

# TARGA CONDENSATE MARKETING LLC

## GENERAL TERMS AND CONDITIONS FOR THE PURCHASE AND SALE OF CONDENSATE

These General Terms and Conditions ("GTCs") for the Purchase and Sale of Condensate are incorporated into and govern any Transaction between **Targa Condensate Marketing LLC** ("Targa") and such other party to the Transaction, as designated on the Confirmation for such Transaction incorporating these GTCs ("Counterparty") (Targa and Counterparty, each a "Party," and collectively, the "Parties"). The Parties' respective addresses for notices and contact information for administration of the Transaction, Confirmation, and these GTCs are set forth on the applicable Confirmation. Capitalized terms used in these GTCs are defined where they first appear, in Section 17 of these GTCs, or in the GPs.

For consideration received, the Parties agree as follows:

1. **Agreement**. These GTCs, together with the Transaction, Confirmation, and the ConocoPhillips General Provisions Domestic Crude Oil Agreements, effective as of January 1, 1993, amended effective as of August 1, 2009 (the "GPs"), constitute the Parties' entire agreement as to such Transaction and Confirmation, and shall be read together and construed together as a single integrated agreement (the Transaction, Confirmation, GTCs and GPs collectively, the "Agreement"). The GPs are attached to these GTCs as Attachment I and are hereby incorporated by reference in these GTCs.

2. **Transactions and Confirmations**. The Parties will use the following Transaction execution and Confirmation procedures.

- (a) **Transaction Execution**. Any Transaction may be effectuated by an oral conversation or by any form of text-based paper or electronic transmission between the Parties, with the offer and acceptance constituting the agreement of the Parties. The Parties shall be legally bound from the time they mutually agree to the commercial terms of the Transaction, including, at a minimum, the following terms: (i) the delivery location, including whether delivery is to occur at the Originating Facility(ies) or Destination Facility(ies), means for transportation of Condensate, and which Party is responsible for transportation of Condensate, (ii) quantity, (iii) delivery dates or periods, and (iv) price, as applicable, and (v) any other fees, charges or expenses to be paid by either Party.
- (b) **Confirmations**. Within five (5) Business Days after the Parties enter into a Transaction as contemplated in Section 2(a), Targa shall send a Confirmation to Counterparty; provided that Targa's failure to send a Confirmation within this timeframe will not invalidate the oral or written (paper or electronic) agreement of the Parties. Absent manifest error, the terms of the Transaction contained in Targa's Confirmation shall be deemed correct and binding on the Parties unless Counterparty objects in writing to the contents of the Confirmation within two (2) Business Days after it was received by Counterparty (the "Objection Deadline"). If Counterparty objects to the terms of a Confirmation in writing before the Objection Deadline, the Parties agree to promptly endeavor in good faith to resolve such differences, and if the Parties agree with respect to any changes to the terms of a Confirmation, Targa will promptly send Counterparty a revised Confirmation. The procedures set forth in this Section 2(b) shall apply to any such revised Confirmation(s).
- (c) **Transaction Evidence**. Each Party hereby consents to the recording of conversations between the Parties with respect to a Transaction without any further notice. Any text-based electronic transmission or Electronic Record shall, when printed, be deemed a "writing" or "in writing" and, when maintained in the ordinary course of business, shall constitute an "original writing." Any electronic signature, including but not limited to a "bit map" or digital signature, attached to or logically associated with a Confirmation or notice under the Agreement shall be deemed to be a "signature" and satisfy any rule or law requiring a signature. Neither Party

will contest or assert any defense to the validity or enforceability of an Electronic Record, an electronic signature, or any Transactions entered into in accordance with these GTCs (i) based on any law requiring certain agreements to be in writing or to be signed by such Party, or (ii) based on any lack of authority of the Party or of any employee or other personnel of the Party to enter into a Transaction.

- (d) **Principles of Construction and Interpretation; Priority of Terms.** In the event of a conflict between the provisions of the documents that comprise the Agreement, the provisions of the documents will take precedence, govern, and control the rights, obligations and duties of the Parties in the following order of priority: (i) the effective Confirmation for the Transaction; (ii) agreement (oral or written) of the Parties regarding the commercial terms of the Transaction, which may be evidenced by the means set forth in Section 2(c); (iii) these GTCs; and (iv) the GPs.

3. **Invoices, Terms of Payment and Audit.** Section F of the GPs is deleted in its entirety and replaced with the following:

- (a) **Invoices; Payments.** Invoices will be prepared by the Seller and transmitted to the Buyer after the conclusion of each month that Condensate is lifted by Buyer or delivered to Buyer, as applicable. Unless otherwise specified on the Confirmation and/or agreed to by the parties in the Transaction, payment is due on or before the 20<sup>th</sup> day of the month following the month of delivery. Payment will be by electronic means of same day available funds. Payments must be made to the account specified in the applicable invoice. All payments due on the same day for two or more Transactions will be offset and netted against each other, and the Party owing the greater amount will pay the difference to the other Party. If the payment due date falls on a date that is not a Business Day, payment will be made on the following Business Day. If any such payment is not made by the date due, Seller may, in addition to any other remedies available to it at law or equity, or under the Agreement, (i) immediately suspend deliveries of Condensate to Buyer under the Agreement, and (ii) charge interest on the amount of the overdue payment at the Interest Rate. Notwithstanding the foregoing, each Party's obligations to make payments in connection with Transactions will be subject to the conditions precedent that (x) no Event of Default with respect to the other Party has occurred and is continuing, and (y) no Early Termination Date has occurred or been effectively designated.
- (b) **Audit.** No more than once every 24 months, a Party and its duly authorized representatives will have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the records of the other Party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment or computation made under the Agreement; *provided* that (i) the auditing Party and its representatives (including independent auditors) will limit their physical time in the office or on the premises of the audited Party to 10 Business Days in the aggregate, (ii) the audit must be completed within 30 days (and the audited Party will respond to all reasonable requests in a timely manner), and (iii) the audited Party must receive notice of any audit findings, including reasonably detailed supporting documentation, within 30 days following the conclusion of the audit. This right to examine, audit, and to obtain copies will not be available with respect to proprietary information not directly relevant to the Agreement. All invoices and billings will be conclusively presumed final and accurate and all associated claims for under or over payments will be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two (2) years after the date of such invoice. All retroactive adjustments due as a result of any audit under this Section 3(b) will be paid in full by the Party owing payment within thirty (30) days of notice and substantiation of such inaccuracy.

