

FUEL PURCHASE CONTRACT PAI 289/14
AGUIRRE, COSTA SUR, SAN JUAN AND PALO SECO STEAM PLANTS

AS FIRST PARTY: The Puerto Rico Electric Power Authority, hereinafter referred to as "PREPA", a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act of May 2, 1941, No. 83 (the "Enabling Act"), as amended, employer identification number [REDACTED], represented in this act by its Executive Director, Juan Francisco Alicea Flores, of legal age, married, and resident of Caguas, Puerto Rico.

AS SECOND PARTY: Petrobras America Inc., hereinafter referred to as "Seller", a corporation organized and existing under the laws of Delaware, authorized to do business in Puerto Rico, employer identification number [REDACTED], represented in this act by its Trading Manager, Odilia Dauzacker, of legal age, married, and resident of Houston, Texas, duly authorized to sign this Contract by virtue of resolution, dated as of March 5, 2012.

Each, a "Party", and together, the "Parties",

WITNESSETH

WHEREAS, Seller is a wholly-owned indirect subsidiary of Petróleo Brasileiro S.A. ("Petrobras"), a Brazilian corporation controlled by the government of Brazil.

 WHEREAS, PREPA has presented Seller with a request for the supply of residual No. 6 fuel oil at the Aguirre, Costa Sur (the "South Plants"), San Juan and Palo Seco (the "North Plants") steam plants, pursuant to PREPA's express authority to do so under Section 15, subsection 2(f) of the Enabling Act, which authorizes PREPA to purchase such product without bid in circumstances when purchases of fuel used for electricity generation facilities owned by PREPA are made to foreign governments.

WHEREAS, in response to the referred request, Seller made an offer to supply said fuel at the required steam plants.

NOW THEREFORE, in consideration of the mutual covenants herein stated, the Parties agree themselves, their personal representatives, successors, and assignees, as follows:

ARTICLE I. Scope and Term of Contract

A. Seller agrees to sell and deliver to PREPA, and PREPA agrees to purchase from Seller, No. 6 residual fuel oil in compliance with the Specifications detailed in Exhibit A, Fuel Oil Specification No. 6 for the Aguirre, Costa Sur, San Juan and Palo Seco steam plants. The monthly rate of delivery for each calendar month of this Contract shall be the amount as requested by PREPA, as long as it does not exceed a limit of 1,450,000 bbl/month, shared between all plants ("Seller's Contractual Commitment"). From



October 1st, 2014 to November 11th, 2014, the rate of delivery for North Plants cannot exceed 700,000 bbl/month pro rata.

B. PREPA agrees that if it enters into any agreement with fuel or power suppliers exceeding a monthly purchase amount of \$50 million that provides such vendors with more favorable trade credit terms than those herein provided for, PREPA will notify Seller and such more favorable terms will be incorporated into this Contract for the term of this Contract, as long as such trade credit terms remain more favorable to Seller considering the monthly reduction of credit terms as per ARTICLE IX Item B.

C. This Contract will become effective on the date of its signature ("Effective Date"), and will be in effect until August 31st, 2015. This Contract is subject to one renewal of six (6) months, at Seller's option, subject to notice up to sixty (60) days before expiration.

ARTICLE II. Termination

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A. Prior to its normal expiration date, this Contract may be terminated immediately by written notice upon the happening of any of the following events of termination: (i) by Seller, if any invoice remains unpaid seven (7) days after its due date, with ten (10) days advance notice or (ii) by PREPA, if Seller fails to deliver the fuel ten (10) days after its committed delivery date without PREPA's consent, with a ten (10) days advance notice and except when failure to deliver is a consequence of nonpayment of due invoices or noncompliance with the Account Limit by PREPA.

B. Prior to its normal expiration date, this Contract may be terminated by either Party if, after delivering written notice of any failure to comply with any obligation under this Contract, and providing a cure period of no less than seven (7) days from the date in which the notice was delivered, the Party which receives the notice fails to cure the notified default within the cure period provided in the notice.

C. The exercise of its right to terminate this Contract shall not be understood as a waiver by the Party to any other remedy it may have under this Contract or under the law for delays or breach incurred by the other Party in the performance of its obligations under this Contract.

D. If either Party enters into bankruptcy or insolvency proceedings, or if either Party becomes bankrupt or insolvent, or if a petition in bankruptcy or insolvency is filed against either Party, or if a receiver is appointed for either Party, the other Party shall have the right to terminate this Contract upon written notice to the insolvent Party, without prejudice to any claim or any other right of the terminating Party under this Contract at the time of such termination. Notice of termination under this provision shall not create any liability to the terminating Party, except that it shall still be

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responsible for the payment of amounts due and owing to the breaching Party not subject to claims.

E. In case PREPA obtains from a third party, in written form, a firm offer (as defined in the U.S. Uniform Commercial Code §2-205), for the supply of fuel as specified in EXHIBIT A, whose financial terms are more favorable for PREPA than the ones herein, such offer shall be presented to Seller, and Seller will have right of first refusal. In case Seller declines the terms of such offer, PREPA may terminate this Contract with at least 60 days advance notice to Seller, provided that such notice is not sent before February 28th, 2015. Account Limit monthly reduction, and credit terms, as defined in ARTICLE IX, are not affected by such notice of termination.

F. If PREPA terminates this Contract pursuant to this ARTICLE II, Seller shall work in good faith and use commercially reasonable efforts to not impede PREPA in obtaining the use of the barge that is delivering under this Contract.

ARTICLE III. Independent Contractor

 Seller shall be considered as an independent contractor, for all material purposes under this Contract, and all persons engaged or contracted by Seller for the performance of its obligations herein, shall be considered as its employees or agents or those of its subcontractors, and not as employees or agents of PREPA. In consequence, Seller is not entitled to any fringe benefit, such as, but not limited to: vacation, sick leave, and others.

