

1 Q. Re: Refurbishment of the Fuel Oil Storage Facility

2 Please provide a copy of Hydro's current fuel procurement and delivery contract(s)
3 for Holyrood.

4

5

6 A. Please refer to the attached Newfoundland and Labrador Hydro Contract for Supply
7 and Delivery of No. 6 Fuel Oil to Holyrood Generating Station. The current contract
8 period expires in September 2012.

CONTRACT 2007-35952

"Original"
15379-0B

NEWFOUNDLAND AND LABRADOR HYDRO
CONTRACT
FOR
SUPPLY AND DELIVERY
OF
NO. 6 FUEL OIL
TO
HOLYROOD GENERATING STATION

APPROVED BY:


NEWFOUNDLAND AND LABRADOR HYDRO

CONTRACT: 2007-35952
DATE: July 23, 2007

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NEWFOUNDLAND AND LABRADOR HYDRO

CONTRACT
FOR
SUPPLY AND DELIVERY
OF
NO. 6 FUEL OIL
TO
HOLYROOD GENERATING STATION

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**AGREEMENT
CONTRACT 2007-35952**

AGREEMENT

AGREEMENT - 1
CONTRACT 2007-35952**SUPPLY AND DELIVERY OF NO. 6 FUEL OIL
TO HOLYROOD GENERATING STATION****AGREEMENT**

THIS AGREEMENT made as of the 21 day of September A.D. 2007.

BETWEEN: NEWFOUNDLAND AND LABRADOR HYDRO, a corporation constituted by statute and an agent of Her Majesty the Queen in right of the Province of Newfoundland and Labrador and having its head office at Hydro Place, St. John's, in the said Province (hereinafter called "Buyer") of the one part;

AND CONOCO PHILLIPS COMPANY (hereinafter called "Seller") of the other part.

WHEREAS Buyer is the owner and operator of an oil-fired generating station located at Holyrood in the Province of Newfoundland and Labrador (hereinafter referred to as "Thermal Generating Station");

AND WHEREAS Buyer has invited Tenders for the supply and delivery of approximately 8,250,000 Barrels of No. 6 fuel oil for the Thermal Generating Station for a term of three (3) years with Buyer's option of a two (2) year extension;

AND WHEREAS Seller has submitted its Tender for supply and delivery of said No. 6 fuel oil and Buyer has accepted that Tender;

AND WHEREAS it is felt desirable to enter into this Agreement in order to prescribe the terms and conditions which shall apply to and in respect of the supply and delivery of the said No. 6 fuel oil;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the Buyer and Seller in consideration of the premises and of the covenants, agreements and declarations made herein by the other, covenant, agree and declare as follows:-

A 1 Interpretation

.1 In this Agreement and the schedules, unless the context otherwise requires,

- (a) "Barrel" means the quantity of Product which when measured at 60°F equals 42 U.S. gallons;
- (b) "Contract" or "Contract Documents" means this Agreement and includes

SCHEDULE A - INSTRUCTIONS AND INFORMATION TO TENDERERS
SCHEDULE B - FORM OF TENDER
SCHEDULE C - SPECIAL CONDITIONS

and any Addenda thereto which are incorporated therein by reference;

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- (c) "Delivery Point" means delivery of Product shall pass from Seller to Buyer upon passage into the first permanent hose flange at Buyer's dock at the Thermal Generating Station.
 - (d) "DES" means delivered ex ship as defined and construed in accordance with the provisions of ICC INCOTERMS (1990 edition).
 - (e) "Lay Time" means the time allowed for the vessel to discharge its cargo and shall commence the earlier of 6 hours after the acceptance of Notice of Readiness given by the marine vessel or when the marine vessel is all fast in berth and shall end when the discharge hoses are disconnected;
 - (f) "Firm Order" means a request by regular or electronic mail or fax transmission from Buyer to Seller specifying the desired delivery date and desired sulphur content of a quantity of Product.
 - (g) "Notice of Readiness" means the notice given by the marine vessel to the Buyer that it is ready to discharge its cargo. Such notice cannot be given until the Buyer is in receipt of the Analysis of Product Quality and evidence of insurance as provided in Clauses SC 1.5 and IT 13.4.(c) respectively.
 - (h) "Platt's Monthly Average Price" means the mean cargo posting for a specific sulphur content of fuel listed on the Product Price Assessments for New York for No.6 Fuel Oil rounded to three decimals, as reported in Platt's Marketscan Price Report for a particular month.
 - (i) "Price Variance" means the difference between the Platt's Monthly Average Price for 1.0% sulphur fuel for the month of July, 2007 and the Tendered Selling Price.
 - (j) "Product", written alone, means No. 6 fuel oil having the specifications listed in Article SC 1 - Product Quality of SCHEDULE C - SPECIAL CONDITIONS;
 - (k) "Province" means the Province of Newfoundland and Labrador;
 - (l) "Seller" means the party or parties executing the Agreement with Buyer for the Work, and the successors and permitted assigns of the said party or parties;
 - (m) "Selling Price" means the price of the Product delivered to Buyer DES at the Delivery Point in the currency of the United States of America excluding all Canadian federal, provincial and municipal taxes and Canadian import duties or other Canadian federal and provincial licenses and fees. Where Seller is non-Resident in Canada, it shall be Buyer's obligation to be the importer of record and to pay such taxes, duties or fees as may be applicable as the importer of record and to apply for any Canadian import compensation that may be due Buyer. Where Seller is resident in Canada, Seller shall be the importer of record and shall pay such taxes, duties or fees as may be applicable as the importer of record and to apply for any Canadian import compensation that may be due Seller;
 - (n) "Site" means Buyer's dock at the Thermal Generating Station;
 - (o) "Work" means work to be performed by Seller as described in the Contract.
- .2 Words in the Contract Documents importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders.
 - .3 Where a word is defined anywhere in the Contract Documents, other parts of speech and tenses of the same word have a corresponding meaning.
 - .4 Wherever in the Contract Documents a number of days is prescribed for any purpose, the days shall be reckoned exclusively of the first and inclusively of the last.

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- .5 Whenever the Contract Documents require either a notice to be given or a request to be made, and the time within which any right will lapse or expire shall terminate on a Saturday, Sunday or legal holiday, such time will continue to run until the next succeeding normal business day.
- .6 In the Contract Documents the headings and any tables of contents and indexes attached thereto are inserted for convenience of reference only and shall not affect the construction or interpretation thereof.
- .7 Any reference in any Contract Document to an article, a clause, a subclause, a paragraph or a schedule shall, unless the context otherwise specifically requires, be taken as a reference to an article, a clause, a subclause, a paragraph or schedule to that Contract Document.
- .8 This Agreement may be executed in more than one counterpart, each of which when so executed shall be deemed to be an original.
- .9 The Contract embodies the entire agreement between the parties. The Contract Documents are intended to be correlative and complementary and any Work required by one document and not mentioned in another shall be executed as though required by all documents.
- .10 The Contract is intended to cover all the Work to be done by Seller; and, unless expressly excluded in the Contract, any Work not indicated herein but which may be necessary or required to complete any part of the Work in a proper, substantial and workmanlike manner shall be furnished by Seller.
- .11 If Seller, in the course of the Work, discovers any discrepancy between the Specifications and the physical conditions of the Site or finds any error, omission or ambiguity in the Contract Documents, Seller shall immediately apply in writing to Buyer for clarification. Buyer will promptly clarify such matters and so inform Seller.
- .12 In case of conflict between the Contract Documents, the said documents shall be considered in the following order of precedence, unless otherwise provided: this AGREEMENT, SPECIAL CONDITIONS, INSTRUCTIONS AND INFORMATION TO TENDERERS, FORM OF TENDER.

A 2 Execution of the Work

Seller for and in consideration of payment to be made to Seller as hereinafter provided, agrees to supply and deliver the Product required for the performance of the Contract as described in and in strict conformity with the terms and conditions of this Agreement and the other Contract Documents.

A 3 Execution of Contract Documents

Execution by Buyer and by Seller of this Agreement shall constitute acceptance and approval by the parties of all provisions, terms and conditions of all of the Contract Documents as if each had been executed by both parties.

A 4 Payment

- .1 Buyer, in consideration of the performance of the Contract by Seller, agrees to pay Seller in accordance with the Selling Price set forth in the Tender, subject to any changes provided for elsewhere in the Contract. Such payment shall be made in accordance with the procedures set forth in the Contract.
- .2 Terms of payment are net fifteen (15) days after:
 - (a) completion of delivery of Product from Seller's marine vessel; or
 - (b) completion of any other service required to be provided under the Contract;

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whichever is applicable, and upon receipt of an acceptable invoice by Buyer, provided that the amounts so billed are correct and properly payable under the Contract. In the case of any disputed invoice due to apparent billing errors contained therein, Buyer shall pay the undisputed portion of any such invoice in accordance with Clause A 4.2. Seller and Buyer shall attempt to reach agreement in respect of any disputed amount within thirty (30) days following Seller's receipt of Buyer's payment of the undisputed amount. If Seller and Buyer fail to agree within such thirty (30) day period, the matter may be referred by either Seller or Buyer for resolution pursuant to Article SC 9 - Governing Law and Forum.