4. **Delivery, Title & Risk of Loss; Operating Procedures.** Section K of the GPs is deleted in its entirety and replaced with the following:

(a) **Delivery by Truck.** For Condensate delivered by truck:

- i. If Seller provides transportation of Condensate from the Originating Facility to the Destination Facility, (A) delivery will be completed, and title to Condensate will pass from Seller to Buyer, when the Condensate passes the outlet flange of Seller's designated tank truck at the Destination Facility, and (ii) risk of loss will pass from Seller to Buyer when the Condensate passes the outlet flange of Seller's designated tank truck at the Destination Facility; *provided*, if measurement is conducted at the Originating Facility, Seller will have no liability with respect to and Buyer will bear risk of loss with respect to normal, reasonably foreseeable, losses incurred during loading at the Originating Facility, transportation from the Originating Facility to the Destination Facility, and unloading at the Destination Facility, including but not limited to losses from evaporation; line loss; clingage; valve, flange and meter leakage; and measurement differentials; and
- ii. If Buyer provides transportation of Condensate from the Originating Facility to the Destination Facility, delivery will be completed, and title and risk of loss will pass from Seller to Buyer, when the Condensate passes the outlet flange of the Originating Facility into Buyer's designated tank truck.

(b) **Delivery by Pipeline.** For Condensate delivered by Pipeline:

- i. If the delivery location is the Destination Facility (in which case Seller is the shipper on the applicable pipeline from the Originating Facility to the Destination Facility), delivery will be completed, and title and risk of loss will pass from Seller to Buyer when the Condensate passes the last flange and/or meter at the connection of the pipeline to the Destination Facility;
- ii. If the delivery location is the Originating Facility (in which case Buyer is the shipper on the applicable pipeline from the Originating Facility to the Destination Facility), delivery will be completed, and title and risk of loss will pass from Seller to the Buyer when the Condensate passes the first inlet flange and/or meter facility at the connection of the pipeline to the Originating Facility; and
- iii. If delivery is by in-line transfer, delivery will be completed, and title and risk of loss will pass from Seller to Buyer, at the particular pipeline facility designated for the applicable Transaction.

(c) **Reductions in Quantity and Quality after Delivery.** Seller will not be liable to Buyer for reductions in quantity or degradation of quality of Condensate after delivery to Buyer. Buyer agrees that, after delivery, the handling, care, storage or use of Condensate will be at Buyer's sole risk and expense.

(d) **Facility Access.** If delivery of any Condensate is to be accomplished by truck via any facility owned or operated by a Party or an Affiliate of such Party, the other Party or its carrier may be required by the facility operator to be a Party to a written agreement regarding access to and operations at the applicable facility.

(e) **Right to Reject Transport.** Each Party reserves the sole right (i) to reject any trucks or pipelines presented for loading or unloading which would present an unsafe or potentially unsafe situation, and/or (ii) to refuse to load/unload, transfer, or handle any Condensate under any conditions it deems unsafe which are caused by drivers, personnel, equipment, and/or procedures.

5. **Measurement & Tests.**

(a) **Delivery by Truck.** For Condensate delivered by truck: If the Condensate is measured at the Destination Facility, then (1) Buyer will measure volume at the Destination Facility utilizing meters, truck scales, or tank gauges, (2) measurement shall be conducted in accordance with Section A of the GPs, and (3) Buyer will provide the measured volumes to Seller on at

least a monthly basis; or If the Condensate is measured at the Originating Facility, then (1) Seller will measure volume at the Originating Facility utilizing meters, truck scales, or tank gauges, (2) measurement shall be conducted in accordance with Section A of the GPs, and (3) Seller will provide the measured volumes to Buyer on at least a monthly basis.

- (b) **Delivery by Pipeline.** For Condensate delivered by pipeline, measurement will be made at the applicable delivery location in accordance with one of the following alternatives listed in the stated order of preference for such alternative: (i) the connection agreement governing the pipeline connection at the delivery location, by the Person designated under such agreement to conduct measurement, (ii) the pipeline's governing rules and regulations tariff, by the pipeline operator, or (iii) Section A of the GPs, by the Seller. Seller or Buyer, as applicable, will provide the measured volumes to the other Party on at least a monthly basis.

## 6. **Quality and Warranties.**

- (a) **Quality.** All Condensate will be deemed 40 degrees (API). Unless set forth in an effective Confirmation, there will be no additional quality specifications other than as set forth in Section A of the GPs.
- (b) **Warranties.** In addition to the warranties set forth in Section B of the GPs, (i) Buyer represents and warrants to the Seller that Buyer is knowledgeable and aware that the Condensate delivered is a hazardous material and that Buyer is sophisticated and knowledgeable of (A) the hazards and risks associated therein, and (B) the handling, receipt, transportation, and storage of Condensate, (ii) on each date the Parties enter into a Transaction, each Party represents and warrants to the other that: (A) it is duly authorized to enter into the Agreement and the applicable Transaction and to perform its obligations thereunder; (B) the person entering into the Agreement and the applicable Transaction is duly authorized to do so; (C) its obligations under the Agreement constitute its legal, valid and binding obligations, enforceable in accordance with its terms, except as enforceability may be limited by the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by general principles of equity; (D) the Agreement constitutes a "forward contract" and it is a "forward contract merchant," within the meaning of the United States Bankruptcy Code; and (E) it is acting for its own account, as a principal only, and not as an agent, fiduciary or in any other capacity. **EXCEPT AS EXPRESSLY SET FORTH IN THE AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE CONDENSATE OR OTHERWISE, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**
- (c) **Claims.** Notice of any claim as to any defect in quantity or quality with respect to any Condensate will be made in writing to Seller immediately after such apparent defect is discovered. Any such notice of claim will be followed promptly by a formal written claim with all necessary details and documentation to properly assess such claim. **IF NO WRITTEN NOTICE OF A CLAIM IS RECEIVED BY SELLER WITHIN THIRTY (30) DAYS AFTER DELIVERY OF THE CONDENSATE TO BUYER, THE CLAIM SHALL BE CONCLUSIVELY DEEMED WAIVED, AND SELLER WILL HAVE NO LIABILITY WITH RESPECT TO SAME.**