ARTICLE IV. Delivery and Title

A. Delivery shall be for fuel as specified in Exhibit A or fuel components delivered, via barge or other vessel, in San Juan and Palo Seco steam plants thru the Shed A/B dock (at the Puerto Rico Ports Authority facilities in San Juan) or for blending at Commonwealth Oil Refining Company, Inc. (CORCO) for final delivery of product at Aguirre or Costa Sur by Seller of fuel as specified in Exhibit A. The pricing period is comprised of 3 calendar days around the deemed commencement of discharge, considering the deemed date mutually agreed between the Parties, and it shall not be modified, except with the Parties' mutual agreement.

All costs related to the use of the tank at CORCO and to the handling of vessel or barge in CORCO's dock or at San Juan dock (rent, dockage, line handling, hoses connection, loading, unloading, etc.) shall be for Seller's account, and shall be as specified in Exhibit D, Fuel Oil Terminal Agreement, of this Contract. PREPA's failure to provide the terminal facilities and related services as provided in the Fuel Oil Terminal Agreement shall constitute a default under this Contract. Any outstanding amounts of principal or late payment interest arising out of due and



unpaid invoices by PREPA can be offset from amounts owed by Seller under this clause and the Fuel Oil Terminal Agreement.

Articles XIII, XVII, XX, XXI, XXII, and XXIV of this Contract shall apply to the Fuel Terminal Agreement, (Exhibit D).

- B. PREPA shall submit Seller not later than the 15th calendar day of each month, an estimate of its requirements and proposed dates for delivery of fuel during the following month. Seller shall promptly acknowledge receipt of such estimate and shall, within five (5) days of such receipt, confirm or propose new delivery dates for such following month. Said delivery schedule, if accepted by PREPA, shall be final. Delivery dates shall consist of delivery windows of three (3) days each for actual delivery to occur. If estimates are not submitted within the aforementioned timeframes, delivery will be delayed for as long as required for the Seller to obtain availability of the fuel.
- C. Title of product delivered shall pass to PREPA after the fuel passes the pipeline flange at the San Juan, Palo Seco, Aguirre, or Costa Sur steam plants. Seller is responsible for cleaning, removing, and disposing of any spill of its product, which might occur before the pipeline interconnection during delivery; and shall be responsible for securing all materials, permits, and personnel required for handling the transfer of fuel. It must also provide the fuel oil hoses needed to unload the cargo in San Juan.
- D. Deliveries via barge or vessel to the Aguirre Steam Plant are limited by a dredged channel with a maximum draft of 21.5 feet. Deliveries thru the CORCO dock, at present, are limited as follows:

DWT 82,000 tons
LOA 840 feet
BCM 425 feet
DRAFT 41 feet sw

Deliveries via barge or vessel to the San Juan and Palo Seco Steam Plants thru the Shed A/B dock, at present, are limited to an arrival draft of 26 feet.

Seller shall conduct its own investigation relative to navigational information or any natural changes that might occur at the Shed A/B, Jobos or Guayanilla bay. However, if any change to the port restrictions occurs, Seller will have the right to charge PREPA for any and all costs related to the more restricted port conditions. Considering that a single barge is available at Puerto Rico to transport the product from the CORCO dock to Aguirre, any problem related to the barge, not as a consequence of Seller's fault or negligence, that prevents delivery of the product will be treated as a Force Majeure event.

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- E. Maximum temperature of oil entering PREPA's pipeline shall not exceed one hundred eighty-five degrees Fahrenheit (185 F), nor shall be less than one hundred twenty-five degrees Fahrenheit (125 F), and at the pressure of not more than one hundred fifty (150) psig nor less than one hundred twenty five (125) psig, measured at PREPA's intake flange.
- F. If Seller, for any reason, solely as a consequence of its own fault and except as provided for in ARTICLE XIII, Force Majeure, of this Contract, fails to deliver the fuel required as provided for in this Contract, PREPA may procure the product from any other supplier. PREPA shall notify Seller of the chosen supplier and applicable price, and Seller might oppose such price in 2 Business Days' time if able to provide PREPA with another supplier with better terms. In the event Seller does not present opposition to supplier and price, PREPA may deduct from Seller pending invoices, in order of due date, or Seller shall reimburse PREPA, for any difference which PREPA may have paid in excess of contracted price. In no circumstances will this clause apply if Seller ceased deliveries due to delay or nonpayment by PREPA of invoices already due or to the Account Limit being exceeded. It shall be understood that PREPA is not waiving any rights available to it under the law, including rights to any claims or actions for damages caused by noncompliance by Seller with the terms of this Contract.
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G. Seller will be responsible for any and all damages to the dock or to any other property caused by the vessel during delivery. All fuel oil deliveries and transfers should be in compliance with Homeland Security Regulations including, but not limited to, 33 CFR 104 & 105. Also, all fuel oil operations should be in compliance with 33 CFR 154, 155 & 156.
- H. Seller is responsible under a predicted Force Majeure event to take immediate action and execute emergency plans to avoid human hazards and protect public and private properties.
- I. Seller agrees to indemnify PREPA for all expenses and costs of any nature arising out of any claim due to an environmental violation, caused by the agents, employees, subcontractors or assigns during the performance or nonperformance of its obligations under this Contract.
- J. Every vessel shall be coastal tanker and capable of acceptance by the terminal(s), and the Seller shall bear the risk of any failure to obtain acceptance.
- K. It is the Seller's responsibility to familiarize itself with all the locations referred to in this Contract. Seller will be required to have the proper personnel and equipment, to service the locations.
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- L. In case of environmental or safety risks on CORCO operations, Seller, at its sole discretion, will have the option to cancel the Terminal and Services Agreement (EXHIBIT D) and return the tanks. If Seller needs to lease tanks in another facility to comply with this Contract, PREPA shall reimburse Seller for any additional costs and expenses related thereto.

