any request for relief, claim, appeal, or action related to this contract.

17. OIL QUALITY – The Contractor shall be responsible for variations in oil quality exceeding the limits set forth below upon the return of the oil to the Government. The reference basis shall be the weighted average sweet or sour results of the laboratory tests conducted by the Government for API gravity and Sulfur weight percent taken when custody originally passed to the Contractor.

- a. Quality differentials will be calculated by utilizing the Quality tables in Attachment D. The allowable variations from the common quality for crude oil deliveries are defined as:

| <u>QUALITY</u> | <u>Allowable Quality Variations</u> | |
|----------------|-------------------------------------|-------------------|
| | <u>DOE CRUDE OIL</u> | <u>(CATEGORY)</u> |
| | <u>SWEET</u> | <u>SOUR</u> |
| Gravity - API° | -0.5 | -0.5 |
| Sulfur - Wt% | +0.10 | +0.10 |

- b. API Gravity between 40.0 and 45.0: No quality differential shall be accessed.
- c. 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.
- d. 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. 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 exceed.
- f. If crude oil delivered to the DOE falls below the minimum SPR specification for API Gravity, or above the maximum DOE specification for sulfur, as defined in Attachment A, a quality differential adjustment shall be applied without a variance allowance on that portion exceeding the specification limit.

There is a limit of 0.1% freewater on delivery to the SPR as measured either by contractor's shore tank or on the vessel prior to discharge into tanks designated for DOE receipts. The inspector's gauges, witnessed by the DOE representative, either on the vessel at the dock facility or terminal shore tank, will be the method used to determine the final freewater barrel amount. This clause is effective in conjunction with the Water and Sediment [Vol.%] maximum limit of 1.0% as stated in Attachment A; e.g., a 500,000 barrel oil delivery to the SPR is limited to 1.0% S&W (5,000 barrels), of which a maximum of 0.1% (500 barrels) can be freewater. Contractor is responsible for all costs associated with removal of excess freewater. Exceeding the freewater limitations specified herein will result in the cargo being rejected.

18. SCHEDULING OF OIL MOVEMENTS – Contractor shall schedule all oil deliveries through the appropriate commercial pipeline and marine terminal facilities, ensuring that it has coordinated the deliveries with the SPR.

For marine deliveries, the Contractor shall provide a working schedule to the DOE not later than the fifteenth day of the month prior to the month in which deliveries will be made (e.g. by March 15 for April deliveries). This working schedule will contain total monthly volumes and the approximate delivery dates and quantities for each month of delivery. No later than seven business days prior to each delivery, the Contractor shall provide vessel name, vessel quality data, the expected date of arrival, the volume to be delivered, vessel agents and any other pertinent information that may be needed. The SPR will provide a Nomination-Confirmation Form (Attachment E). The Contractor shall complete the yellow highlighted areas and return the form in the time frame defined above.

The Contractor, or its designated agent, shall provide pre-arrival notices 72 hours, 48 hours and 24 hours prior to discharge to both the DOE and the discharge terminal.

For pipeline deliveries, the Contractor shall make necessary arrangements with the commercial pipelines connected to the DOE or its interconnecting pipelines. Nomination information regarding these deliveries shall be provided to the DOE not later than five calendar days prior to the month in which deliveries will be made.

Note: It is the responsibility of the offerors to confirm these specifications prior to nominations to insure most current information.

19. Utilization of H₂S Scavenger

H₂S Scavenger will be utilized to accommodate delivery of Bayou Choctaw crude oil under this agreement. The injection site will be the SPR Bayou Choctaw site. All costs for DOE provided scavenger will be borne by the DOE. The applicable H₂S Scavenger Safety Data Sheet (SDS) will be provided under separate cover.

The quality characteristics of the crude oil stream offered in the exchange are those cited in the Strategic Petroleum Reserve Crude Oil Assays.

This crude oil quality data is a weighted average composition of the specific caverns that comprise the streams offered in the exchange. Although a specific crude oil benchmark is referenced; SPR inventory contains a blend of domestic and global crude including Isthmus, Urals, Alaskan North Slope, Arabian Light, Saharan, and Dubai with segregation by Sweet and Sour storage caverns. The SPR has observed H₂S concentration (which is found naturally in crude oil) greater than 10 ppm in liquid in some crude batches. Measurements of H₂S in vapor space can be orders of magnitude higher than in liquid and difficult to measure due to factors in handling, weather, etc. OSHA provides guidelines on appropriate safety precautions and equipment if crude is handled openly, spilled, or released to the atmosphere. Offerors are encouraged to review the SPR Crude Oil Assay Manual, Crude Oil Safety Data Sheet, and the Strategic Petroleum Reserve Crude Oil Assays for more detailed oil stream composition and specifics so that conditions (such as the presence of H₂S) are expected and communicated downstream.