## 7. **Delivery & Receipt Obligations.**

- (a) **Failure to Lift and/or Take Delivery of Condensate.** Unless otherwise specified in the applicable Confirmation, Buyer's obligation to lift and/or take delivery of Condensate is firm and subject to interruption only to the extent attributable to Force Majeure. Therefore, should Buyer fail to lift and/or take delivery of Condensate at the times and in the quantities agreed to in the Transaction, then Seller will have the right, but not the obligation, to sell all or any portion of the volume of Condensate that Buyer failed to timely lift and/or take delivery of (the "Remaining Volumes") on terms and at such prices as Seller will determine in a commercially reasonable manner in light of the then existing circumstances and collect from Buyer the

positive difference (if any) between the price established for such Condensate in the Transaction minus the sum of (A) the Net Price and (B) any amounts previously paid by Buyer to Seller with regard to the applicable Transaction. "Net Price" means the gross proceeds received by Seller in connection with the sale of the Remaining Volumes less (x) all of Seller's reasonable costs and expenses associated with any such sales, (y) a sales commission equal to five percent (5%) of the gross proceeds of such sales, and (z) any additional fees or expenses incurred by Seller in connection with Buyer's failure to timely lift and/or take delivery of the Remaining Volumes, including, but not limited to, any additional storage and/or transportation costs incurred.

- (b) **Failure to Deliver Condensate**. If a fixed, non-variable quantity of Condensate to be delivered is agreed upon and listed in the Confirmation, then Seller's obligation to deliver is firm and subject to interruption only to the extent attributable to Force Majeure. Therefore, should the Seller fail to deliver Condensate at the times and in the quantities agreed to in the Transaction, then Buyer will have the right, but not the obligation, to procure all or any portion of the volume of Condensate that Seller failed to timely deliver (the "Undelivered Volumes") on terms and at such prices as Buyer will determine in a commercially reasonable manner in light of the then existing circumstances and to collect from Seller the positive difference (if any) between the Total Price (defined below) and the price established for such Condensate in the applicable Transaction. "Total Price" means the gross amount paid by Buyer in connection with the purchase of the Undelivered Volumes plus (x) all of Buyer's reasonable costs and expenses associated with any such purchases, and (y) any additional fees or costs incurred by Buyer in connection with Seller's failure to timely deliver the Remaining Volumes, including, but not limited to, any additional storage and/or transportation costs incurred.
- (c) **Imbalances**. The foregoing provisions of this Section 7 are not applicable to imbalances arising under any Transactions due to pipeline or other transportation imbalances, which will be determined between the Parties in good faith. Unless the Parties mutually agree in writing to a monetary settlement, any such imbalances will be resolved on a volumetric basis as soon as practicable, but in no case later than the end of the second month following the month in which the imbalance arose.

8. **Indemnities**. The Parties agree, to the fullest extent permitted by law and regardless of the presence or absence of insurance, as follows:

- (a) **SELLER WILL RELEASE, DEFEND, INDEMNIFY AND HOLD BUYER AND ITS AFFILIATES, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, PROCEEDINGS, JUDGMENTS, PENALTIES, FEES, COSTS AND EXPENSES (INCLUDING COURT COSTS, ANY COST OR EXPENSE OF INCIDENT INVESTIGATION AND REASONABLE ATTORNEY'S FEES) OR ANY LIABILITY ARISING FROM OR ON ACCOUNT OF INJURY, DEATH OR DAMAGE (COLLECTIVELY "CLAIMS") (I) WHICH OCCUR BEFORE DELIVERY OF CONDENSATE TO BUYER UNDER THE AGREEMENT, OR (II) WHICH ARISE OUT OF THE DELIVERY BY SELLER OF ANY OFF-SPEC CONDENSATE TO BUYER.**
- (b) **BUYER WILL RELEASE, DEFEND, INDEMNIFY AND HOLD SELLER AND ITS AFFILIATES, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS WHICH OCCUR AFTER DELIVERY OF CONDENSATE TO BUYER UNDER THE AGREEMENT.**
- (c) **THE PARTIES AGREE THAT WITH RESPECT TO ANY AND ALL CLAIMS WHICH OCCUR DURING THE DELIVERY OF CONDENSATE TO BUYER UNDER THE AGREEMENT (1) EACH PARTY (THE "INDEMNIFYING PARTY") WILL RELEASE, DEFEND, INDEMNIFY AND HOLD THE OTHER PARTY AND ITS AFFILIATES, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM OR CAUSED BY THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFYING PARTY OR ANY EMPLOYEE, OFFICER, DIRECTOR, CONTRACTOR, SUBCONTRACTOR OR AGENT OF THE INDEMNIFYING PARTY, AND (2) INDEMNIFYING PARTY'S LIABILITY HEREUNDER WILL APPLY REGARDLESS OF WHETHER**

THE OTHER PARTY WAS CONCURRENTLY NEGLIGENT (WHETHER ACTIVELY OR PASSIVELY), IT BEING AGREED BY THE PARTIES THAT IN THIS EVENT, THE PARTIES' RESPECTIVE LIABILITY OR RESPONSIBILITY FOR SUCH CLAIMS UNDER THIS SECTION 8(C) WILL BE DETERMINED IN ACCORDANCE WITH THE PRINCIPLES OF COMPARATIVE NEGLIGENCE.