ARTICLE V. Type of Fuel to be Supplied

- A. PREPA requires a fuel appropriate for burning without requiring extraordinary maintenance at each plant's boilers and its associated equipment or extraordinary problems in the plant operations and which will yield the lowest cost per kW hour produced. All fuel shall be analyzed and evaluated in terms of its ultimate cost and consistency with PREPA's applicable environmental regulations.
- B. Seller warrants that the fuel supplied meets the contracted Specifications and is free of any components that have been derived from petrochemical processes such as ethylene cracker residues, olefin cracker residues, resins, styrene's, acetates, and hazardous wastes including chlorinated hydrocarbons. Seller further warrants that fuel oil shall be homogeneously stable and will not separate, stratify or form undesirable compounds by chemical reaction during shipping, storage, handling and heating.
- C. In the event that during the term of this Contract, Federal or Commonwealth of Puerto Rico laws or regulations are modified, requiring the burning of a fuel of more restrictive specifications than the fuel contracted for, then the Parties shall meet within five (5) days from the enactment of any such law or regulations to discuss the matter for the purpose of establishing new price terms satisfactory to both Parties. If an agreement cannot be reached prior to the effective date of any such law or the enforcement date of any such regulations then PREPA shall have the right to terminate this Contract.
- D. In the event that, during the term of this Contract, PREPA requests a fuel of different specifications than the fuel contracted for, Seller and PREPA shall meet in good will to negotiate new price terms (lower or higher than the Contract price) for said different fuel oil specifications satisfactory to both Parties. If an agreement cannot be reached, the contracted fuel Specification shall prevail.

→ ARTICLE VI. Specifications

- A. All fuel delivered under this Contract shall be in accordance with the latest corresponding Specifications, as specified in Exhibit A. PREPA requires a fuel with homogeneous hydrocarbons, free of inorganic acids and microorganisms, and free of water, solid or fibrous foreign matter, which will yield the lowest cost per kW hour produced.

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- B. The fuel supplied shall comply with the contracted specifications and shall be homogeneous. A fuel shipment shall be considered to be homogeneous and within specifications when the maximum difference between any two (2) samples for different strata or compartments is not greater than 0.3 degrees for tested API and 0.02 weight percent in tested sulfur without exceeding the maximum allowable limits in all tests.
- C. To assure fuel compliance with Specifications, before discharge of each delivery, the Parties will contract a mutually agreed independent inspection company to perform laboratory analyses as per specified methods of the fuel actually being supplied. A laboratory certificate including all the parameters contained in Exhibit A and signed by an authorized chemist in Puerto Rico will be produced and its results shall be considered final and binding for both parties. Acceptance criteria will be based on these laboratory results. The sampling process shall allow for a large enough representative split of the volumetric composite sample such that PREPA can receive a 1 liter sample for their own use. The sample shall be provided to PREPA by the mutually agreed independent inspection company within the next twelve (12) hours from preparing the composite sample. The cost of such additional sampling shall be borne by PREPA.
- D. If during any delivery Seller fails to meet the Specifications and Warranties as contracted, PREPA reserves the right to immediately reject the shipment, evaluate the deviation and/or establish a claim for nonperformance.
- D.1. PREPA shall notify Seller of any Specification non-compliance that will result in product being rejected or discounts to be applied before discharge commences, and discharge will be suspended until Seller and PREPA can reach an agreement.
- E. General provisions in this Article VI regarding compliance with specifications, discrepancies and laboratory analyses shall apply to Article XI (Guaranteed Calorific Value) whenever required.
- F. In case same vessel discharges for both South and North plants, same inspection company will be nominated for the determination of specification and only one inspection shall be conducted at the first discharge port.

ARTICLE VII. Lay time and Demurrage

- A. PREPA assumes no responsibility or liability for demurrage incurred by the vessel(s) delivering fuel pursuant to this Contract except in the situation defined in ARTICLE IX item C, unless such demurrage is attributable to the fault or negligence of PREPA. Lay time shall commence six (6) hours: a) after Seller notifies PREPA that the vessel is ready to discharge cargo; or b) upon arrival at berth and cleared by Customs, whichever occurs last.
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- B. Notice shall be given to PREPA seventy-two (72), forty-eight (48), and twenty-four (24) hours before the vessel's arrival by the vessel's master or its agent. In the event the vessel is delayed in getting into berth after giving notice, for any reason over which PREPA has no control or due to docking restrictions, if any, such delay shall not count as used lay time.

It is understood and agreed that it is the practice of CORCO/Proterm to load and unload vessels at the docks in order of their arrival to CORCO/Proterm buoy, subject to the availability of the docks. PREPA shall not be responsible for demurrages attributable to dock unavailability unless said unavailability is caused by PREPA's intervention to change CORCO's practice.

- C. Lay time shall commence within the meaning of this Article, whether the vessel arrives during or outside normal business hours. Lay time shall not be increased, nor shall PREPA be held accountable for, any delay in berthing the vessel attributable to the failure of the Seller to give the notices set forth in this Article.
- D. Allowed lay time shall be forty-two (42) hours for each and every delivery of No. 6 residual fuel oil under this Contract. PREPA and Seller agree, however, that the allowed lay time of forty-two (42) hours depends upon:
1. Seller's vessel being capable of pumping its entire cargo within thirty (30) hours.
 2. Seller's personnel or agents promptly performing the connection and disconnection of discharging hoses.
 3. An unloading temperature and pressure as specified in ARTICLE IV, Delivery and Title, of this Contract.
 4. Seller's maximum cargo volume of 350,000 barrels.
- E. Allowed lay time shall be increased by the time a vessel is prevented or delayed from arriving, departing, or discharging cargo due to:
1. Tide conditions, heavy seas, wind or bad weather of any nature.
 2. Vessel's condition, vessel's facilities, or vessel's failure to comply with U.S. Coast Guard or other governmental agency regulations, which do not permit connection, discharging cargo or disconnecting in the allowed lay time.
 3. The failure of the No. 6 residual fuel oil to meet the quantity or specifications by any of the determinations set forth in this Contract.
 4. Regulations of port authorities, vessel's owners or vessel's master, which prohibit discharging of the cargo at night.
 5. Seller's cargo volume exceeds the established maximum cargo volume.
- F. If the vessel is delayed at any discharging berth for ships purposes or reasons beyond the control of PREPA, lay time shall cease when discharging is completed

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even though hoses are not disconnected. If regulations of port authorities or vessel's owner prohibit discharging of the cargo at night, time so lost shall increase the allowed lay time. If PREPA prohibits discharging at night, time lost shall count as lay time. In all other cases lay time shall continue to run until cargo hoses or loading arms, as the case may be, have been disconnected.