- .3 Where Seller is resident in Canada and is the importer of record, all invoices shall include Seller's Registration Number for the Federal Goods and Services Tax/Harmonized Sales Tax (HST), and shall separately identify the amounts of HST, for which Seller shall be reimbursed.
- .4 If the date payment becomes due and payable falls on a day other than a working day for Buyer then payment shall be made on the first working day thereafter.
- .5 Where delivery occurs fifteen (15) or more days before month end, a provisional invoice shall be submitted to Buyer for payment, using Selling Price as determined in Article IT 7 [Clause IT 7.2].
- .6 Within five (5) working days following a month end in which any provisional invoices have been submitted to Buyer, Seller shall adjust such provisional invoices to reflect the actual Selling Price as determined using Clause IT 7.1 and submit a final invoice to Buyer. Provided the invoice is not in dispute, settlement of this invoice by Buyer payment or Seller refund shall be made within five (5) working days from the date the adjusting invoice is submitted.
- .7 Delay by Buyer in making a payment when it becomes due and payable shall not be deemed to be a breach of the Contract by Buyer, but, except where specifically otherwise provided for, such a delay will, if the delay continues for more than fifteen (15) days beyond the date upon which the payment is due and payable, entitle Seller to interest on the amount overdue at the Prime Lending Rate of the Buyer's Bank.

A 5 Language of Contract

Documentation, required submittals and all other communications, whether verbal or written, shall be in English.

A 6 Notice to and Addresses of Parties

Any notice required or permitted to be given hereunder shall be given in writing, and shall either be given by hand delivery or by regular mail return receipt requested or by fax transmission addressed to the respective officers of the parties as set forth below:

If notice is by mail or fax transmission it shall be effective upon receipt.

Buyer: Newfoundland and Labrador Hydro
Hydro Place
500 Columbus Drive
P.O. Box 12400
St. John's, Newfoundland and Labrador, A1B 4K7
CANADA

Attention: Manager, Supply Chain

Fax: 709-737-1795

e-mail: mikewhelan@nlh.nl.ca

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement under their respective Corporate Seals as of the day and year first above written.

Signed and sealed in the presence of:

NEWFOUNDLAND AND LABRADOR HYDRO
(Buyer)

Marlene Walsh
(Witness)

BY: [Signature]
(Name)

VP, Finance & CFO
(Title)

Marlene Walsh
(Witness)

AND: [Signature]
(Name)

Asst. Corporate Secretary
(Title)

Signed and sealed in the presence of:

CONOCO PHILLIPS COMPANY
(Seller)

(Witness)

BY: Wenchi 10/22/07
(Name)

SVP Commercial
(Title)

(Witness)

AND: _____
(Name)

(Title)

Approved SW Legal
10-23-07

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Seller: CONOCO PHILLIPS COMPANY
600 NORTH DAIRY ASHFORD
HOUSTON, TX
USA 77079-1175
FAX: 281-293-6285
e-mail:

**INSTRUCTIONS AND INFORMATION TO TENDERERS
CONTRACT 2007-35952**

SCHEDULE A

INSTRUCTIONS AND INFORMATION TO TENDERERS

INSTRUCTIONS AND INFORMATION TO TENDERERS - INDEX
CONTRACT 2007-35952

**SUPPLY AND DELIVERY OF NO. 6 FUEL OIL
TO HOLYROOD GENERATING STATION**

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INSTRUCTIONS AND INFORMATION TO TENDERERS - 1
CONTRACT 2007-35952**IT 1 Description of Work**

The Work shall comprise the supply and delivery of approximately 8,250,000 Barrels of No. 6 fuel oil for the Thermal Generating Station at Holyrood in the Province of Newfoundland and Labrador, as is more particularly described in the Contract Documents.

IT 2 Preparation and Submittal of Tenders

.1 Tenders will be received at Hydro Place, 500 Columbus Drive, St. John's until 3:00 p.m. local time, St. John's on August 21, 2007 and opened immediately thereafter at the 2nd Level, Hydro Place.

.2 The Tender shall be submitted either:

(a) in a sealed envelope showing Tenderer's name and return address and marked:

TENDER - CONTRACT 2007-35952

by: (i) mail delivery to:

Newfoundland and Labrador Hydro
P.O. Box 12400
Supply Chain Management
4th Level, Hydro Place
St. John's, Newfoundland and Labrador A1B 4K7
Canada

Attention: Manager, Supply Chain

or

(ii) hand delivery:

into the tender depository box located adjacent to Main Lobby Reception Area, Hydro Place. The sealed Tender envelope must be stamped using time clock located by the tender depository box before being placed into box:

or

(b) faxed delivery, to (709) 737-1795:

Fax delivery must include the Schedule of Prices and the Tender Security required by Article IT 6 - Validity of Tender and Performance Security.

For a faxed tender to be valid, all original Tender documentation, identified with the Tender number, shall be received by not later than 4:00 p.m. on the second working day following the date set for receipt of Tenders.

.3 Tenders shall be prepared in accordance with SCHEDULE B - FORM OF TENDER included herein.

.4 Tenders shall be properly executed by duly authorized officers of Tenderer. If required by Owner, proof of the authority of the executing officer to bind the Tenderer shall be submitted.

.5 If a partnership or joint venture tenders, it shall submit with its Tender, a Power of Attorney executed by all of the general partners or venturers designating and appointing one of the general partners or venturers as the Management Sponsor, and authorizing the Management Sponsor to sign the Tender on behalf of Tenderer, to act for and bind Tenderer in all matters relating to the Tender and, in particular, to agree that each partner or venturer shall be jointly and severally liable for any and all of the duties and obligations of Tenderer assumed under the Tender and the Contract if awarded. The Tender shall be signed on behalf of the partnership or joint venture in its legal name by the Management Sponsor.

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IT 3 Dock Facilities

- .1 The successful Tenderer shall be required to deliver fuel to Buyer DES at the Delivery Point in marine vessels in quantities specific to that delivery as approved by Buyer.
- .2 Buyer will provide a safe berth where a marine vessel with a maximum loaded displacement of 62,000 long tons summer displacement and a maximum draft not exceeding thirty-five (35) feet at mean low water can proceed to, lie at, and depart from, Buyer's berth always safely afloat.

IT 4 Prices

- .1 Tendered prices shall be stated in currency of the United States of America, payable at par in St. John's, Newfoundland and Labrador. Tender prices shall be firm except for any price adjustments specified in the Contract Documents.
- .2 Except for those items specifically identified in the Contract Documents, herein, as being furnished or performed by Owner, Tenderer shall include, in the prices entered in SCHEDULE B - FORM OF TENDER, amounts to cover the performance of the Work complete in every respect in accordance with the Contract Documents, including the provision of all material, equipment, labour and supervision, and the contingent expenses and risks of every kind necessary to complete the Work in accordance with the Contract Documents.
- .3 Except as otherwise provided in the Contract, if a unit price is not stated in SCHEDULE B - FORM OF TENDER, Schedule of Prices for any item, the unit price shall be determined by dividing the Tender amount for the item by the estimated quantity. Where a unit price only is stated in SCHEDULE B - FORM OF TENDER, Schedule of Prices, or in the case of errors in the extension of the unit price, the Tender amount for the item shall be determined by multiplying the unit price by the estimated quantity. In the case of discrepancy between words and figures, the words shall prevail. In the case of arithmetical error, the correct total shall prevail.

IT 5 Scope of Work

The successful Tenderer shall supply a minimum of eighty percent (80%) of the Product requirement for the Thermal Generating Station for the period noted in Article IT 1 - Description of Work.

Tenderer should note that Buyer's requirement for Product is based upon quantities required for Thermal Generating Station operations and these quantities may vary. Buyer does not guarantee or commit itself to any minimum quantity within a specified time period. The estimated quantity of product to be delivered over the three (3) year term of the Contract is 8,250,000barrels.

IT 6 Validity of Tender and Performance Security

- .1 The Tender shall remain open for acceptance by Buyer and irrevocable for a period of sixty (60) days after the closing date for receipt of Tenders, and Buyer may accept a Tender whether any other Tender has been previously accepted or not.
- .2 Tender shall be accompanied by a Surety's Consent for a Ten Million Dollar (\$10,000,000.00) Performance Bond in the form set out in SCHEDULE B - FORM OF TENDER, and forming part thereof and entitled Surety's Consent.
- .3 The successful Tenderer shall within fourteen (14) days from receipt of notification of acceptance of its Tender, furnish a Ten Million Dollar (\$10,000,000.00) Performance Bond in the form set out in SCHEDULE B - FORM OF TENDER included herein, and forming part of these Contract Documents and entitled, Form of Performance Bond.

INSTRUCTIONS AND INFORMATION TO TENDERERS - 3

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- .4 After receipt of notification in writing of the acceptance of its Tender and subject to compliance with Clause IT 6.3, the successful Tenderer shall commence performance of the Work and shall complete the Work and all parts thereof within the times set out in the Contract Documents.

IT 7 Selling Price and Adjustments

.1 Selling Price

- (a) The Selling Price per Barrel delivered to Buyer DES at the Delivery Point shall be stated in U.S. currency payable at par in St. John's, Newfoundland and Labrador. Selling Price shall be firm except for price adjustments provided for in the Contract Documents. Adjustments provided for in this Article shall be applied in sequence as they appear in this Article.
- (b) The Selling Price shall change from and after July 31, 2007, up or down, cent for cent with changes in the Platt's Monthly Average Price. For the purposes of computing escalation no account shall be taken of temporary entitlement allowances or temporary voluntary allowances or other discounts or surcharges set forth in footnotes thereto. For greater certainty, the Platt's Monthly Average Price is understood to be determined by averaging the daily mean prices for each day during the month for which a price is published in Platt's US Marketscan Price Report.
- (c) For each cargo, the Platt's Monthly Average Price that shall be used in the determination of the price of the cargo shall be the Platt's Monthly Average Price for the month of the nominated delivery date requested in the cargo's Firm Order.

.2 Selling Price for Provisional Invoices used where deliveries occur more than fifteen days before month end.

Where delivery occurs fifteen (15) or more days before month end, a provisional invoice shall be submitted to Buyer for payment. The Selling Price used shall be computed in a similar manner to that prescribed in Clause IT 7.1 except that the number of days used in computing the provisional monthly price shall be the number of days for which a price is published up to and including date of invoice preparation and as a minimum, the first fourteen (14) days of the month.