9. **Financial Responsibility; Events of Default.** Section G of the GPs is deleted in its entirety and replaced with the following:

(a) **Financial Responsibility.** If either Party ("Party X") has reasonable grounds for insecurity regarding the performance of any obligation under the Agreement (whether or not then due) by the other Party ("Party Y") (including the occurrence of a material change in the creditworthiness of Party Y), then Party X may make written demand for Adequate Assurance of Performance. If Party Y fails to provide Adequate Assurance of Performance within three (3) Business Days of written demand by Party X, in addition to other rights and remedies available to Party X under this Agreement, Party X may suspend deliveries until Party Y complies with such demand.

(b) **Events of Default.** An event of default ("Event of Default") will mean with respect to a Party (the "Defaulting Party") or, if applicable, the guarantor of such Party, any of the following: (a) the failure by the Defaulting Party or its guarantor, if any, to make, when due, any payment required under the Agreement or any Guaranty if such failure is not remedied within three (3) Business Days after written notice; (b) any representation or warranty made by the Defaulting Party in the Agreement will prove to have been false or misleading in any material respect; (c) the failure by the Defaulting Party to provide Adequate Assurance of Performance when due pursuant to Section 9(a), and such failure is not cured within two (2) Business Days after written notice; (d) the breach by the Defaulting Party or its guarantor, if any, of any material covenant or obligation set forth in the Agreement or any Guaranty (other than obligations constituting a separate Event of Default under this Section 9(b)), and such failure is not cured within ten (10) Business Days after written notice; or (e) the occurrence of an Insolvency Event.

10. **Liquidation.** The first sentence of Section H(1) of the GPs is deleted in its entirety and replaced with the following: "At any time after the occurrence of one or more Events of Default, the other Party to the Agreement (the "Liquidating Party") will have the right, at its sole discretion, to liquidate the Agreement by terminating the Agreement."

11. **Force Majeure.** In addition to the force majeure provisions set forth in Section E of the GPs, the Affected Party will give prompt notice, either in writing or orally (followed as soon as practicable with written notice), and full particulars of such force majeure to the other Party.

12. **Taxes.** Buyer shall not withhold any amounts due to Seller, as payment for such Condensate, on account of or with respect to any taxes. Seller agrees to indemnify Buyer for any liability Buyer incurs with respect to any non-payment of such taxes.

13. **Limitation of Liability.** NOTWITHSTANDING ANYTHING CONTAINED IN THE AGREEMENT TO THE CONTRARY, NO PARTY WILL BE LIABLE TO ANY OTHER PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, EXEMPLARY, PUNITIVE DAMAGES, SUFFERED BY SUCH PARTY RESULTING FROM OR ARISING OUT OF THE AGREEMENT, INCLUDING WITHOUT LIMITATION, LOSS OF USE, INCREASED COST OF OPERATIONS, LOSS OF PROFIT OR REVENUE, LOSS OF PRODUCTION, OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED AND REGARDLESS OF THE OTHER PARTY'S NEGLIGENCE (REGARDLESS OF WHETHER SUCH NEGLIGENCE IS SOLE, JOINT, CURRENT, ACTIVE, OR PASSIVE), FAULT, OR LIABILITY WITHOUT FAULT. THE PRECEDING SENTENCE WILL NOT BE CONSTRUED AS LIMITING THE OBLIGATION OF EITHER PARTY TO INDEMNIFY THE OTHER PARTY AGAINST THIRD PARTY CLAIMS FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES.

14. **Notices.** Unless otherwise specified, any demand, notice or other communication to be given hereunder will be in writing delivered by personal delivery to the address set forth in the Confirmation, or sent to the mailing or email addresses set forth in the Confirmation. A Party may change the

addresses set forth in the Confirmation by providing notice to the other Party of such change. All notices will be provided by (w) personal delivery, (x) priority, registered or certified mail (in each case, postage prepaid and return receipt requested), (y) nationally recognized overnight mail or courier service, or (z) email (provided, however that email will only function as notice under the Agreement if it (i) is sent to the exact email address set forth in the Confirmation for the respective Party and (ii) contains a signed writing transmitted via PDF or other similar electronic medium that would in itself constitute notice pursuant to this Section 14 if transmitted pursuant to other physical media). A notice is deemed effective and delivered: (i) if sent by email, on the day sent, if sent before 5:00 PM on a Business Day, otherwise on the next Business Day; (ii) if sent by overnight mail or courier, then on the next following Business Day; (iii) if provided via personal delivery, upon the Business Day delivered, if delivered before 5:00 PM, otherwise on the next Business Day; and (iv) if sent by priority, registered or certified mail return receipt requested, on the day evidenced by the return receipt. Notwithstanding the foregoing, in the case of personal delivery, overnight mail or courier, and priority, registered or certified mail return receipt requested, if delivery is refused or avoided by a Party, notice will be deemed effective on the date of attempted delivery.