G. Subject to Seller's full compliance with this Article, PREPA shall pay demurrage per running hours, and pro rata for a part thereof, for all time that exceeds the allowed lay time at the rate stated in the Voyage Charter Agreement for the vessel if vessel is a VCP. For TCP vessels or barges, Parties shall use current TC3 value plus Worldscale 10 points with minimum flat rate of US\$ 5.50 per metric ton. All demurrage claims must be presented in writing along with substantiation thereof within sixty (60) days after fuel delivery date, after which PREPA will no longer be liable for any demurrage charges for said delivery.

 H. If discharging has ceased because it is completed or if the discharging rate has decreased to a rate, which will not permit discharge of the entire cargo within forty-two (42) hours or due to any other problem with the vessel, PREPA may order the vessel to move from the dock at no cost to PREPA. If practical, the vessel shall be allowed to return later and complete discharging. In the event that the discharging rate has decreased to a rate which will not permit discharge of the entire cargo within forty-two (42) hours, PREPA may delay ordering the vessel to move from the dock and allow pumping to continue, but Seller will pay the dock per hour fee rate and any other associated cost.

I. Seller shall furnish all appropriate documentation and available evidence in support of any demurrage claim, which may be brought against PREPA.

ARTICLE VIII. General Liabilities

The Parties agree to make, use, provide, and take all proper, necessary precautions, safeguards, and protection against the occurrence or happening of injuries, death, and/or damages to any person or property during the delivery process. The Parties agree to be responsible for, and indemnify, and save each other harmless from public liability, costs, and expenses resulting there from, or damages that may happen or occur solely through the gross negligence or willful misconduct of the breaching Party, its employees, agents, and subcontractors, during the performance of this Contract, or while carrying out any act or action directly or indirectly related, or in connection with the performance of this Contract, and from loss, liability, and fines incurred for, or by reason of violation by the breaching Party of any federal, state, or municipal ordinance, or regulation of law, while said delivery is in progress.



ARTICLE IX. Price

A. The price for the fuel oil to be supplied under this Contract is as follows:

For each barrel of delivered fuel until February 28th, 2015, the price to be paid will consist of an escalator plus a price differential with a sixty (60) days credit term. For deliveries happening from March 1st, 2015 on, credit term will be reduced according to the following:

- Discharges completed from March 1st, 2015 to July 31st, 2015 will have a forty-five (45) calendar days after completion of discharge payment term.
- Discharges completed from August 1st, 2015 to January 31st, 2016 will have a thirty (30) calendar days after completion of discharge payment term.
- Discharges completed from February 1st, 2016 to February 29th, 2016 will have a fifteen (15) calendar days after completion of discharge payment term.

The fixed price differential shall be:

 \$2.60 per barrel, for deliveries into San Juan and Palo Seco, for cargoes delivered until November 11th, 2014;

\$8.25 per barrel, for deliveries into San Juan and Palo Seco, for cargoes delivered after November 11th, 2014; and

\$9.25 per barrel, for deliveries into Aguirre and Costa Sur.

Price differentials will be added to the escalator, to obtain the final fuel price.

- B. PREPA's account payable to Seller shall be paid down to and fixed at \$250,000,000.00 ("Account Limit") as of the date of signature of this Contract. This Account Limit shall be reduced by \$10,293,000.00 on the first day of each calendar month subsequent to the Effective Date. Such credit limit shall be shared by all plants, and shall include all sales of products from Seller to PREPA. Invoices shall be paid in chronological order of due dates. In situations where the Account Limit would be reached, PREPA shall anticipate payments of invoices in chronological order as much as necessary to comply with the Account Limit.
- C. If PREPA fails to pay any invoice on its due date, or if Account Limit is reached, Seller may, at its own discretion, terminate this Contract as provided in Article IIA(i) or suspend any and all deliveries to PREPA as long as delayed invoices remain unpaid or Account Limit remains reached. Any costs including but not limited to demurrage due to this suspension of delivery shall be for PREPA's account.
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- D. The escalator that is mentioned in Paragraph A shall be increased or decreased according to the Platt's Oilgram Price Report, "Estimated New York Spot - (Cargo)" corresponding to the effective date of the posting at the deemed date the fuel delivery commences, the day before, and the day after the deemed fuel delivery, each one of these evaluated utilizing the following formula:

Fifty percent (50%) of the zero point three percent (0.3%) sulfur fuel high pour, as published by the Platt's Oilgram Price Report, New York/Boston No. 6 Fuel Oil Cargo columns, rounded to four (4) decimal places;

Plus fifty percent (50%) of the zero point seven percent (0.7%) sulfur fuel, as published by the Platt's Oilgram Price Report, New York/Boston No. 6 Fuel Oil Cargo columns, rounded to four (4) decimal places.

A sample calculation of the escalation factor appears as Exhibit C, Sample Calculation - Escalation Factor, of this Contract.

Municipal taxes are to be presented as a separate line item on the invoice.