.3 Adjustment for Vanadium Content

The Selling Price for each Barrel delivered under the Contract shall be subject to a deduction of \$0.01 U.S. for each 5 parts per million or major fraction thereof that the vanadium content for each delivery is in excess of the specified maximum for vanadium in this Contract.

.4 Higher Heating Value Adjustment

When the Higher Heating Value content of the Product delivered is less than the Guaranteed Higher Heating Value the Selling Price for that delivery shall be adjusted in accordance with the following ratio:

Adjusted Price for Product is:

$$\frac{\text{BTU/Barrel delivered}}{\text{Guaranteed Higher Heating Value tendered BTU/Barrel}} \times \text{Selling Price}$$

IT 8 Discrepancies, Omissions and Clarifications

- .1 Should Tenderer find discrepancies in, or omissions from, the Contract Documents, or have any doubt as to the meaning or intent of any part thereof, Tenderer shall at once notify Buyer in writing.
- .2 Buyer shall not be responsible for oral instructions and no corrections or interpretations shall be binding unless issued in the form of Addenda.

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CONTRACT 2007-35952

IT 9 Changes Prior to Closing of Tender

- .1 Changes in the Work or corrections to or interpretations of the Contract Documents, as may be issued by Buyer during the tendering period, shall be in the form of Addenda. Such Addenda shall become part of the Contract Documents.
- .2 Tenderer shall promptly acknowledge receipt in writing of any and all Addenda and shall confirm in its Tender that the information contained in such Addenda has been considered in preparing the Tender.

IT 10 Rejection of Tender

- .1 Buyer reserves the right to reject any or all Tenders or parts thereof. The lowest Tender or part thereof will not necessarily be accepted.
- .2 A Tender which is incomplete, conditional, unbalanced or obscure or which contains additions not called for, erasures, alterations or irregularities of any kind, may be rejected.

IT 11 Qualification of Tenderer

- .1 If required by Buyer before a contract is awarded, Tenderer shall furnish evidence satisfactory to Buyer that it has the necessary ability, experience and capital to perform the Work involved and to complete the Work within the times set out in the Contract Documents. Tenderer, in order to be qualified as an acceptable Seller, shall have previously and successfully completed undertakings of comparable nature and scope and shall provide evidence satisfactory to Buyer to this effect.
- .2 The successful Tenderer shall be authorized to do business in the Province of Newfoundland and Labrador prior to commencement of the Work under the Contract. Where the Tenderer is a corporation, it shall be registered to carry on business in compliance with the laws of the Province of Newfoundland and Labrador and shall be registered in good standing.

IT 12 Communications During Tendering

Communications during tendering period shall identify Specification Number 2007-35952, Supply of No. 6 Fuel Oil and shall be addressed in writing to:

Allan Parsons, Buyer
Phone number 709-737-1761
Fax number 709-737-1795
e-mail allanparsons@nlh.nl.ca

Clarifications and changes will be issued to all **VENDORS** in writing.

IT 13 Insurance

.1 Liability - General

Seller shall provide Commercial General Liability insurance covering premises, operations, products and completed operations. Extensions of coverage shall include broad form property damage on an occurrence basis, blanket contractual liability, contingent employer's liability, contractor's contingency liability with respect to the operations of sub-contractors, cross liability and employees as additional insured.

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Minimum limits shall be \$1 million combined for any one occurrence involving property damage or loss or bodily injury or loss of life. Such insurance shall state that it is primary insurance and that any other insurance carried by the Buyer shall be excess and not contributing therewith.

.2 Liability - Automobile

Seller shall provide Automobile Liability insurance on all licensed vehicles, which will be used in connection with the Contract and which are owned, leased or rented by the Seller or its agents.

Minimum limits shall be One Million Canadian Dollars (\$Cdn1,000,000) combined for any one occurrence involving property damage or loss, bodily injury or loss of life.

.3 Liability - Marine

Seller shall provide or cause to have provided protection and indemnity insurance including oil pollution coverage for each vessel with a minimum limit of Seven Hundred and Fifty Million U.S. Dollars (\$US 750,000,000.) or equivalent currency. Seller shall declare the name of the protection and indemnity club.

.4 Insurance Conditions

- (a) Premiums for all necessary insurance policies shall be included in the Selling Price. No special payments shall be made to Seller in respect of such premiums.
- (b) Newfoundland and Labrador Hydro shall be shown on all insurance policies as an additional Named Insured with a cross-liability clause. This requirement shall not apply to the pollution coverage insurance required in Clause IT 13.3.
- (c) Seller shall provide Buyer with evidence of insurance by notifying Buyer of name of marine vessel, name of protection and indemnity club of which the marine vessel is a member and confirming to Buyer that vessel has a minimum limit of Seven Hundred and Fifty Million US Dollars (\$US 750,000,000.) oil pollution coverage prior to delivery of the Product to Site and the issuance of the Notice of Readiness.
- (d) All insurance obtained by Seller shall include the following clause:

"Thirty (30) days advance notice shall be given in writing to Newfoundland and Labrador Hydro, P.O. Box 12400, St. John's, Newfoundland and Labrador, A1B 4K7, Canada
Attention: Manager, Risk and Insurance of any cancellation, termination or reduction in the scope of coverage provided or as evidenced herein".
- (e) Seller shall defend, indemnify and hold harmless Buyer against any liability for damages, cost, legal fees and expenses on account of:
 - (i) Injury to, or death of, any person, or damage or loss to any property, including Buyer's employees and property, occurring as a result of fault or negligence or from other causes of the Seller, the Seller's subcontractors, agents, servants or employees.
 - (ii) Injury to any employee of Seller, its subcontractor or agent during the performance of such Work and any death resulting therefrom, except to the extent occurring as a result of fault or negligence or from other causes of Buyer or its agents, servants, employees or independent contractors.
 - (iii) Any claim made against Buyer for contribution in general average with respect to any Product to be delivered hereunder.

INSTRUCTIONS AND INFORMATION TO TENDERERS - 6

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.5 General Average Waiver Clause

Notwithstanding anything to the contrary contained herein and in addition to other collectible claims for which underwriters would be held liable hereunder, this policy shall also pay in full for hull and machinery, etc., and cargoes' proportion of general average even though the sum hereunder insured may be less than the contributing value or actual value of hull and machinery, etc., and cargo without right of subrogation against cargo interest.

IT 14 Environmental Responsibility During Deliveries

- .1 The transfer of Product from Seller's marine tanker to Buyer's storage facilities at Site shall be done in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada, including, but not limited to, the Environmental Act, SNL 2002, Chapter E – 14.2, the Storage and Handling of Gasoline and Associated Products Regulations, NLR 58/03 and the Oil Pollution Prevention Regulations SOR/93-3, as amended. Seller's personnel shall supervise any and all such transfers of Product and shall be in a position to immediately shut off the flow of Product in order to prevent any overflows, ruptures or leaks which might occur.
- .2 Seller shall ensure that marine tankers used in the delivery of Product comply with section 660.2(2) of the Canada Shipping Act, Revised Statutes of Canada, 1985, Chapter S-9, as amended. In the event of a spill of Product prior to the transfer of Product to Buyer's storage facility, Seller shall initiate the shipboard Oil Pollution Emergency Plan required under section 660.2(2), and shall be responsible for all reporting and clean-up requirements associated with such a spill.
- .3 In the event of a spill of Product during the transfer of Product to Buyer's storage facilities, Seller shall immediately notify Buyer of the spill and shall take all reasonable action to immediately shut off the flow of Product and minimize the amount of Product spilled. Buyer will be responsible for reporting the spill and implementing containment and clean-up procedures as required by law. Seller shall comply with all reasonable requests of Buyer's representative related to implementation of spill containment and clean-up procedures. Such clean-up shall be undertaken by Buyer without regard to whom is responsible for the spill. The party responsible for the spill shall be ultimately liable for all reasonable costs and damages resulting therefrom.

IT 15 Public Disclosure of Proprietary Tender Information

Reasonable precautions shall be taken to safeguard against disclosure of proprietary Tender information to unauthorized persons. Except to the extent required by law, Buyer shall not disclose proprietary Tender information to third parties. Buyer shall give Tenderer notice of any request or suit to obtain such information and permit Tenderer to resist or defend against any such disclosure.

IT 16 Tender Evaluation

- .1 Buyer's evaluation will take into account all legal, technical, financial and other considerations relevant to the most cost-effective completion of the Work as described in the Contract, and will be made in accordance with the Public Tender Act, Revised Statutes of Newfoundland and Labrador, 1990, Chapter 1990, Chapter P-45 and its Regulations, as amended.
- .2 Should a Tenderer, in its opinion, have any other considerations which might appear relevant in the initial evaluation of tenders, it shall indicate same in its Tender.
- .3 Tendered prices shall be evaluated on the basis of adjustment of tendered Selling Price to a minimum Higher Heating Value content of 6,300,000 BTU's per Barrel, and for payment fifteen (15) days after date of delivery.
- .4 Reliability of supply is an important consideration. Tenderer should indicate the strength of its position in maintaining continuity of supply to Buyer as a public utility.

INSTRUCTIONS AND INFORMATION TO TENDERERS - 7
CONTRACT 2007-35952**IT 17 Post-Tender Meeting**

If required by Buyer before a Tender is accepted, Tenderer shall, at its cost, attend a Post-Tender Meeting to review its Tender submission, and such meeting shall be held at Buyer's offices.