15. **Governing Law; Jurisdiction; Venue.** In addition to the Governing Law provisions as set forth in Section M of the GPs, any legal action or proceeding arising out of or relating to the Agreement or the relationship between the parties will be instituted in state or federal courts located in Houston, Texas, and each Party irrevocably submits to the exclusive jurisdiction of such courts. Each Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection to the jurisdiction of any such court or to venue therein or any claim of inconvenient forum of such court or of sovereign immunity. **EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THE AGREEMENT.**

16. **Miscellaneous.**

- (a) **Assignment.** Section P of the GPs is deleted in its entirety and replaced with the following: “The Agreement will extend to and be binding upon the Parties, their successors and assigns, but it is expressly agreed that neither Party may assign the Agreement without the prior written consent of the other Party, which consent will not be unreasonably withheld or delayed. Notwithstanding the foregoing, either Party has the right, without the necessity of obtaining the other Party’s consent to (i) transfer, sell, pledge, encumber or assign the Agreement (in its entirety or partially with respect to any particular Transactions) or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements entered into by or on behalf of (directly or indirectly) such Party, (ii) transfer or assign the Agreement to an Affiliate of such Party, however, if the assignee’s creditworthiness is less than the assigning Party’s creditworthiness the assigning Party, or its guarantor, will be required to provide a Guaranty to the non-assigning Party, or (iii) transfer or assign the Agreement to any Person succeeding to all or substantially all of the assets of such Party if such entity’s creditworthiness is greater than or equal to the assigning Party or its guarantor’s creditworthiness.”
- (b) **Confidentiality.** Neither Party will disclose directly or indirectly without the prior written consent of the other Party the terms of any Transaction to a third party (other than the Affiliates, employees, lenders, counsel, accountants and other agents of the Party, or prospective purchasers of all or substantially all of a Party’s assets, provided such persons will have agreed to keep such terms confidential) except in order to comply with any applicable law, order or regulation, including any regulatory agency’s reporting requirements. In the event that disclosure is required by a governmental body or applicable law, the Party subject to such requirement may disclose the terms of Transactions to the extent so required, but will promptly notify the other Party, prior to disclosure, and will cooperate (consistent with the disclosing Party’s legal obligations) with the other Party’s efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other Party.

- (c) **No Third Party Beneficiary**. Other than Persons expressly within the scope of any indemnity given in the Agreement, nothing in the Agreement or any documents arising from any Transactions, unless mutually agreed by the Parties in a writing to the contrary, will entitle any Person other than the Parties or such indemnitees, or their successors or permitted assigns, to any Claim, remedy or right of any kind relating to any of the Transactions.
- (d) **Waiver; Amendments; Severability**. In addition to the Waiver provisions as set forth in Section O of the GPs, the Parties agree no alteration or amendment of the Agreement, or waiver of any of its provisions, will be binding upon either Party unless the same be in writing and signed by the Party charged. The invalidity of any one or more covenants or provisions of the Agreement will not affect the validity of any other provisions hereof or the Agreement as a whole, and in case of any such invalidity, the terms of the Agreement will be construed to the maximum extent possible as if such invalid provision had not been included therein.
- (e) **Survival**. Sections 1, 2(c), 3, 6(b), 6(c), 7, 8, 10, 12, 13, 14, 15, 16, and 17 shall survive termination or expiration of the Agreement and any Transaction, in addition to any provisions which by their nature should, or by their express terms do, survive or extend beyond termination or expiration of the Agreement.
- (f) **Prior Agreements Superseded; Entire Agreement; Counterparts**. The Agreement contains the entire agreement between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter. The Confirmation, if signed, may be executed in counterparts (including by PDF or other electronic means), each of which when executed and delivered shall be deemed to constitute one and the same agreement.
- (g) **Imaged Agreements**. The Confirmation or other related documents may be recorded, photocopied and/or stored electronically (the "Imaged Agreement"), and if introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, (i) will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form, and (ii) neither Party shall object to the admissibility of the Imaged Agreement on the basis that such were not originated or maintained in documentary form under the hearsay rule, the best evidence rule or any other rule of evidence.

## 17. **Definitions**.

"Adequate Assurance of Performance" means sufficient security in the form, amount and for the term reasonably acceptable to the Party demanding the same, including a standby irrevocable letter of credit issued by a Qualified Institution or a prepayment.

"Affiliate" means any Person controlled, directly or indirectly, by the Party, any Person that controls, directly or indirectly, the Party or any Person directly or indirectly under common control with the Party. "Control" shall mean (i) ownership, directly or indirectly, of either the outstanding voting stock of the controlled Person or any other ownership interest in the controlled Person is such interest has, directly or indirectly, the power to direct or cause the direction of the management and policies of such relevant Person or (ii) operational control of the controlled Person pursuant to an operating agreement, management agreement or other contractual rights.

"Business Day" means any day on which Federal Reserve member banks in Houston, Texas, are open for business.

"Buyer" means the Party receiving and purchasing any Condensate with regard to a particular Transaction.

"Condensate" means light liquid hydrocarbons that condense from natural gas that is the subject of a purchase or sale Transaction executed by the Parties.

"Confirmation" means a written document or Electronic Record setting forth the terms of a Transaction as agreed to by the Parties.

"Destination Facility" or "Destination Facilities" means the facility or facilities to which Condensate will be transported for sale, delivery, or further transportation.

"Electronic Record" means a record created, stored, generated, received, or communicated by electronic means, including but not limited to the use of a mobile device, computer program, electronic data interchange, electronic mail, telex, telecopy, or scanner.

"Guaranty" means a guaranty provided on behalf of a Party to secure all payment obligations of such Party to the other Party. The guaranty, if required, shall be in form and substance reasonably satisfactory to the Party receiving the same.

"Insolvency Event" means the Party or its guarantor (i) makes a general assignment for the benefit of its creditors, (ii) commences a proceeding under applicable bankruptcy law or other law for the relief of debtors, (iii) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (iv) has a trustee, custodian, conservator, receiver or similar official appointed for it, or for a substantial part of its property; (v) becomes insolvent or is unable to pay its debts as they become due; or (vi) incurs any involuntary bankruptcy, reorganization, debt arrangement, or proceeding under any applicable bankruptcy, insolvency or other similar law for the relief of debtors or any dissolution or liquidation proceeding is instituted against the Party or its guarantor.