Note: Each SPR stream will be a blended average using several caverns. As a result, actual representative samples are not available prior to deliveries. Please refer to Crude Oil Assays which provides a weighted average composite profile of the stream.

20. DELIVERY AND RECEIPT DOCUMENTATION – All quantity and quality determinations shall be documented on the Material Inspection and Receiving Report (DD Form 250). See Attachment C-1 for copy of this form. The DD Form 250 shall be signed by the Customer's agent to acknowledge delivery and receipt of the quantity and quality of crude oil indicated. Copies of the completed DD Form 250, with applicable supporting documentation (i.e., metering or tank gauging tickets and appropriate calculation worksheets), shall be furnished to the Customer and/or the Customer's authorized representative after completion of delivery or receipts. Also, marine Bills of Lading or Pipeline Statements identifying crude type shipped shall be provided by the contractor.

The Customer shall provide written confirmation to the SPR, no later than seven calendar days prior to the scheduled date of each delivery under the contract, the name(s) of the authorized agent(s) given signature authority to sign/endorse the delivery documentation on the Customer's behalf. Any changes to this listing of names shall be provided to the SPR in writing no later than 72 hours before the first delivery to which such change applies. In the event that an independent surveyor (separate from the authorized signatory agent) is appointed by the Customer to witness the delivery operation (gauging, sampling, testing, etc.), written notification shall be provided to SPR, no later than 72 hours prior to the scheduled date of each applicable cargo delivery to or from the SPR.

Absence of the provision of the name(s) of bona fide agent(s) and the signature of such agent on the delivery documentation constitutes acceptance of the delivery quantity and quality as determined by the Government and/or its agents

21. RECONCILIATION – Within 30 days, barring any exceptions, after completion of the final scheduled delivery of exchange oil under the contract, any imbalances that may exist in the crude oil volumes agreed upon in the contract will be reconciled in the following manner:

If DOE receives an amount of exchange oil that exceeds the contracted return oil delivery volume, the Government will attempt to reconcile the imbalance through cash payments or other alternate means, as available. If reconciliation is by cash payment, the Contractor shall invoice the DOE based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250.

If the Contractor delivers a total volume of return oil which is less than the contracted quantity, the DOE will invoice the Contractor for the undelivered amount based on the cost value of the exchange oil on the date of the last delivery as annotated on the DD250. If no payment is received by the due date specified on the invoice, the applicable amount owed will be drawn against the Contractor's Payment and Performance Letter of Credit as described in Provision 4 of this contract.


Note: The cost value is derived from the data published in the Argus Americas Crude Oil Price Report. If no published prices are available, a mutually agreed upon price will be negotiated. Should the parties fail to reach a negotiated price, the Government shall determine a fair and reasonable price.

Contractor

By:

Name:

Title:


Enrique Heredia
Crude Oil Trading
Exxon Mobil Oil Corp.

The United States of America

By:

Name: Kelly M. Gele'

Title: Contracting Officer

ATTACHMENT A

STRATEGIC PETROLEUM RESERVE CRUDE OIL SPECIFICATIONS ^a (SPRO MAY 2020) ^{e1}

| CHARACTERISTIC | SOUR | SWEET | PRIMARY ASTM TEST METHOD ^b |
|--|---------|---------|---------------------------------------|
| API Gravity [°API] | 30-45 | 30-45 | D1298 or D5002 |
| Total Sulfur [Mass %], max. | 1.99 | 0.50 | D4294 |
| Pour Point [°C], max. | 10 | 10 | D97 |
| Salt Content [Mass %], max. | 0.050 | 0.050 | D6470 |
| Viscosity | | | |
| [cSt @ 15.6°C], max. | 32 | 32 | D445 |
| [cSt @ 37.8°C], max. | 13 | 13 | |
| Vapor Pressure | | | |
| [VPCR4 (100°F) psia (kPa)] ^c , max. | 9(62.1) | 9(62.1) | D6377 |
| Total Acid Number [mg KOH/g], max. | 1.00 | 1.00 | D664 |
| Water and Sediment [Vol. %], max. | 1.0 | 1.0 | 473 and D4006, or D4928 |
| Yields [Vol. %] | | | D2892 and D5236 ^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 | IP344 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.
- ^e Vapor pressure changed to better reflect current domestic crude standards.

- 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.