IT 18 Access to Information

- .1 Buyer is subject to the Access to Information and Protection of Privacy Act, Statutes of Newfoundland and Labrador, 2002 Chapter A-1.1 (hereinafter referred to as the "ATIPP Act"), and consequently the public has a right of access to Buyer's records.
- .2 Although section 27 of the ATIPP Act provides an exception which may sometimes be enforceable when access to information relating to a third party is requested, there may be instances when Buyer is required to provide a member of the public with access to such information.
- .3 Buyer shall not be liable for any claims, costs, losses or damages experienced by a Tenderer or Seller as a result of Buyer's release of information to another party pursuant to the provisions of the ATIPP Act. Tenderer should familiarize itself with the provisions of the ATIPP Act.

**FORM OF TENDER
CONTRACT 2007-35952**

**SCHEDULE B
FORM OF TENDER**

FORM OF TENDER - INDEX
CONTRACT 2007-35952**SUPPLY AND DELIVERY OF NO. 6 FUEL OIL
TO HOLYROOD GENERATING STATION**

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FORM OF TENDER - 1
CONTRACT 2007-35952

Tender by CONOCO Phillips Co.

a Company duly incorporated under the laws of DELAWARE

or:

a partnership, joint venture or consortium carrying on business under the firm name and style above stated, the names, addresses and places of incorporation, if any, of all the partners or members of the firm being the following:

and having its head office at _____

to:

Newfoundland and Labrador Hydro
Supply Chain Management
P.O. Box 12400
Hydro Place
St. John's, Newfoundland and Labrador
A1B 4K7

Attention: **Manager, Supply Chain**

CONTRACT 2007-35952

NAME AND ADDRESS OF TENDERER

CONOCO Phillips COMPANY
(Name of TENDERER)

600 NORTH DAIRY ASHFORD
(Address of TENDERER)

HOUSTON, TX 77079 - 1175

POSTAL CODE: 77079 - 1175

TELEPHONE: 281 - 293 - 1866

FAX: 281 - 293 - 6285

GST/HST REGISTRATION NO. _____

(Telephone Number)

(Fax Number)

FORM OF TENDER - 2
CONTRACT 2007-35952

- (a) Tenderer has carefully examined the Contract Documents, including the following addenda:

Addenda Numbers: 1 dated August 16, 2007
_____ dated _____
_____ dated _____
_____ dated _____;

relating to a Contract for supply and delivery of approximately 8,250,000 Barrels of No. 6 fuel oil for Buyer's Thermal Generating Station at Holyrood, Newfoundland and Labrador and Tenderer hereby accepts and agrees to the same as forming inter alia, part and parcel of the said Contract and agrees that Buyer shall not be responsible for any errors or omissions in this Tender.

- (b) Tenderer hereby tenders and offers to enter into a Contract, being the Contract hereinbefore referred to, to do all of that which is set out or called for in the Contract Documents, on the terms and conditions and under the provisions set out or called for in the Contract Documents, at the price hereunder and entered in the Schedule of Prices.
- (c) Tenderer agrees that this Tender is open to acceptance and irrevocable for sixty (60) days and that Buyer may, at any time within sixty (60) days from the date and time specified in the Contract Documents for the receipt of Tenders, accept this Tender whether any other Tender has been previously accepted or not.
- (d) Tenderer agrees that upon receipt of notification of acceptance of this Tender, it shall within fourteen (14) days execute an Agreement substantially in the form of the draft Agreement and, subject to the requirements of SCHEDULE A - INSTRUCTIONS AND INFORMATION TO TENDERERS, provide a Performance Bond in accordance with the requirements of the Contract Documents.

Tenderer hereby proposes:

TRAVELERS GUARANTEE COMPANY OF CANADA
(Name of Bonding Company)

which is willing to become bound with Tenderer in the amount designated in the said Contract Documents for the due performance and fulfillment of the said Contract, and all matters or things required by the Contract Documents.

- (e) Tenderer agrees that the Guaranteed Higher Heating Value is:- 6,500,000 BTU / Barrel,
- (f) Tenderer agrees that the Tendered Selling Price per Barrel, for the supply of the specified Product, in effect on July 31, 2007, is:-

\$ US 57.65 / Barrel,

and the stated price excludes the Canadian federal Goods and Services Tax or Harmonized Sales Tax and other Canadian federal and provincial taxes, customs duties, licenses and fees.

FORM OF TENDER - 3
CONTRACT 2007-35952

- (g) In the event the Buyer is required or decides during any year to use a fuel meeting the Specifications for Product in all respects except for having a maximum sulphur content between 0.3% and 1.0% Tenderer agrees, upon Buyer's request to exercise an option in Buyer's sole discretion, and with Buyer providing at least twenty-eight (28) days written notice in advance, to substitute such fuel for the Product.
- (h) When Platt's US Marketscan Price Report provides a cargo posting for New York for No.6 Fuel Oil for the specified maximum sulphur content, the average mean posted price for the month of the delivery date requested in a Firm Order, rounded to three decimals, shall be used as the Selling Price of Product.

For a maximum sulphur content for which there is no such posting, the straight line interpolated price, obtained from the posted prices for the nearest sulphur content greater than that specified and the nearest sulphur content less than that specified, shall be used as the Selling Price of Product, it being agreed that 0.3HP is the applicable 0.3 posting. [For example, the interpolated price for 0.9% product shall be calculated as $\{(0.333 \times 0.7\% \text{ Platts}) + (0.667 \times 1.0\% \text{ Platts})\}$].

- (i) The Selling Price of Product shall be adjusted by the Price Variance and each such stated price:
- shall exclude the Canadian federal Goods and Services Tax or Harmonized Sales Tax and other Canadian federal and provincial taxes, customs duties, licenses and fees; and
 - shall be subject to price adjustments computed as provided for in Article SC 16 - Substitution of Lower-Sulphur Fuel
 - shall be subject to price adjustments computed as provided for in Article IT 7 - Selling Price and Adjustments

Tenderer also confirms and agrees that the Guaranteed Higher Heating Value stated above shall remain in effect in the event of usage of lower sulphur content fuel.

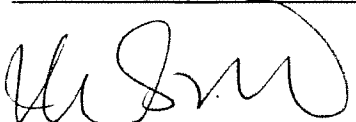
- (j) The Tender deposit, the forms of Performance Security and all Appendices accompanying this Tender form part and parcel thereof.


FORM OF TENDER - 4
CONTRACT 2007-35952

(FOR EXECUTION BY A CORPORATION)

Signed and sealed on behalf of CONOLD PHILLIPS CO.

_____, Tenderer.


(Signature of Witness)

Wanching 8/21/07 
(Signatures of Signatories)

SENIOR V.P. COMMERCIAL MANAGER OF FIELD TRADING
(Offices of Signatories)

(Corporate Seal to be affixed)

Dated at HOUSTON this 21 day of AUGUST 2007.

(FOR EXECUTION OTHER THAN BY A CORPORATION)

Signed and sealed on behalf of _____

_____, Tenderer.

(Signature of Witness)

(Signatures of Signatories)

(Offices of Signatories)

Dated at _____ this _____ day of _____ 20 ____.

FORM OF TENDER - 5
CONTRACT 2007-35952

Appendix I: Surety's Consent

We, Travelers Guarantee Company of Canada

hereinafter called "SURETY", hereby undertake on behalf of Tenderer, _____

ConocoPhillips Company
(Name of Tenderer)

hereinafter called "PRINCIPAL", of 600 N. Dairy Ashford, Houston, TX 77079 to become bound to
(Place)

Newfoundland and Labrador Hydro as SURETY for PRINCIPAL in a Performance Bond as quoted on below should the Tender of PRINCIPAL be accepted for Supply and Delivery of No. 6 Fuel Oil to Holyrood Thermal Generating Station and the execution of other Work relating to such Contract and we understand that the said Performance Bond shall be given in the form included in the Form of Tender and shall remain in effect until the expiration of ninety (90) days from the date on which final payment under the Contract falls due.

The rate per thousand dollars (\$1,000.00) to be charged by us for the said Bond is \$ 3.00

If the aforesaid Tender is accepted, application for the said Performance Bond must be made to SURETY within fourteen (14) days of the execution of the Contract awarded to PRINCIPAL.

For the purpose of this undertaking the terms "Contract" and "Selling Price" shall have the meanings assigned to those terms in the AGREEMENT.

IN WITNESS WHEREOF SURETY has hereunto its hand and Seal subscribed and set this 20th day

of August, 2007

Travelers Guarantee Company of Canada

BY Evelyn P. Green

Evelyn P. Green, Attorney-in-Fact

AND _____

Kary Simpson
(Witness)

SURETY's Address

77 King Street West, 34th Floor

Royal Trust Tower, P. O. Box 284

Toronto, Ontario M5k 1K2

**FORM OF TENDER - 6
CONTRACT 2007-35952**

Appendix II: Form of Performance Bond

No. _____

\$ 10,000,000.00

KNOW ALL MEN BY THESE PRESENTS THAT _____

_____, hereinafter called "**PRINCIPAL**", and _____
a corporation created and existing under the laws of _____ and duly authorized to transact the
business of Suretyship in _____, hereinafter called "**SURETY**", are held and firmly bound unto
Newfoundland and Labrador Hydro, hereinafter called "**OBLIGEE**", in the amount of Ten Million Dollars
(\$ 10,000,000.00) lawful money of Canada, for the payment of which sum, well and truly to be made,
PRINCIPAL and **SURETY**, jointly and severally, bind themselves and each of them and their and each of their
heirs, executors, administrators, successors and assigns firmly by these presents.

WHEREAS, PRINCIPAL has submitted a written Contract to **OBLIGEE**, dated the ____ day of _____,
20__, for Contract _____ in accordance with the Specifications and Drawings
submitted therefor which Contract, Specifications and Drawings, are by reference made part hereof and
hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if **PRINCIPAL** shall promptly and
faithfully perform the Contract then this obligation shall be null and void; otherwise it shall remain in full force and
effect.