-  E. Pricing period is defined as 3 calendar days around deemed commencement of discharge date, as agreed by the Parties. The pricing will be established considering the deemed date agreed between the Parties, and this pricing shall not be modified, except by mutual agreement. Should the deemed delivery take place on Saturday, Sunday or on a Holiday, the effective prices appearing in the last editions of Platt's Oilgram Price Report published before that date will be utilized to readjust the prices.
- F. The date published prices are made effective will govern, holding the price firm until next publication date. Should the format used by the publishers for the postings be changed, both Parties will meet within five (5) days of the occurrence to determine how to interpret the same.
- G. Seller assumes the responsibility of the transportation of the product and all other related responsibilities up to PREPA's flange connecting Seller's vessel with the PREPA's pipeline at the dock.
- H. Should PREPA require volumes of the same type and quality of the fuel herein contracted in excess of Seller's contractual commitment, PREPA may require it from Seller. If Seller has such fuel available, then Seller may, at its option, supply it under the same terms and conditions agreed hereupon. Seller's consent to supply the requested fuel shall not be unreasonably withheld.
- I. For late payments, interest on any unpaid amount shall be calculated at an annual rate of 3% above the prime rate in effect on the opening of business at the date payment was originally due, at JP Morgan Chase Bank principal office in New York, New York, USA (or Citibank N.A. New York, New York, USA prime interest rate if JP Morgan Chase Bank rate is unknown).
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- J. Should the due date of an invoice fall on a non-business day that is either Sunday or Monday, payment shall be made the following business day. However, if due date falls on a non-business day which is not Sunday or Monday, then payment shall be made on the preceding business day. Business days shall be days in which banks are open for business in Puerto Rico.
- K. This entire article IX is applicable to all invoices due by PREPA to Petrobras America as of the date of signature of this Contract.

ARTICLE X. Duties and Taxes

- A. The contracted price includes all Federal and local taxes, fees and established import tariffs for the fuel being supplied. Municipal taxes shall be fully reimbursed by PREPA and ~~are to be presented~~ as a separate line item on the invoice.
- B. Any changes up or down in these taxes, fees, or tariffs, should they be imposed, will be reflected in the price in its entirety and Seller will adjust the price accordingly. Upon PREPA's request, Seller shall apply for any applicable waivers on taxes, fees or tariffs, and any costs associated with the application to such waivers will be passed in their entirety to PREPA.
- C. PREPA commits to work with Seller, the government of the Commonwealth of Puerto Rico and any applicable third parties to mitigate any tax and operational issues that may arise under this Contract, including but not limited to making commercially reasonable best efforts to put in place an oil delivery structure that eliminates Seller's tax exposure to Puerto Rico.

ARTICLE XI. Guaranteed Caloric Value

- A. PREPA will not pay any premium for calorific values in excess of the minimum established in Exhibit A.
- B. During any delivery by Seller, in which the fuel fails to meet such guarantee, the deficiency shall be determined in barrels, calculated on the basis of the example attached as Exhibit B of this Contract. The deficiency thus calculated shall serve as a credit deficiency for an equivalent number of barrels, before computing the fuel billings for such invoice.
- C. General provisions in Article VI (Specifications) regarding compliance with specifications and laboratory analyses shall apply to this Article XI whenever required.

ARTICLE XII. Measurements and Payment

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- A. The quantity of fuel delivered to PREPA shall be computed by measurements in PREPA's shore tanks, to be conducted by a mutually agreed independent inspector. Inspection cost shall be borne equally between PREPA and Seller. All measurements shall be corrected to 60 degrees Fahrenheit (60 F) using ASTM Petroleum measurements Table 6-B. Quantities certified on the independent inspector's report, will be binding for both Parties.
- B. PREPA reserves the right to exclusively select and contract the inspection services to conduct measurements and certification of quantity at any time during the term of contract. If PREPA exercise this right, then inspection cost shall be borne fully by PREPA, and Seller, at its own expense, may send its inspector to verify the measurements. Should any discrepancy arise, at Seller's request, additional measurements shall be performed by a mutually agreed independent inspector. Additional costs due to the controversy will be responsibility of the non-prevailing Party. Once this option is exercised, section A of Article XII will be substituted by this section.
- C. Seller shall invoice PREPA regularly and promptly after fuel is delivered. For payment purposes, invoices shall be sent from Seller to PREPA via e-mail and shall be deemed received at the same day. Copies of the inspector's certificates of quantity shall be included with invoices. Such invoices shall be paid by PREPA in U.S. currency immediately available funds, as provided for on Article IX, A.
- D. All invoices submitted by Seller shall include the following Certification in order to proceed with its payment. This is an essential requirement and those invoices without this Certification, will not be processed for payment:

No Interest Certification:

Under penalty of absolute nullity, I hereby certify that no employee, official or director of PREPA is a party or has any interest in the profits or benefits to be obtained under this Contract, or if any employee, official or director of PREPA has any interest in the profits or benefits under this Contract, a waiver has been previously obtained. I, also certify that the only consideration to deliver the fuel under this Contract is the payment agreed with PREPA's authorized representative. The total amount of this invoice is fair and correct. The fuel has been delivered and no payment has been received previously for said delivery.

Seller's Signature

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E. A paper copy of invoices will be sent by regular mail to:

Puerto Rico Electric Power Authority
Attention: Fuels Office
PO Box 364267
San Juan, Puerto Rico 00936-4267

F. PREPA represents and warrants that all payments due by PREPA to Seller pursuant to the terms of this Contract are "Current Expenses", as such term is defined in the existing Trust Agreement authorizing the issuance of PREPA bonds, and would represent and be classified as "critical vendor debt" under Puerto Rico's Public Corporations Debt Enforcement and Recovery Act ("Act 71-2014").