"Interest Rate" means a per annum rate of interest equal to the prime lending rate published in *The Wall Street Journal* under "Money Rates," **plus** two percent (2%); provided, however, the Interest Rate will not exceed the maximum lawful rate.

"Off-Spec Condensate" is Condensate that is contaminated or otherwise fails to meet the applicable specifications under Section 6(a).

"Originating Facility" or "Originating Facilities" means the facility or facilities at which Condensate delivered or sold under a Transaction originates.

"PDF" means portable document format.

"Person" means an individual, corporation, limited liability company, partnership, joint venture, unincorporated organization or any other legal entity.

"Qualified Institution" means financial institution which has assets of at least \$10,000,000,000 and a credit rating of at least A- by Standard's & Poor's, or A3 by Moody's Investor Services, Inc.

"Seller" means the Party delivering and selling Condensate with regard to a particular Transaction.

"Transaction" means a purchase or sale of Condensate for physical delivery to Buyer, or its designated agent, pursuant to the Agreement, as evidenced in a Confirmation.

## Attachment I

### GPs

#### **CONOCOPHILLIPS' GENERAL PROVISIONS DOMESTIC CRUDE OIL AGREEMENTS**

**A. Measurement and Tests:** All measurements hereunder shall be made from static tank gauges on 100 percent tank table basis or by positive displacement meters. All measurements and tests shall be made in accordance with the latest ASTM or ASME-API (Petroleum PD Meter Code) published methods then in effect, whichever apply. Volume and gravity shall be adjusted to 60 degrees Fahrenheit by the use of Table 6A and 5A of the Petroleum Measurement Tables ASTM Designation D1250 in their latest revision. The crude oil delivered hereunder shall be marketable and acceptable in the applicable common or segregated stream of the carriers involved but not to exceed 1% S&W. Full deduction for all free water and S&W content shall be made according to the API/ASTM Standard Method then in effect. Either party shall have the right to have a representative witness all gauges, tests and measurements. In the absence of the other party's representative, such gauges, tests and measurements shall be deemed to be correct.

**B. Warranty:** The Seller warrants good title to all crude oil delivered hereunder and warrants that such crude oil shall be free from all royalties, liens, encumbrances and all applicable foreign, federal, state and local taxes.

Seller further warrants that the crude oil delivered shall not be contaminated by chemicals foreign to virgin crude oil including, but not limited to chlorinated and/or oxygenated hydrocarbons and lead. Buyer shall have the right, without prejudice to any other remedy available to Buyer, to reject and return to Seller any quantities of crude oil which are found to be so contaminated, even after delivery to Buyer.

**C. Rules and Regulations:** The terms, provisions and activities undertaken pursuant to this Agreement shall be subject to all applicable laws, orders and regulations of all governmental authorities. If at any time a provision hereof violates any such applicable laws, orders or regulations, such provision shall be voided and the remainder of the Agreement shall continue in full force and effect unless terminated by either party upon giving written notice to the other party hereto. If applicable, the parties hereto agree to comply with all provisions (as amended) of the Equal Opportunity Clause prescribed in 41 C.F.R. 60-1.4; the Affirmative Action Clause for disabled veterans and veterans of the Vietnam Era prescribed in 41 C.F.R. 60-250.4; the Affirmative Action Clause for Handicapped Workers prescribed in 41 C.F.R. 60-741.4; 48 C.F.R. Chapter 1 Subpart 19.7 regarding Small Business and Small Disadvantaged Business Concerns; 48 C.F.R. Chapter 1 Subpart 20.3 regarding Utilization of Labor Surplus Area Concerns; Executive Order 12138 and regulations thereunder regarding subcontracts to women-owned business concerns; Affirmative Action Compliance Program (41 C.F.R. 60-1.40); annually file SF-100 Employer Information Report (41 C.F.R. 60-1.7); 41 C.F.R. 60-1.8 prohibiting segregated facilities; and the Fair Labor Standards Act of 1938 as amended, all of which are incorporated in this Agreement by reference.

**D. Hazard Communication:** Seller shall provide its Material Safety Data Sheet ("MSDS") to Buyer. Buyer acknowledges the hazards and risks in handling and using crude oil. Buyer shall read the MSDS and advise its employees, its affiliates, and third parties, who may purchase or come into contact with such crude oil, about the hazards of crude oil, as well as the precautionary procedures for handling said crude oil, which are set forth in such MSDS and any supplementary MSDS or written warning(s) which Seller may provide to Buyer from time to time.

**E. Force Majeure:** 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, governmental laws, regulations, or requests, acts in furtherance of the International Energy Program, disruption or breakdown of production or transportation facilities, delays of pipeline carrier in receiving and delivering crude oil tendered, or by any other cause, whether similar or not, reasonably beyond the control of such party. Neither party shall be required to supply substitute quantities from other sources of supply. Failure to perform due to events in Force Majeure shall not extend the term of this Agreement; except the extent necessary to comply with the provisions of Section J ("Buy/Sell and Exchange Balancing"). The party affected by the a force majeure situation (the "Affected Party") shall take commercially reasonable steps to ameliorate the cause of such force majeure event to enable it to resume performance during the term of this Agreement.

In addition to the above, and in event substantially similar volumes are intended to be bought and sold or exchanged under this Agreement, the parties shall have the rights and obligations set forth in the circumstances described below:

(1) If, because of Force Majeure, the Affected Party is unable to deliver part or all of the quantity of crude oil which it is obligated to deliver under this Agreement, the other party shall have the right, but not the obligation, to reduce its deliveries of crude oil under this Agreement to match the volume actually delivered by the Affected Party.

(2) If, because of Force Majeure, the Affected Party is unable to take part or all of the quantity of crude which it is obligated to take under this Agreement, the other party shall have the right, but not the obligation, to reduce its receipts of crude oil under this Agreement to match the volume actually taken by the Affected Party.