Whenever **PRINCIPAL** shall be, and declared by **OBLIGEE** to be, in default under the Contract, **OBLIGEE**
having performed **OBLIGEE**'s obligations up to the time of default thereunder, **SURETY** may promptly remedy
the default, or shall promptly:

- (1) complete the Contract in accordance with its terms and conditions; or
- (2) obtain a bid or bids for submission to **OBLIGEE** for completing the Contract in accordance with its terms
and conditions, and upon determination by **OBLIGEE** and **SURETY** of the lowest responsible bidder,
arrange for a contract between such bidder and **OBLIGEE** and make available as work progresses (even
though there should be a default, or a succession of defaults, under the contract or contracts of
completion, arranged under this paragraph) sufficient funds to pay the cost of completion less the balance
of the Contract price; but not exceeding, including other costs and damages for which **SURETY** may be
liable hereunder, the amount hereinbefore set forth. The term "balance of the Contract Price", as used in
this paragraph, shall mean the total amount payable by **OBLIGEE** to **PRINCIPAL** under the Contract,
less the amount properly paid by **OBLIGEE** to **PRINCIPAL**.

Any suit under this Bond must be instituted before the expiration of two (2) years from the date on which final
payment under the Contract is due.

SURETY shall not be liable for a greater sum than the specified amount of this Bond.

No right of action shall accrue on this Bond to, or for the use of, any person or corporation other than **OBLIGEE**
named herein, or the heirs, executors, administrators or successors of **OBLIGEE**.

**FORM OF TENDER - 7
CONTRACT 2007-35952****Appendix II: Form of Performance Bond (cont'd.)**

PROVIDED, HOWEVER, that no variation or alteration which may be made in the said Contract, or in the extent, nature, or method of performance of the Work to be performed thereunder, and no extension of time given by **OBLIGEE** for the performance of the said Contract, nor any waiver, forbearance or forgiveness on the part of either **PRINCIPAL** or **OBLIGEE** to the other shall in any way release **PRINCIPAL** and **SURETY**, or either of them, their heirs, executors, administrators, successors and assigns from their liability hereunder; notice to **SURETY** of such variation, alteration, extension, waiver, forbearance or forgiveness being hereby expressly waived.

AND IT IS HEREBY DECLARED AND AGREED that **SURETY** shall be liable under this obligation as fully as if it were **PRINCIPAL** and that nothing of any kind or nature whatsoever that will not discharge **PRINCIPAL** shall operate as a discharge or a release of liability to **SURETY**, any law, rule or equity or usage relating to the liability of sureties to the contrary notwithstanding.

IN TESTIMONY, WHEREOF, PRINCIPAL has hereto set its hand and affixed its seal, and **SURETY** has caused its corporate seal to be affixed hereto, in accordance with its regulations and in the presence of its duly authorized

officers this _____ day of _____ 20____.

THE COMMON SEAL of PRINCIPAL
was hereon affixed in the presence of:

(Witness)

)
)
)
)
)
)

By _____

And _____ (Seal)
(PRINCIPAL)

THE COMMON SEAL of SURETY
was hereon affixed in the presence of:

(Witness)

)
)
)
)
)
)

By _____

And _____ (Seal)
(SURETY)

SURETY's Address

**FORM OF TENDER - 8
CONTRACT 2007-35952**

Appendix III: Letter of Credit

(Bank)

(Date)

To: Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place
St. John's, Newfoundland and Labrador
Canada A1B 4K7

Irrevocable Standby Documentary Credit

Ref. No. _____

Pursuant to the request of our customer _____ (hereinafter called **CONTRACTOR**), we hereby establish an Irrevocable Standby Documentary Credit in your favour, in connection with performance of requirements stipulated in Contract 2007-35952 issued by you, for a sum not exceeding a total of _____ Dollars) \$_____).

All or part of the amount available under this Credit is payable to you on demand upon presentation of your drafts at sight drawn on the Bank of Nova Scotia, Water Street Branch, St. John's, Newfoundland and Labrador, Canada.

The effective date of this Credit is _____. This Credit will expire at our office at _____ on _____.

All of your drafts drawn under and in compliance with the terms of this Credit will be honored if duly presented at before-said branch office of the Bank of Nova Scotia on or before the expiration date notwithstanding any notice that may be given by the **CONTRACTOR** or any other party or person to us not to pay the same.

After the expiration date, we shall not have any further liability to Newfoundland and Labrador Hydro.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision, International Chamber of Commerce, Paris, France, Publication No. 400).

Yours very truly,

for _____
(Bank)

Bank's Address _____

Appendix IV: Tender Information

(A) Statement of Financial Standing

Include name(s) and address(es) of Chartered Bank(s) or Financial Firm(s), or both, for reference(s).

→ PLEASE SEE ATTACHED: LONDON PHILLIPS CREDIT FACT SHEET

(B) Insurance Summary

Pursuant to SCHEDULE A - INSTRUCTIONS AND INFORMATION TO TENDERERS the following is a list of insurance coverage Tenderer proposes to maintain over the life of the Contract:

→ PLEASE SEE ATTACHED: SECTION 4

FORM OF TENDER - 10
CONTRACT 2007-35952

(C) Previous Experience

Complete the following statement of work Tenderer has undertaken during the past five (5) years similar to that on which it is tendering. (Attach company brochures and other relevant material to fully illustrate the experience, ability, plant and resources to be made available for the Work):

Description of the Work	Client	Location	Completion Date	Value of Completed Work
DELIVERY OF FUEL OIL	KEYSPAN	NORTHPORT	8/13	\$7 million
DELIVERY OF FUEL OIL	GLOBAL	BALTIMORE	8/17	\$6.7 million
DELIVERY OF FUEL OIL	CASTLE	ASTORIA	6/14	\$7.5 million
DELIVERY OF FUEL OIL	BAHAMAS ELECTRIC	BAHAMAS	8/15	\$7.6 million
DELIVERY OF FUEL OIL	FP&L	W. PALM	8/17	\$6.8 million

(D) Work in Progress

Complete the following statement of work which Tenderer is presently engaged in completing and which is similar in character to that described in this Contract.

Description of the Work	Client	Period of Contract	Tendered Value
DELIVERY OF FUEL OIL	KEYSPAN		TERM CONTRACT
DELIVERY OF FUEL OIL	NOVA SCOTIA POWER	12/31/2007	"
DELIVERY OF FUEL OIL	FP&L	12/31/2007	"
DELIVERY OF FUEL OIL	SPRAGUE ENERGY	12/31/2007	"

ConocoPhillips Credit Fact Sheet

Background Information:

ConocoPhillips is an international, integrated energy company headquartered in Houston, Texas, operating in more than 40 countries. It is the third largest integrated energy company in the United States, based on market capitalization, and oil and gas reserves and production. Worldwide it is the sixth largest publicly owned energy company, based on oil and gas reserves, and it is the fifth largest refiner.

The company has approximately 32,700 employees worldwide and assets of \$171 billion. ConocoPhillips stock is listed on the New York Stock Exchange under the symbol "COP".

Federal Tax ID #:

ConocoPhillips 01-0562944

Ratings (as of 8/21/07):

Moody's Investor Service

A3, Sr. Unsecured

Standard and Poor's

A-, Sr. Unsecured

D&B (Duns # 11-881-9478)

Financial Information:

Financial information is available on the ConocoPhillips website under Investor Info at <http://www.conocophillips.com> or you may obtain hard copies of the current information by writing

ConocoPhillips

Mailing Services-Special Projects

B-41 Adams Building

411 S. Keeler Ave.

Bartlesville, OK 74004

Bank Reference:

JP Morgan Chase

Beth Lawrence

713.216.5968

Deutsche Bank

Sandra Grant

212.250.1325

Auditors

Ernst & Young

Credit Mailing Address:

ConocoPhillips Company

Credit Risk Management

600 N. Dairy Ashford, CH 2110B

Houston, TX 77079-1175

PART II

1. DEFINITIONS. In this Charter:

(a) "place" shall mean any berth, dock, anchorage, sea terminal, submarine line, alongside vessel and/or lighter, whether at anchor or underway, and/or any other place to which Charterer is entitled to order Vessel hereunder.

(b) "ILL Convention" shall mean the International Load Line Convention, 1966, or any amendment thereof as may be applicable to the voyage(s) to be performed hereunder.

(c) "Full Cargo" shall mean a cargo which fills Vessel to its minimum freeboard, as permitted by the ILL Convention, or fills the cubic capacity of Vessel's available cargo spaces, whichever occurs first, after leaving appropriate space in the tanks for the expansion of cargo.

(d) "Arrival in Berth" shall mean the completion of mooring of the Vessel when loading or discharging at a sea terminal, Vessel being all fast with gangway down and secure when loading or discharging alongside a wharf/berth or Vessel being all fast alongside a barge, lighter or other vessel when loading from or discharging to a barge, lighter or other vessel.

(e) Where it is stipulated herein that the Vessel shall meet some "requirement", such stipulation shall be taken to include any requirement that might be placed upon the Owner, operator, and/or personnel of the Vessel.

2. VESSEL

(a) DESCRIPTION / CONDITION. Owner warrants that, from the time when the obligation to proceed to the loading port(s) or place(s) attaches and throughout Vessel's service under this Charter, Vessel shall be as described in Part I (A). Owner further warrants that, during the period just described, Owner shall exercise due diligence to ensure that Vessel and its hull, machinery, boilers, all tanks and all other equipment including, but not limited to, pipes, pumps, valves, inert gas and crude oil wash systems (if Vessel is so equipped), navigational equipment, heating coils and facilities, shall be fully functional and in good working order and condition and in every way seaworthy and fit to carry cargo and perform the voyage(s) required under this Charter.