ARTICLE XIII. ~~Force Majeure~~

7/10 The Parties hereto shall be excused from performing hereunder (except for any obligation to pay any money as provided in this Contract, which shall not be excusable pursuant to this Article XIII under any circumstance) and shall not be liable in damages or otherwise, if and only to the extent that they shall be unable to perform or are prevented from performing by a Force Majeure event. For purposes of this Contract, Force Majeure means any cause without the fault or negligence, and beyond the reasonable control of, the Party claiming the occurrence of a Force Majeure, whether foreseeable or not. Force Majeure may include, but not be limited to, the following: Acts of God, industrial disturbances, acts of the public enemy, war, blockages, boycotts, riots, insurrections, epidemics, earthquakes, storms, floods, civil disturbances, lockouts, fires, explosions, interruptions of services due to the acts or failure to act of any governmental authority, provided that these events, or any other claimed as a Force Majeure, and/or its effects, whether foreseeable or not, are beyond the reasonable control and without the fault or negligence of the Party claiming the Force Majeure, and that such Party, within ten (10) days after the occurrence of the alleged Force Majeure, gives the other Party written notice describing the particulars of the occurrence and, to the extent possible, its estimated duration. In the event that the Force Majeure extends for a period of more than forty-five (45) consecutive days, either Party shall have the right to terminate this Contract without further obligation except that PREPA shall still be responsible for the payment of amounts due and owing to Seller, on their due date. The burden of proof as to whether a Force Majeure has occurred shall be on the Party claiming the Force Majeure. Upon cessation of the event of Force Majeure, the Party declaring Force Majeure shall notify the other Party of the termination of the Force Majeure. Performance shall be resumed, but the excuse from performing due to an event of Force Majeure shall not operate to extend the term of this Contract nor obligate either Party to make up deliveries or receipts, as the case may be.

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Operational issues related to the barge or Puerto Rico port and terminals, not as a consequence of Seller's fault or negligence, shall be considered as Force Majeure.

ARTICLE XIV. Performance Bond

Seller shall not be required to provide PREPA with a performance bond for this Contract. Performance bond number [REDACTED] shall be returned to Seller no later than November 12th, 2014. PREPA recognizes that, as long as the Performance Bond [REDACTED] is outstanding, it applies only to deliveries made to North Plants, and shall not be executed in case deliveries are delayed or cancelled as a consequence of nonpayment by PREPA of past due invoices and/or non-compliance with the Account Limit.

ARTICLE XV. Notices

Any notice to be given hereunder shall be in writing and will be sufficiently served when delivered in person or properly mailed to the following addresses:

PM
To PREPA: Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267
Attention: Fuels Office Manager

To Seller: Petrobras America Inc.
10350 Richmond Avenue, Suite 1400
Houston, TX 77042-3457
Attention: Odilia Dauzacker, Trading Manager

Notices can also be sent through e-mail and shall be deemed valid if the notified Party provides the notifying Party with confirmation of receipt, and if notices are sent to the following e-mail addresses:

To PREPA: PREPA's Fuel Office at: erodriguez@PREPA.com

To Seller: contracts@petrobras.com

Either Party, upon any change of its address as set forth above, shall notify the other Party in writing and after giving such notice, the address therein specified shall be deemed the address of such Party for the giving of notices.

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ARTICLE XVI. Certifications

Prior to the execution of this Contract, Seller will have to submit the following documents or certifications:

- A. An Income Tax Return Filing Certificate, issued by the Treasury Department of Puerto Rico, Area of Internal Revenues, assuring that Seller has filed his Income Tax Return for the last five (5) years. In addition, Seller shall submit a Certification of Debt issues by the Area of Internal Revenues.
- B. Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that Seller does not owe any tax to such governmental agency.
- C. Certification, issued by the Department of Labor and Human Resources of Puerto Rico, assuring that Seller has paid to the Department of Labor and Human Resources of Puerto Rico his employees' contribution, in accordance with the Puerto Rico Employment Security Act (unemployment, temporary disability or sickness, or social security for chauffeurs); or is paying such contribution by an installment plan in full compliance with its terms.

It shall be Seller's responsibility, also, to require all subcontracted third parties to comply with all the previous Certifications and agrees to notify PREPA of such compliance within ten working days of subcontracting such third party.

If any of the previously required Certifications shows a debt, and Seller has requested a review or adjustment of this debt, Seller will certify that it has made such request at the time of the this Contract execution. If the requested review or adjustment is denied and such determination is final, Seller will provide, immediately, to PREPA a proof of payment of this debt; otherwise, Seller accepts that the owed amount be offset by PREPA and retained at the origin, deducted from the corresponding payments.

Seller recognizes that submittal of the aforementioned certifications and documents is an essential condition of this Contract, and shall constitute a default under this Contract.

ARTICLE XVII. Contract Assignment

- A. This Contract, as well as any of the rights, duties, liabilities, and obligations under it, cannot be assigned, transferred, subcontracted, hypothecated or otherwise disposed of by either Party without the prior written consent of the other Party, such consent not to be unreasonably withheld. Notwithstanding, Seller may assign this Contract or any rights or obligations arising out of it, without previous consent of PREPA, to one of its affiliates, provided that such affiliate is a U.S. incorporated, substantially

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capitalized trading entity, fully owned, directly or indirectly, by Petróleo Brasileiro S.A. Prior to the assignment, Seller shall provide PREPA will all the documentation that certify that the assignee is a U.S. incorporated, substantially capitalized trading entity fully owned, directly or indirectly, by Petróleo Brasileiro, S.A.

ARTICLE XVIII. Financial Reporting

Subject to a non-disclosure agreement on terms similar to those required of all other creditors of PREPA receiving PREPA financial information, PREPA shall deliver to Seller the same financial information reporting that will be provided to fuel line lenders, bondholders and insurers of bonds under the forbearance agreements signed for the extension of PREPA's debt.