**F. Payment:** Unless otherwise specified in the Special Provisions of this Agreement, Buyer agrees to make payment against Seller's invoice for the crude oil purchased hereunder to a bank designated by Seller in U.S. dollars by telegraphic transfer in immediately available funds. Unless otherwise specified in the Special Provisions of this Agreement, payment will be due on or before the 20th of the month following the month of delivery. If payment due date is on a Saturday or New York bank holiday other than Monday, payment shall be due on the preceding New York banking day. If payment due date is on a Sunday or a Monday New York bank holiday, payment shall be due on the succeeding New York banking day.

Payment shall be deemed to be made on the date good funds are credited to Seller's account at Seller's designated bank.

In the event that Buyer fails to make any payment when due, Seller shall have the right to charge interest on the amount of the overdue payment at a per annum rate which shall be two percentage points higher than the published prime lending rate of Morgan Guaranty Trust Company of New York on the date payment was due, but not to exceed the maximum rate permitted by law.

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**G. Financial Responsibility:** Notwithstanding anything to the contrary in this Agreement, should Seller reasonably believe it necessary to assure payment, Seller may at any time require, by written notice to Buyer, advance cash payment or satisfactory security in the form of a Letter or Letters of Credit at Buyer's expense in a form and from a bank acceptable to Seller to cover any or all deliveries of crude oil.

If Buyer does not provide the Letter of Credit on or before the date specified in Seller's notice under this section, Seller or Buyer may terminate this Agreement forthwith. However, if a Letter of Credit is required under the Special Provisions of this Agreement and Buyer does not provide same, then Seller only may terminate this Agreement forthwith. In no event shall Seller be obligated to schedule or complete delivery of the crude oil until said Letter of Credit is found acceptable to Seller. Each party may offset any payments or deliveries due to the other party under this or any other agreement between the parties.

If a party to this Agreement (the "Defaulting Party") should (1) become the subject of bankruptcy or other insolvency proceedings, or proceedings for the appointment of a receiver, trustee, or similar official, (2) become generally unable to pay its debts as they become due, or (3) make a general assignment for the benefit of creditors, the other party to this Agreement may withhold shipments without notice.

**H. Liquidation:**

(1) **Right to Liquidate.** At any time after the occurrence of one or more of the events described in the third paragraph of Section G, Financial Responsibility, the other party to the Agreement (the "Liquidating Party") shall have the right, at its sole discretion, to liquidate this Agreement by terminating this Agreement. Upon termination, the parties shall have no further rights or obligations with respect to this Agreement, except for the payment of the amount(s) (the "Settlement Amount" or "Settlement Amounts") determined as provided in Paragraph (3) of this section.

(2) **Multiple Deliveries.** If this Agreement provides for multiple deliveries of one or more types of crude oil in the same or different delivery months, or for the purchase or exchange of crude oil by the parties, all deliveries under this Agreement to the same party at the same delivery location during a particular delivery month shall be considered a single commodity transaction ("Commodity Transaction") for the purpose of determining the Settlement Amount(s). If the Liquidating Party elects to liquidate this Agreement, the Liquidating Party must terminate all Commodity Transactions under this Agreement.

(3) **Settlement Amount.** With respect to each terminated Commodity Transaction, the Settlement Amount shall be equal to the contract quantity of crude oil, multiplied by the difference between the contract price per barrel specified in this Agreement (the "Contract Price") and the market price per barrel of crude oil on the date the Liquidating Party terminates this Agreement (the "Market Price"). If the Market Price exceeds the Contract Price in a Commodity Transaction, the selling party shall pay the Settlement Amount to the buying party. If the Market Price is less than the Contract Price in a Commodity Transaction, the buying party shall pay the Settlement Amount to the selling party. If the Market Price is equal to the Contract Price in a Commodity Transaction, no Settlement Amount shall be due.

(4) **Termination Date.** For the purpose of determining the Settlement Amount, the date on which the Liquidating Party terminates this Agreement shall be deemed to be (a) the date on which the Liquidating Party sends written notice of termination to the Defaulting Party, if such notice of termination is sent by telex or facsimile transaction; or (b) the date on which the Defaulting Party receives written notice of termination from the Liquidating Party, if such notice of termination is given by United States mail or a private mail delivery service.

(5) **Market Price.** Unless otherwise provided in this Agreement, the Market Price of crude oil sold or exchanged under this Agreement shall be the price for crude oil for the delivery month specified in this Agreement and at the delivery location that corresponds to the delivery location specified in this Agreement, as reported in Platt's Oilgram Price Report ("Platt's") for the date on which the Liquidating Party terminates this Agreement. If Platt's reports a range of prices for crude oil on that date, the Market Price shall be the arithmetic average of the high and low prices reported by Platt's. If Platt's does not report prices for the crude oil being sold under this Agreement, the Liquidating Party shall determine the Market Price of such crude oil in a commercially reasonable manner, unless otherwise provided in this Agreement.

(6) **Payment of Settlement Amount.** Any Settlement Amount due upon termination of this Agreement shall be paid in immediately available funds within two business days after the Liquidating Party terminates this Agreement. However, if this Agreement provides for more than one Commodity Transaction, or if Settlement Amounts are due under other agreements terminated by the Liquidating Party, the Settlement Amounts due to each party for such Commodity Transactions and/or agreements shall be aggregated. The party owing the net amount after such aggregation shall pay such net amount to the other party in immediately available funds within two business days after the date on which the Liquidating Party terminates this Agreement.

(7) **Miscellaneous.** This section shall not limit the rights and remedies available to the Liquidating Party by law or under other provisions of this Agreement. The parties hereby acknowledge that this Agreement constitutes a forward contract for purposes of Section 556 of the U.S. Bankruptcy Code.

**I. Equal Daily Deliveries:** For pricing purposes only, unless otherwise specified in the Special Provisions, all crude oil delivered hereunder during any calendar month shall be considered to have been delivered in equal daily quantities during such month.