(b) COMPLEMENT. Owner warrants that, during the period described in Paragraph (a) of this Clause, Vessel shall have a full and efficient complement of Master, officers and crew, with adequate training and experience in operating all Vessel's equipment, including, but not limited to, inert gas and crude oil wash systems (if Vessel is so equipped), and that Master and all officers shall possess valid and current certificates/documents issued or approved by the country of Vessel's registry. Owner further warrants the conversational English language proficiency of Master and officer(s) in charge of cargo and bunker oil handling.

(c) COMPLIANCE. Owner warrants that Vessel shall, during the period described in Paragraph (a) of this Clause, be in full compliance with all applicable international conventions, all applicable laws, regulations and/or other requirements of the country of Vessel registry and of the countries of the port(s) and/or place(s) to which Vessel may be ordered hereunder and all applicable regulations and/or requirements of any terminals or facilities in such port(s) or place(s) where Vessel shall load or discharge. Owner further warrants that Vessel shall have on board, during the subject period, all certificates, records or other documents required by the aforesaid conventions, laws, regulations and/or requirements.

(d) BREACH. If any of the warranties stipulated in this Clause are breached, any delay resulting therefrom shall not count as laytime or, if Vessel is on demurrage, as time on demurrage, and any expense attributable to such delay shall be for Owner's account.

(e) SALE. Owner warrants that the Vessel has not been sold, is not on offer to be sold, and will not be offered for sale during the period of this Charter.

3. CLEANING.

(a) Owner shall clean the tanks, pipes and pumps of Vessel at its expense to the satisfaction of Charterer's representative(s). If the cargo specified in Part I (F) is clean product and inspection of the tanks is required, Owner shall gasfree the tanks as necessary. Any time used for tank inspection and any re-inerting of Vessel shall count as laytime or, if Vessel is on demurrage, as time on demurrage. Any time required for cleaning and gasfreeing shall not count as laytime or, if Vessel is on demurrage, as time on demurrage. Compliance with this Clause shall not be deemed compliance with Owner's obligations under Clause 2, which are in no way lessened by this Clause.

(b) Vessel shall not be responsible for any admixture, if more than one quality of oil is shipped, nor for contamination or deterioration in quality of the cargo unless the admixture, contamination or deterioration results from (i) unseaworthiness existing at the inception of loading which was discoverable by the exercise of due diligence or (ii) error or fault of the servants of Owner in the loading, care or discharging of the cargo.

4. VOYAGE(S).

(a) Vessel shall proceed with utmost dispatch to any port(s) or place(s) as ordered by Charterer in accordance with Part I (C) and there load a cargo as specified in Part I (E) and (F). On completion of loading, Vessel shall then forthwith proceed to any port(s) or place(s) as ordered by Charterer in accordance with Part I (D) and there deliver said cargo. Except when required by reason of Vessel fault, lightering within port limits shall be at Charterer's expense.

(b) Owner shall timely transmit Charterer's voyage instructions in their entirety to the Vessel. Owner shall ensure that Charterer is promptly advised of all accidents to, and/or pollutions involving, the Vessel and of any Vessel system failure. Such advice shall be given by telephone or telex (if by telephone, same shall be confirmed by telex).

(c) Owner warrants that, throughout Vessel's service under this Charter, Owner shall have full and valid Protection and Indemnity Insurance ("P&I Insurance") for the Vessel, as described herein, with the P&I Insurance placed with a P&I Club which is a Member of the International Group of P&I Clubs. This P&I Insurance shall be at no cost to Charterer. The P&I Insurance must include full coverage against liability for cargo loss/damage and coverage against liability for pollution for an amount not less than US \$1,000 Million (One Billion Dollars) per incident. If requested by Charterer, Owner shall promptly furnish to the Charterer proper evidence of such P&I Insurance upon signing this Charter or at any time during the Charter term. The above warranty is to be regarded as an essential part of this Charter, which is conditional on its truth or performance, so that its breach entitles the Charterer, in Charterer's option, to terminate the Charter and/or to recover any damages allowable in law.

5. MAXIMUM CARGO. In no event shall Charterer be required to provide, nor shall Vessel load, a cargo quantity in excess of a Full Cargo. In addition, Charterer shall not be required to provide a cargo quantity in excess of the maximum cargo capacity specified in Part I (A). All time lost and expense incurred by reason of Vessel loading a quantity of cargo which puts Vessel, at any stage of the voyage(s) hereunder, below the marks permissible under the ILL Convention shall be for Owner's sole account.

6. FREIGHT.

(a) Freight shall be paid at the rate stipulated in Part I (G) and shall be computed on gross quantity as stated on the Bill of Lading and on quantity of documented tank washings if freight thereon is payable in accordance with Clause 33 (a); provided, however, that no freight shall be payable on any quantity of cargo which puts Vessel, at any stage of the voyage(s) hereunder, below the marks permissible under the ILL Convention. Deadfreight shall be paid in accordance with Clause 7. Except as provided in Clause 18 (h), no deduction from freight shall be made for water and/or sediment contained in the cargo, nor for any claim Charterer or cargo interests may have against Owner or Vessel arising under this Charter or Bills of Lading issued for the cargo. Payment of

**SPECIAL CONDITIONS
CONTRACT 2007-35952**

**SCHEDULE C
SPECIAL CONDITIONS**

SPECIAL CONDITIONS - INDEX
CONTRACT 2007-35952

**SUPPLY AND DELIVERY OF NO. 6 FUEL OIL
TO HOLYROOD GENERATING STATION**

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SPECIAL CONDITIONS - 1
CONTRACT 2007-35952

SC 1 Product Quality

- .1 The Product to be supplied shall be No. 6 fuel oil with properties as determined by the most current edition of the stated ASTM test methods, conforming to the specification limits as follows:

<u>Property</u>	<u>Value</u>	<u>Test Methods</u>
API at 15°C (Min.)	5	ASTM D-1298
Higher heating value (Min) *	40.3 MJ/kg (6,300,000 BTU/barrel)	ASTM D-4868-90 or ASTM D-240
Flash Point (Min.)	66 °C	ASTM D-93
Pour Point (Max.) (Low Pour)	15 °C	ASTM D-97
Sodium (Max)	50 ppm	ASTM D-5863
Kinematic Viscosity @51°C (Max) for 2.2% sulfur	700 cSt	ASTM D-445/ ASTM D-2161
Sulphur (Max.) **	1.0% by weight	ASTM D-4294 or ASTM D-129
Vanadium (Max.)	200 ppm as Vanadium	ASTM D-5863
Ash (Max)	0.1% by weight	ASTM D-482
Sediment (Max)	0.2% by weight	ASTM D-473 or ASTM D-4870
Water (Max acceptable = 1.0% by volume) ***	0.50% by volume	ASTM D-95
Cleanliness	1	ASTM D-4740
Asphaltenes % weight (Max)	8	IP 143

* For price adjustment purposes as outlined in Clause IT 7.4, Seller must specify a Guaranteed Higher Heating Value in Form of Tender Item (e).

** Sulphur content maximum value is subject to change as per Article SC 16.

*** If the average of the results of Water testing by the First Analyst and Second Analyst exceeds 0.50% water by volume, for purposes of calculating payment, the quantity of Product received will be reduced by the percentage calculated by subtracting 0.50% from the average of the results of Water testing by the First Analyst and Second Analyst.

- .2 Seller warrants and guarantees to Buyer that Product shall be of the quality specified in this Contract and, in the event that Product is blended, no compartment of delivering vessel shall have an API gravity value (at 15 degrees C) of less than 5.0.
- .3 Vessels discharging at Holyrood Generating Station shall be capable of maintaining a minimum discharge pressure of 700 kPa at marine vessel's discharge manifold and a minimum discharge temperature of 38° C.

SPECIAL CONDITIONS - 2
CONTRACT 2007-35952

- .4 In the event that Product delivered hereunder does not meet specifications as set forth in this Contract:
- (a) Buyer shall give Seller an opportunity to bring such Product into compliance with the Contract within a reasonable period of time; or
 - (b) Seller shall pay to Buyer a mutually agreed upon sum as compensation for the non-compliance of the Product; or
 - (c) Seller shall, within a reasonable period of time, remove the Product not in compliance with the specifications in this Contract at Seller's expense.

Buyer agrees to exercise option (c) only after giving full consideration to options (a) and (b).

- .5 Seller shall provide Buyer with an Analysis of Product Quality from an independent inspection service, mutually agreed upon by Buyer and Seller, prior to delivery of Product to Site and the issuance of the Notice of Readiness. The analysis shall contain the results of the independent inspector's analysis of the Product loaded aboard the marine vessel, shall identify the inspector and shall contain Inspector's certification that such Product meets the contractual specifications.

SC 2 Vanadium Content

If for any delivery the Analysis of Product Quality issued by Seller's supplier at the point of loading shows vanadium in the cargo to be in excess of 200 ppm such cargo shall not be shipped to Buyer without prior consultation and approval of Buyer.

