

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 16 day of Oct 19, 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 ExxonMobil Pipeline Company, 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, as well as the total number of barrels of product loaded or unloaded over the GOVERNMENT's docks at the St. James Sugarland Terminal (including Pumpover as described in Appendix section C-1.5), less the monthly Base Rental Fee. Reference section 44 and Appendix C 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 (guaranteed to be a minimum of \$166,667.67 per month) by the LESSEE to the GOVERNMENT for use of the FACILITY, as further defined in section 44 and Appendix C 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 ExxonMobil Pipeline Company, a Delaware corporation, 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 within the FACILITY provided at the start of this lease.
- 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 "A."
- 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 not 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 "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 Subject to the terms and conditions of this Agreement, LESSEE has examined and accepts the condition and state of repair of the Leased Property (as represented in Appendix B) "As Is" and "Where Is" without any representation or warranty by the Government 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, except as expressly set forth in this Lease.
- 6.2 LESSEE will have the option to develop, document and install a site control system to replace the current site control system. If LESSEE opts for replacement, manual control of the site is not an acceptable standard method of operation.

- 6.3 Intentionally Omitted.

## 7. INSPECTION OF PROPERTY

- 7.1 Intentionally Omitted.

- 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 meet or exceed 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 (see Appendix D & F) 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. The Maintenance Plan will state that during each year of facility operation, LESSEE maintenance activities planned for the following year will be submitted for the GOVERNMENT's 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 Except as provided in Section 13, 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, Appendix E and Appendix F.
- 12.5.5 Maintenance and mowing of the FACILITY 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.
- 12.5.13 All FACILITY maintenance in accordance with Appendix F.

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

- 13.1 The GOVERNMENT subject to the Antideficiency Act referred to in paragraph 61.1, shall compensate LESSEE for actual and reasonable cost to LESSEE for performance of the following:
  - 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 repairs or maintenance costs caused by Force Majeure, subject to sections 63, 64 and 65.
  - 13.1.5 Any repairs, maintenance or operating costs caused by the issuance of new regulations by the U.S. Department of Transportation, Office of Pipeline Safety or any other regulatory agency having jurisdiction that would have been applicable to the Government had this Lease not been executed.
  - 13.1.6 Any soil or other property remediation due to any spill or other contamination which occurred prior to the Lease

Commencement Date.

14. [Intentionally Omitted]

#### 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 (Attached as Appendix B). 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 or procure a replacement part.

#### 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 capital 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. Other than as provided for in this Section 17.4, 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.

17.6 EMPCo will make commercially reasonable efforts to both construct a pipeline connection between the St James facility and ExxonMobil Baton Rouge Refinery (EM BRRF) and to install a VCU and piping to allow for exports to the docks. The expectation is that both efforts will be completed within 36 months of the Lease Commencement Date and that EMPCo will regularly deliver to the EM BRRF using this connection. Appendix A provides a description of these new installations.

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 [Intentionally Omitted].

19.2 [Intentionally Omitted].

19.3 Twelve months before the expiration or termination of this Lease, LESSEE shall have completed all restorations 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; however, subject to (a) ordinary wear and tear at the standard at which EMPCo maintains and operates EMPCo owned facilities, (b) damage by third parties or by the Government, its agents, contractors, employees or assigns, (c) Force Majeure or (d) other mutual agreement with the GOVERNMENT. In the event the Leased Property is not so restored to its condition as of the Commencement Date, with the foregoing exceptions, then the Government may cause the Leased Property to be restored at the sole reasonable expense of Lessee.

19.4 In addition, upon the expiration or termination of this Lease, LESSEE shall remove its moveable 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.

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, or such additional time as is fair and reasonable.

20. [Intentionally Omitted].

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, negotiate in good faith toward 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 list of all current Lease Agreements.

## 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 13 and 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. The GOVERNMENT shall perform an annual assessment with a report that documents this inspection and provides the LESSEE with the GOVERNMENT's expectations for repair activities. The GOVERNMENT shall bear all costs and expenses incurred by the GOVERNMENT in connection with exercising the foregoing access, monitoring, and inspections rights and shall comply with safety protocols and procedures of LESSEE when on the Leased Facilities.

## 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 Mr. Tyrone Doss, 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 will provide to LESSEE all available 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. GOVERNMENT shall continue to have access to such records and drawings and all such records and drawings shall be returned to the GOVERNMENT by LESSEE upon termination or expiration of this Lease Agreement. 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. Appendix D, Schedule A outlines the compensation due to LESSEE for the various emergency, exchange, and test scenarios.

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 each time an emergency is declared.

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 Subject to the terms and conditions of this agreement, the exercise of the privileges granted 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.

### 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 LESSEE shall not grant any easement or right of way over, under, across, in or upon the FACILITY or any portion thereof without expressed written approval of the GOVERNMENT, which shall not be unreasonably withheld. 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 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 (as calculated in accordance with this agreement and as described in Appendix C and D) 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](http://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](mailto: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 D.

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. 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. [Intentionally Omitted]

#### 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 Force Majeure.

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, 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 any 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 or 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 but only to the extent of LESSEE's obligation to release and indemnify the GOVERNMENT as required elsewhere in this agreement."
- 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 or sudden and accidental/time element 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 to the extent coverage is available in the commercial insurance marketplace on a reasonable basis.
- 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 operated by Lessee, 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 [Intentionally Omitted]

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: Realty Officer  
900 Commerce Road East  
New Orleans, Louisiana 70123  
PHONE: (504) 734-4347  
FAX: (504) 734-5347

If to LESSEE:

ExxonMobil Pipeline Company  
ATTN: Business Development Manager  
Room: E3.5A.416  
22777 Springwoods Village Pkwy  
Spring, TX 77389  
PHONE: (832) 624-7903

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

Michael A. ...  
...

By: [Signature]

Title: VICE PRESIDENT

Date: 10-4-19

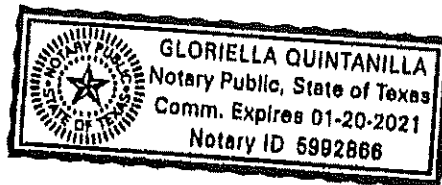
STATE OF TEXAS

COUNTY/PARISH OF HARRIS COUNTY

On this 4th day of October, before me appeared Harry Janke, to me personally known, who, being by me duly sworn (or affirmed) did say that he is a Vice President of ExxonMobil Pipeline Company 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.

[Signature]

1-20-2021



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:

[Handwritten Signature]  
[Handwritten Signature]

THE UNITED STATES OF AMERICA

By: [Handwritten Signature]

Title: Senior Realty Officer

Date: 10/16/2019

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

DISTRICT OF COLUMBIA

On this 11<sup>th</sup> day of Oct, before me appeared David Steinau, personally known to me or proved to me on the basis of satisfactory evidence, who, being by me duly sworn (or affirmed) did say that he is the Senior Realty Officer 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 he acknowledged the instrument to be the free act and deed of the United States of America.

Ethel Beall

Ethel Beall

- NOTARY PUBLIC

(Title or Office)\_Seal