**J. Buy/Sell and Exchange Balancing:** The terms of this Section J shall only apply to the Agreement if substantially similar volumes are intended to be bought and sold or exchanged under this Agreement:

(1.) Each party shall be responsible for maintaining the volumes bought and sold or exchanged in balance on a month-to-month basis, as near as reasonably possible.

(2.) If, for any reason (including events of force majeure), a party complies with the requirements of Section J (1) but fails to deliver or accept delivery of the contractually specified volume during any month (an "Imbalance Month"), then the party that delivered the lesser volume during the Imbalance Month (the "Underlying Party") shall deliver to the other party a volume of crude oil equal to the difference between (a) the volume delivered by the Underlying

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Party during the Imbalance Month, and (b) the volume delivered by the other party during the Imbalance Month (such difference being the "Imbalance Volume). The Imbalance Volume shall be delivered as soon after the Imbalance Month as is reasonably practicable it being understood that the parties shall endeavor to cause the Imbalance Volumes confirmed by the 20<sup>th</sup> day of the Imbalance Month to be delivered immediately following calendar month, and the Imbalance Volumes confirmed after the 20<sup>th</sup> day of the Imbalance month to be delivered during the second calendar month after the Imbalance Month, except to the extent prevented by new or continue event of force majeure.

(3.) When a party fails to deliver or accept delivery of the contractually specified volume during an imbalance Month due to an event of force majeure, if the Imbalance Volume has not been delivered before the end of the second calendar month after the Imbalance Month, and if no other resolution of the Imbalance Month, the Underlying Party shall deliver, and the other party shall take, an amount of crude oil equal to the Imbalance Volume, and such delivery shall be of the same type of crude oil, at the same location and (except as provided in Section J (4) below) at the same price as the crude oil received by the Underlying Party during the Imbalance Month.

(4.) To the extent that an Imbalance Volume is delivered after the Imbalance Month, and except as provided in the Special Provisions of this Agreement: (1) if the price specified in this Agreement is a fixed price or a formula based price based on the price of crude oil on a date or during a specified range of dates (e.g. "April 12, 2009", or "April 12-19, 2009"), the price of the Imbalance Volumes shall be equal to such price without regard to the month of actual delivery; on a date or during a range of dates that is not tied to a specific date or range of (e.g. "bill of lading date," "month of delivery," "NYMEX trade month" or "Calendar month average"), the price for the Imbalance Volumes will be calculated according to such formula for the actual month the Imbalance volume is delivered.

(5.) The foregoing notwithstanding, the obligation of either party to deliver or take an Imbalance Volume less than 1000 barrels at the end of this Agreement shall be excused.

**K. Delivery, Title, and Risk of Loss:** Delivery, title, and risk of loss of the crude oil delivered hereunder shall pass from Seller to Buyer as follows:

For lease delivery locations, delivery of the crude oil to the Buyer shall be effected as the crude oil passes the last permanent delivery flange and/or meter connecting the Seller's lease/unit storage tanks or processing facilities to the Buyer's carrier. Title to and risk of loss of the crude oil shall pass from Seller to Buyer at the point of delivery.

For delivery locations other than lease/unit delivery locations, delivery of the crude oil to the Buyer shall be effected as the crude oil passes the last permanent delivery flange and/or meter connecting the delivery facility designated by the Seller to the Buyer's carrier. If delivery is by in-line transfer, delivery of the crude oil to the Buyer shall be effected at the particular pipeline facility designated in this Agreement. Title to and risk of loss of the crude oil shall pass from the Seller to the Buyer upon delivery.

**L. Term:** Unless otherwise specified in the Special Provisions, delivery months begin at 7:00 a.m. on the first day of the calendar month and end at 7:00 a.m. on the first day of the following calendar month.

**M. Governing Law:** This Agreement and any disputes arising hereunder shall be governed by the laws of the State of Texas.

**N. Necessary Documents:** Upon request, each party agrees to furnish all substantiating documents incident to the transaction, including a Delivery Ticket for each volume delivered and an invoice for any month in which the sums are due.

**O. Waiver:** No waiver by either party regarding the performance of the other party under any of the provisions of this Agreement shall be construed as a waiver of any subsequent performance under the same or any other provisions.

**P. Assignment:** Neither party shall assign this Agreement or any rights hereunder without the written consent of the other party unless such assignment is made to a person controlling, controlled by or under common control of assignor, in which event assignor shall remain responsible for nonperformance.

**Q. Entirety of Agreement:** The Special Provisions and these General Provisions contain the entire Agreement of the parties; there are no other promises, representations or warranties. Any modification of this Agreement shall be by written instrument. Any conflict between the Special Provisions and these General Provisions shall be resolved in favor of the Special Provisions. The section headings are for convenience only and shall not limit or change the subject matter of this Agreement.

**R. Definitions:** When used in this Agreement, the terms listed below have the following meanings:

"API" means the American Petroleum Institute.

"ASME" means the American Society of Mechanical Engineers.

"ASTM" means the American Society for Testing Materials.

"Barrel" means 42 U.S. gallons of 231 cubic inches per gallon corrected to 60 degrees Fahrenheit.

"Carrier" means a pipeline, barge, truck, or other suitable transporter of crude oil.

"Crude Oil" means crude oil or condensate, as appropriate.

"Day," "month," and "year" mean, respectively, calendar day, calendar month, and calendar year, unless otherwise specified.

"Delivery Ticket" means a shipping/loading document or documents stating the type and quality of crude oil delivered, the volume delivered and method of measurement, the corrected specific gravity, temperature, and S&W content.

"Invoice" means a statement setting forth at least the following information: The date(s) of delivery under the transaction; the location(s) of delivery; the volume(s); price(s); the specific gravity and gravity adjustments to the price(s) (where applicable); and the term(s) of payment.

"S&W" means sediment and water.

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