ARTICLE XIX. Contingent Fees

- MA*
- A. Seller warrants that it has not employed any person to solicit or secure this Contract upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty will give PREPA the right to immediately terminate this Contract and/or to deduct from payments the amount of such commission, percentage, brokerage, or contingent fee, or to claim said amount by whatever means available under the law.
 - B. No officer, employee or agent of PREPA or of the Commonwealth of Puerto Rico, or of any Municipal Government shall be admitted to any share or part of the ensuing Contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to the ensuing Contract if made with a well-known oil corporation for its general benefit, although said corporation employs a relative, by reasons of consanguinity or affinity, to a PREPA employee.
 - C. Seller represents and warrants that it is authorized to enter into, and to perform its obligations under this Contract and that it is not prohibited from doing business in Puerto Rico or barred from contracting with agencies or instrumentalities of the Commonwealth of Puerto Rico.

ARTICLE XX. Choice of Law and Venue

This Contract shall be governed, construed, and enforced in accordance with the laws of the Commonwealth of Puerto Rico, without regard to its conflict of laws rules. All actions and proceedings arising out of or relating to this Contract will be heard and determined in the United States District Court for the District of Puerto Rico ("USDCPR"), and the Parties hereby irrevocably submit to the jurisdiction of such court in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. In the event that the USDCPR does not have jurisdiction over any action or proceeding, the Parties agree

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that such action or proceeding will be heard and determined in the courts of the Commonwealth of Puerto Rico with jurisdiction.

THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE ACTIONS OF ANY PARTY OR THEIR RESPECTIVE REPRESENTATIVES IN THE NEGOTIATION OR PERFORMANCE HEREOF.

ARTICLE XXI. Code of Ethic

The Seller agrees to comply with the provisions of Act of June 18, 2002, No. 84, which establishes a Code of Ethics for the Contractors, Suppliers and Economic Incentive Applicants of the Executive Agencies of the Commonwealth of Puerto Rico.

ARTICLE XXII. Modification and Novation

No modification, change, renewal, extension, discharge, or waiver of this Contract, or any of the provisions herein contained, shall be valid and binding except by a written, mutual agreement of the Parties signed by a duly authorized officer of each Party.

PREPA and Seller expressly agree that no amendment which could be made to this Contract, during its term, shall be understood as a contractual novation, unless both Parties agree to the contrary specifically and in writing. The previous provision shall be equally applicable in such other cases where PREPA gives Seller a time extension for the compliance of any of its obligations under this Contract, or where PREPA dispenses the claim or demand of any of its credits or rights under this Contract.

ARTICLE XXIII. Sworn Statement

Prior to the execution of this Contract, Seller shall submit to PREPA a sworn statement to the effect that, as of the effective date, neither Seller nor any of its subsidiaries or any entity that constitutes the alter ego, or any president, vice president, executive director, board of directors' member, board of officers' member or any person performing equivalent functions for any of those entities, has been convicted of, nor has pled guilty to, any crime as enumerated in Article 3 of Act of December 29, 2000, No. 458, as amended. In accordance with Article 6 of Act of December 29, 2000, No. 458, as amended, Seller acknowledges that the conviction or guilty plea of any of those persons or entities for any of the crimes as enumerated in Article 3 of such Act shall entail, in addition to any other applicable penalty, the automatic rescission of this Contract. In addition, but only to the extent required by Act of December 29, 2000, No. 458, PREPA

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shall have the right to demand the reimbursement of payments made pursuant to this Contract that directly result from the committed crime.

ARTICLE XXIV. Separability

If a court of competent jurisdiction declares any of this Contract's provisions as null or invalid, such holding will not affect the validity and effectiveness of the remaining provisions of this Contract and the Parties agree to comply with their respective obligations under such provisions not included by the judicial declaration.

→

ARTICLE XXV. CONFIDENTIALITY

A. The Parties acknowledge that this Contract and all information that was supplied for the conclusion and performance of this Contract (or that will be supplied upon the execution of this Contract) are confidential. The Parties shall then maintain the confidentiality of this Contract and of any such information disclosed in connection thereto.

B. The provisions of this Article shall survive the termination of this Contract for a period of five (5) years.

C. In order to maintain the confidentiality and secrecy of the information disclosed hereunder, the Parties undertake in relation to their respective affiliates, administrators, employees, advisors, agents upon any title, and consignors, to take all reasonable precautionary measures to permit only the persons depending on such information to perform their duties in terms of this contract, to have access thereto.

D. The Parties recognize that all information received or obtained according to this Contract are not liable to ownership transfer, and belong to the Party that disclosed the information.

E. Non-compliance to the confidentiality obligations shall imply:

E.1. Termination of this Contract if it is in effect;

E.2. Responsibility for losses and damages; and

E.3. Taking of legal measures and sanctions applicable.

E.4. The only legitimate reasons for exception to the confidentiality undertakings are:

E.4.1. The information was lawfully known before the signature of this contract;

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E.4.2. The Parties have previously and expressly agreed to relieve the confidentiality obligation;

E.4.3 The information was definitely obtained from another source, lawfully, legally and legitimately; and

E.4.4. The Parties are required to disclose information by law, rule or regulation, legal process, order of court or other judicial body, or pursuant to any government agency, regulatory body or security exchange.

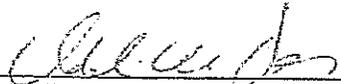
ARTICLE XXVI. Entire Contract

This Contract constitutes the entire agreement of the Parties as to the subject matter. This Contract supersedes any and all prior agreements, including Contract 902-05-13 between Petrobras America Inc. and Puerto Rico Electric Power Authority.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed as of September 30th, 2014, at San Juan, Puerto Rico.

PETROBRAS AMERICA INC.