SC 3 Delivery and Schedules

- .1 Seller shall deliver Product to the Site in marine vessels in quantities as previously approved by Buyer. Seller shall deliver Product at not less than 38° C discharge temperature.
- .2 Buyer will provide a safe berth where a marine vessel with a maximum loaded displacement of 62,000 long tons summer displacement and a maximum draft of 35 feet at mean low water can proceed to, lie at and depart from Buyer's berth always safely afloat.
- .3 Buyer warrants and guarantees to Seller that its oil handling facilities at the Thermal Generating Station are, under normal operating conditions, capable of accepting the discharge of Product from Seller's marine vessel at pressures of up to 860 kPa through two (2) Class 125 nominal twelve inch diameter (2 @ 12" dia.) flanges. Seller shall deliver Product at a minimum discharge pressure of 700 kPa measured at the last permanent hose flange of Seller's marine vessel at Buyer's dock.
- .4 Buyer shall furnish a Firm Order to Seller at least twenty-five (25) days in advance of the requested delivery timeframe of seven (7) days. In addition, by the fifth working day of each month, Buyer shall furnish Seller an estimate, subject to change, for quantity and delivery of Product for the following three (3) months. Seller shall promptly acknowledge receipt of each such notice.
- .5 Seller shall, within five (5) working days of receipt of a Firm Order, confirm or deny in writing the desired delivery date and quantity. If denied, the parties will negotiate in good faith to establish a mutually satisfactory delivery date and quantity. Buyer will not unreasonably reject Seller's suggested alternate delivery date or quantity, however, Seller agrees that its suggested alternative date and quantity shall not be more than five (5) days later than the date denied nor so far in advance of Buyer's desired arrival date or quantity such that the delivery cannot be handled in Buyer's 840,000 Barrels Holyrood storage facility.
- .6 Once Seller has confirmed in writing the desired delivery date and quantity, if delivery is more than three (3) days after the desired delivery date, Seller shall compensate Buyer for such delay by paying

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to the Buyer an amount equal to five cents (\$0.05) per barrel shipped for each day or part of a day beyond the desired delivery date that the delivery is late. Buyer will not unreasonably reject an alternative quantity or advance delivery date suggested by Seller, so long as the quantity and date can be accommodated by the Buyer's 840,000 Barrels storage facility at Site.

- .7 Buyer will advise Seller on a weekly basis of its current inventory level of Product in Buyer's Thermal Generating Station tank farm and its best estimate of anticipated consumption for the following week.

SC 4 Quantity Measurement and Quality Testing**.1 Inspection Services**

The services of independent testing companies shall be used to:

- (a) measure the quantity of Product delivered and received in each cargo; and
- (b) perform tests and analyses on Product quality; and

to provide any other quality and quantity testing services as provided for within this Article.

The selection of independent testing companies shall be jointly agreed to in writing by Buyer and Seller, and at any one time there shall be a minimum of three (3) such companies approved.

For each cargo received, three (3) independent testing companies, from a jointly approved list of independent testing companies, shall be used. Buyer and Seller shall jointly agree in writing to the designation of which of such independent testing companies shall function in the capacities as provided for later in this Article. The designations shall be made prior to delivery of the Product and prior to the issuance of the Notice of Readiness and in sufficient time to enable the independent testing companies to perform their duties.

For purposes of this Article references to any one of the selected independent testing companies shall use the applicable reference as defined in following paragraphs.

One of the independent testing companies shall be nominated as the "Inspector", to perform the functions provided for in Clauses SC 4.2 and SC 4.3.

The independent testing company nominated as the Inspector shall also serve as the "First Analyst" to perform the functions provided for in Clause SC 4.3.

Another independent testing company shall be nominated as the "Second Analyst", to perform the functions provided for in Clause SC 4.3.

One of the independent testing companies shall be nominated as the "Referee", to perform the functions provided for in Clause SC 4.4, if required. Such company shall not be one of the companies nominated as First Analyst or Second Analyst.

Seller shall notify each of the selected companies of their nomination for their respective assignments, and shall advise the Inspector which independent testing companies are the First Analyst and the Second Analyst.

Services performed by inspection companies shall follow the procedure outlined herein.

.2 Inspector

The Inspector shall measure the quantity of Product delivered and received into Buyer's shore tanks, based on Buyer's shore tank gauges and corrected to that quantity at 15°C in accordance with ASTM D-1250 Table 6B.

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The Inspector shall make a volumetric composite sample of the Product in accordance with ASTM D-4057 standards. The Inspector shall divide the sample into three lots and place each lot into a sealed container.

The Inspector shall send one lot, for analysis, to each of the First Analyst and the Second Analyst, as instructed by Seller. The other lot shall be retained by Inspector for a minimum period of ninety (90) days as a referee sample.

.3 Analysis

The First Analyst and Second Analyst shall each analyse their respective samples for the properties of the Product stated in Article SC 1 - Product Quality, in accordance with the most current edition of the stated ASTM test methods.

In addition, each sample shall be analyzed by the First Analyst (unless prior approval of Buyer and Seller is obtained to have the tests performed by another laboratory) as follows:

- for metals content using Inductivity Coupled Plasma (ICP) test method as prescribed by the Canadian Association of Environmental Analytical Laboratories (CAEAL),
- an Ultimate Analysis test (carbon, hydrogen, nitrogen and oxygen) of the storage tanks into which the Product was discharged,
- A test for Sulphur (ASTM D-4294) and a test for Ash Content (ASTM D-482) of the storage tanks into which the Product was discharged.

The metals content, ultimate analysis and tests for sulphur and ash content results may be forwarded under separate cover.

First Analyst and Second Analyst shall each provide to Buyer and to Seller written notification of the results of their respective analyses.

.4 Reproducibility

If Higher Heating , Vanadium or Water values as determined by First Analyst and Second Analyst do not demonstrate reproducibility within ASTM standard limits, the Inspector, upon written notice from either Buyer or Seller, shall send the referee sample to the Referee.

The Referee shall perform analysis upon the referee sample to determine the Higher Heating Value , Vanadium or Water Values using the test methods stated in Clause SC 4.3

Referee shall provide to Buyer and to Seller written notification of the results of its analysis.

.5 Sampling and Analysis Costs

Sampling and Analysis Costs shall be borne equally by Buyer and Seller.

.6 Determination of Values of Analysed Properties

For purposes of the Contract, for each cargo delivered, the value assigned to each of the properties analysed shall be deemed to be the average of the values determined by the First Analyst and the Second Analyst except as provided for in the following paragraph.

Where the Referee has performed an analysis in accordance with the requirements of Clause SC 4.4, the Higher Heating , Vanadium or Water Value resulting from the Referee's analysis shall be averaged with whichever value, as determined by the First Analyst or the Second Analyst, is closer to the value determined by the Referee, and the resultant average shall be deemed the Higher Heating , Vanadium or Water Value of the specific cargo of the Product.

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CONTRACT 2007-35952****SC 5 Ownership**

Ownership of the Product sold and delivered hereunder and all risks of loss and damage caused by or resulting from such Product or the sale or delivery thereof shall pass from Seller to Buyer upon passage through the Delivery Point at Site.

SC 6 Demurrage

.1 Laytime of thirty-six (36) hours shall be permitted Buyer for receiving discharge of cargo. Such laytime shall commence the earlier of:

- six (6) hours after acceptance of Notice of Readiness given by the marine vessel; or
- when the marine vessel is all fast in berth;

whichever first occurs, and shall end when discharge hoses are disconnected.

Delays caused to the vessel getting into berth after giving Notice of Readiness for any reason over which Buyer has no control, or before or after berthing, due to:-

- the marine vessel's condition; or
- marine vessel breakdown; or
- inability of the marine vessel's facilities to discharge within the time allowed; or
- a stoppage in discharge resulting from a spill of Product before passage through the last permanent hose flange of Seller's marine vessel; or
- strike, lockout, stoppage or restraint of labour of the master, officers or crew of the marine vessel or any tugboats;

shall not count as used laytime for the calculation of demurrage. For each hour or portion thereof that the vessel exceeds the allowed laytime for discharge Buyer shall pay Seller demurrage calculated as follows:

- (a) for vessels chartered by Seller on a single voyage charter party, at the actual rate applicable to that voyage, or
- (b) for vessels owned by Seller or term chartered by Seller, at the prevailing single voyage market rate current on the date of commencement of loading of the voyage concerned for a vessel of similar type and size. Such market rate shall be expressed in points of the Worldscale tanker nominal freight rate scale as amended from time to time or such other freight scale as may be issued in replacement thereof and applied to the demurrage rate quoted in U.S. dollars appropriate to the size of the vessel provided for in the aforementioned freight scale. In default of agreement between Buyer and Seller, the market rate shall be determined by shipping brokers nominated by agreement between Buyer and Seller, or, in default of such agreement, by the Chairperson of the London Tanker Broker's Panel.

.2 If, however, demurrage shall be incurred by reason of:-

- fire; or
- explosion, or
- a stoppage in discharge resulting from a spill of Product after passage through the last permanent hose flange of Seller's marine vessel; or
- a strike, lockout, stoppage or restraint of labour; or
- breakdown of machinery or equipment;

in Buyer's receiving facility, the rate of demurrage shall be one-half of that stated above.

Except as otherwise provided in Clause SC 6.3, if demurrage shall be incurred by reason of storm or other adverse weather condition, Buyer shall pay to Seller one-half of the amount paid by Seller as demurrage as a result of such storm or condition.

.3 Notwithstanding anything otherwise contained in this Contract, where demurrage is incurred by Seller by reason of Buyer's dock at Thermal Generating Station being inaccessible owing to ice conditions, then:

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- (a) demurrage time shall not begin for Buyer's account until notification by Seller to Buyer of such inaccessibility;
- (b) when Seller has given notice to Buyer under item (a) of this Clause, Buyer shall exercise one of the following options:
 - (i) direct that the vessel proceed to another port or point of discharge free from ice and containing facilities for the reception of the cargo in bulk, or
 - (ii) direct that the vessel remain in the vicinity of the vessel's position when it was determined that Buyer's dock was inaccessible, or
 - (iii) direct that Seller attempt to identify a third party purchaser for the cargo, on the most favourable available terms, and if Seller proposes a third party purchaser that is accepted by Buyer, Buyer shall reimburse Seller to the degree that Seller fails to realize the equivalent to the then effective Selling Price to Buyer subject to adjustment to cover any change in cost incurred by Seller in making such delivery and Seller shall promptly comply with such direction;
- (c) On the vessel reaching the point of discharge, the provisions of Clauses SC 6.1 and SC 6.2 hereof, including the allowance of six (6) hours before commencement of laytime, shall apply;
- (d) the rate for demurrage to be paid by Buyer to Seller for demurrage payable under this Clause SC 6.3 shall be computed at fifty percent (50%) of the demurrage rate provided for in Clause SC 6.1 hereof, any payment at such rate computed against the time provided for in this Clause shall be the only charge by Seller to Buyer for demurrage with respect to the period prior to commencement of laytime pursuant to Clause SC 6.1 hereof;
- (e) Subsequent to discharge and where, owing to adverse ice conditions at the Thermal Generating Station, the vessel is unable to leave Buyer's dock or after leaving Buyer's dock the vessel's progress is restricted by the said adverse ice conditions, Buyer agrees to reimburse Seller for 50% of demurrage occasioned by the adverse ice conditions payable under this Article .
- (f) Buyer agrees to reimburse Seller for fifty percent (50%) of charges paid by Seller with respect to extra fuel consumed by the vessel as a consequence of complying with Buyer's election under paragraph (b) of Clause SC 6.3.

SC 7 Importation License

- .1 Buyer's obligation to purchase and receive the Product, or any delivery thereof, is subject to its holding the requisite licenses to import heavy fuel oil under the National Energy Board Act, Revised Statutes of Canada, 1985, Chapter N-7, as amended, or any Act passed in substitution thereof.
- .2 Buyer shall diligently take all reasonable steps to obtain and hold in place the licenses referred to in this Contract.

SC 8 Successors and Assigns

This Contract shall be binding upon and shall enure to the benefit of successors of the parties hereto. Neither party may assign this except for an assignment for purposes of security and except that Seller may assign this Contract to its affiliates, provided that upon any such assignment Seller shall guarantee, and shall be deemed to have guaranteed, the performance of the obligations hereunder by the affiliate to which this Contract is assigned. For purposes of this Article, Seller's affiliates include companies controlled by, in control of, or under common control with Seller. In the event of assignment to such an affiliate;

- (a) such affiliate shall be relieved of an obligation pursuant to Article SC 10 - Force Majeure only if, and

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only to the extent that, the act, omission or circumstance affecting the affiliate would have affected Seller in the same manner, and relieved Seller of such obligation, if such assignment had not taken place; and

- (b) such affiliate shall be at liberty to reduce deliveries pursuant to Article SC 3 - Delivery and Schedules only when, and to the extent that, such reduction would have occurred from Seller if no such assignment had taken place; and
- (c) Seller, without restricting its obligations to Buyer, set out above or otherwise, guarantees that the availability of Product to Buyer, or the price of Product to Buyer, shall not be adversely affected by reason of any assignment made pursuant to this Article.

SC 9 Governing Law and Forum

This Contract shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador, and every action or other proceeding arising hereunder shall be determined exclusively by a court of competent jurisdiction in the Province of Newfoundland and Labrador, subject to the right of appeal up to the Supreme Court of Canada where such appeal lies.

SC 10 Force Majeure

- .1 Neither party shall be considered to have breached its obligations (except as to Buyer's obligation to pay for residual fuel oil delivered by Seller and Buyer's obligation, if any, to pay demurrage as provided in Article SC 6 - Demurrage) by reason of any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of public enemy, wars, fire, epidemic, earthquakes, floods, explosions, orders of governmental authority or any other cause, whether of the kind enumerated or otherwise not within the control of such party nor any act, omissions or circumstances which such party is unable to prevent or overcome by the exercise of due diligence, including as to Seller, its suppliers of residual fuel oil or crude oil.
- .2 If, by reason of any of the causes described in Clause SC 10.1, there is a shortage of residual fuel oil resulting in a decrease in the quantity or quantities of residual fuel oil available to Seller from its affiliates and under its contracts for the purchase or other acquisition of such residual fuel oil (such decrease not being wilfully caused by Seller or its affiliates) other than by expiration of the term of existing contracts, or failure to renew or replace contracts as they expire, so that Seller is unable to fully comply with all of its obligations to Buyer and others to whom it is bound under then existing contracts, Seller shall be at liberty to reduce deliveries under this Contract to such extent as it in its judgment may see fit, as part of its prorating of available supplies and shall not be required to purchase supplies to make good any shortages resulting therefrom. Buyer shall be free to purchase from other suppliers any deficiencies hereunder caused by the operation of this Article. However, Seller agrees to assist Buyer, if so requested, in purchasing efforts to fulfill any such deficiencies.

Furthermore, should prorating of available supplies be necessary, Seller undertakes not to reduce deliveries to Buyer to a greater proportionate extent than the reduction applied to public utilities supplied by Seller with Product of similar grade and quality in Canada or elsewhere.

SC 11 Modification

This Contract sets forth the entire understanding of the parties and supersedes all prior understandings and agreements between the parties with respect to the purchase and sale of the Product to be sold hereunder, and may not be modified or terminated orally. No claimed modification or waiver of any of its provisions shall be valid unless in writing and signed by both parties.

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SC 12 Laws and Regulations

- .1 Seller shall observe and keep itself fully informed of, and shall comply with, all laws and regulations in effect or which may become effective in any manner affecting those engaged or employed in the Work, or in any way affecting the conduct of the Work, and of all orders and decrees of bodies or tribunals having jurisdiction or authority over the same. If any discrepancy or inconsistency should be discovered in the Contract in relation to any such law, Seller shall forthwith report the same in writing to Buyer.
- .2 Seller shall protect and indemnify Buyer from and against any and all liability from or based on the violation by Seller, Seller's subcontractors, agents, servants or employees of any such law or regulation.

SC 13 Performance of Work

Seller has entered into the Contract and shall perform the Work as an independent seller and not as an employee or agent of Buyer. Seller shall have exclusive and complete control over its employees or agents, and shall be solely responsible for their acts and omissions.

SC 14 Hazardous or Controlled Products

- .1 Seller shall not use or deliver a hazardous or controlled product, as defined by the Hazardous Products Act, Revised Statutes of Canada, 1985, Chapter H-3 as amended, for the purposes of this Contract without the prior approval of Buyer. If such products are approved by Buyer, Seller shall be familiar with and fully comply with the Hazardous Products Act, and the Workplace Hazardous Materials Information System (WHMIS) Regulations, CNLR 1149/96 under the Occupational Health and Safety Act, Revised Statutes of Newfoundland and Labrador, 1990, Chapter O-3, all as amended.
- .2 Seller shall ensure that a hazardous or controlled product is not used, stored or handled for the purposes of the Contract unless all of the requirements of the aforesaid Act and regulations in respect of labels, identifiers, material safety data sheets (MSDS) and worker education are complied with.
- .3 Seller shall ensure that all persons who work with a hazardous or controlled product or work in proximity to a hazardous or controlled product are informed about all hazard information received from the supplier of the said product as well as any other hazard information of which Seller is aware of, or ought to be aware of, concerning the use, storage and handling of the hazardous or controlled product.
- .4 Seller shall ensure that, prior to delivery of the hazardous or controlled product to the Jobsite, it is labelled with the supplier's label or with a label in accordance with requirements of the aforesaid Act and regulations. Seller shall provide Buyer with all such information including MSDS prior to delivery of the hazardous or controlled product to the Jobsite.

SC 15 Environmental Protection

- .1 Buyer uses an Environmental Management System (EMS) registered to the ISO 14001 Standard. Buyer has an environmental policy that commits to compliance with legal and other requirements, prevention of pollution and continual improvement. Seller must be aware of potential environmental impacts of the Work.
- .2 Seller shall protect the environment of the areas where the Work is located and the Work at all times shall be subject to inspection by Buyer and relevant provincial and federal governments. Any specific matters relating to environmental protection shall be dealt with between Seller and Buyer.
- .3 Seller shall supply Buyer with a copy of a declaration conforming to the requirements of section 660.2(2) of the Canada Shipping Act, Revised Statutes of Canada, 1985, Chapter S-9, as amended.

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CONTRACT 2007-35952**SC 16 Substitution of Lower-Sulphur Fuel**

If, during the term of the Contract, a requirement is imposed upon Buyer to use a fuel with a lower sulphur content, the specification for such fuel shall meet all requirements of Article SC 1 - Product Quality except that the sulphur content shall be specified by the Buyer at the time of giving a Firm Order and will be in the range of 0.3% to 1.0% sulphur by weight. The price paid for such substitute fuel will be as computed in Form of Tender items (h) and (i). All other provisions of the Contract will apply.

SC 17 Termination

Buyer may terminate the Contract upon giving Seller at least sixty (60) calendar days written notice. During the notice period, the terms and conditions of the Contract shall remain in full force and effect and Seller shall meet the identified delivery requirements of the Buyer.

SC 18 Commencement of Contract Deliveries

Contract deliveries will commence upon completion of the existing supply contract, anticipated at the time of tendering call for this document, to provide its final delivery in August, 2007. Seller will be advised in accordance with the provisions of Clause SC 3.4 of Article SC 3 - Delivery and Schedules for the first delivery within five (5) working days of award of Contract.

SC 19 Claims

All claims for any cause whatsoever, whether based in contract, negligence or tort, strict liability or otherwise, shall be deemed waived unconditionally and absolutely unless Seller receives from Buyer, or Buyer receives from Seller, written notice of such claim not later than one hundred and eighty (180) days after Buyer's receipt of Product as to which such claim is made or not later than one hundred and eighty (180) days from the date fixed for delivery of Product in the case of non-delivery of Product.