PUERTO RICO ELECTRIC
POWER AUTHORITY


Odilia Dauzacker
Trading Manager


Juan Francisco Alidea Flores
Executive Director

EXHIBIT A

FUEL OIL SPECIFICATIONS NO. 6

PARAMETER	ASTM METHOD	MINIMUM	MAXIMUM
Sampling	D-4057	3 levels composite	(UML)
Gravity, API Degree at 60° F	D-1298	10.5	18
Viscosity, SFS at 122° F.	D-445 D-88	90	350
Water plus Sediment, % vol.	D-95 + D-473		1.0
Flash Point, Degree F., PMCT	D-93	150	
Sulfur, % weight ¹	D-4294		0.50
Ash, % weight	D-482		0.1
Asphaltenes, % weight	D-3279		8.0
Pour Point, Degree F	D-97		60
Sodium plus Potassium, PPM	D-1318		35
Vanadium, PPM	D-1548-92-e-1 D-5708 D-5863-A		150
Calcium, PPM	D-5863-B		75
Heating Value, BTU/gal. (Gross) at 60° F	D-240	150,000	

Latest published ASTM methods shall be used for all tests were test year is omitted.

¹Reproductibility and repeatability must be taken into consideration in order to comply with the maximum sulfur percent weight specification. Additional Top, Middle, and Bottom analysis shall be performed to insure cargo is homogeneous.

²Method D-1318-83 for sodium analysis, however, sodium as well as potassium can be analyzed by other acceptable atomic absorption or spectrometric analysis.

EXHIBIT B

SAMPLE CALCULATION
BTU DEFICIENCY ADJUSTMENT

Example of calculation to determine credit due to PREPA if Seller supplies fuel of lower than the guaranteed Btus per gallon value.

The guaranteed value is 150,000 Btus per gallon of fuel measured at 60 degrees F.

Assume Seller delivers 5,000 barrels of fuel measured at 60 degrees F.

JM
Assume the inspector's certificate of the fuel delivered indicates an API degree of 15.8 measured at 60 degrees F which is equivalent to 8.0 lbs. per gallon and assume a heating value of 17,500 Btus per pound, or a fuel that measures 140,000 Btus per gallon measured at 60 degrees F, (8.00 lbs./gallon) (17,500 Btus/lbs.) = 140,000 Btus/gallon.

Therefore:

For each U.S. gallon the guaranteed value is of 150,000 Btus/gallon.

Actual Btus delivered were 140,000 Btus/gallon. Total barrels delivered were 5,000 barrels. To calculate the equivalent barrels deficiency divide the difference of Btus/gallon received by the guaranteed minimum and multiply this fraction by the delivered volume.

Example:

$$(5,000 \text{ barrels}) \times ((150,000 - 140,000) / 150,000) = 333.33 \text{ bbl. (deficiency)}$$

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Exhibit C

SAMPLE CALCULATION
 ESCALATION FACTOR

Platt's Oilgram Price Report		
	0.7% S	0.3% S HiPr
September 14, 2011	102.45 – 102.55	112.45 – 112.55
September 15, 2011	105.05 – 105.15	114.95 – 115.05
September 16, 2011	104.60 – 104.70	114.50 – 114.60

FIRST STEP: AVERAGE

Q/A

$$\text{Platt's 0.7\% S Average } (102.45 + 102.55 + 105.05 + 105.15 + 104.60 + 104.70) =$$

$$104.0833$$

$$6$$

$$\text{Platt's 0.3\% S HiPr Average } (112.45 + 112.55 + 114.95 + 115.05 + 114.50 + 114.60) =$$

$$114.0167$$

$$6$$

SECOND STEP: FINAL CALCULATION

$$\text{Platt's 0.5\% S Interpolation} = 0.5 (0.7\% \text{ S Average}) + 0.5 (0.3\% \text{ S Average})$$

$$= 0.5 (104.0833) + 0.5 (114.0167)$$

$$= 52.04165 + 57.00835 = 109.05000$$

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EXHIBIT D

TERMINAL SERVICES AGREEMENT

AS FIRST PARTY: The Puerto Rico Electric Power Authority, hereinafter referred to as "PREPA" a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act 83 of May 2, 1941, as amended, employer identification number [REDACTED], represented in this act by its Executive Director, Juan F. Alicea Flores, of legal age, married, and resident of Caguas, Puerto Rico.

JLF
AS SECOND PARTY: Petrobras America Inc., hereinafter referred to as "Seller", a corporation organized and existing under the laws of Delaware, authorized to do business in Puerto Rico, employer identification number [REDACTED] represented in this act by its Trading Manager, Odilia Dauzacker, of legal age, married, and resident of Houston, Texas, duly authorized to sign this Contract by virtue of resolution, dated as of March 5, 2012.

Whereas, in consideration of the mutual desire of the parties to enter into an Agreement whereby PREPA will provide Seller the use of its terminal services agreement with CORCO for the duration of the Fuel Purchase Contract between the parties.

Whereas PREPA hereby recognizes that all CORCO's responsibilities as described in this Terminal Services Agreement shall be considered PREPA's responsibilities as it is the Party in this Contract.

OD

Whereas PREPA'S failure to provide the terminal facilities and related services shall constitute a default as specified in article IV-A, Delivery and Title, of the FUEL PURCHASE CONTRACT.

The use of these facilities will be as follows:

ARTICLE I - Facilities Designated for Service

- A. The tanks designated by CORCO for service to PREPA and the ancillary equipment that comprise the petroleum products storage system are suitable for the safe storage and handling of products. CORCO shall assume all costs arising from, or related to, the ownership or operation of all tanks, pipelines/piping and ancillary equipment that are part of the facilities.

The designated tanks and shell capacity of the same are as follows:

 Tank 901 268,000 barrels

Tank 903 268,000 barrels

- B. CORCO may designate alternate above-ground storage facilities of comparable size in the event CORCO requires the utilization of the tanks that have been designated for service to PREPA. CORCO may temporarily retire one or more tanks designated for service to PREPA if such tank or tanks require repairs or normal maintenance. In such an event, CORCO will notify PREPA and PREPA will notify Seller at least two weeks in advance of the tank or tanks retirement, except that in case of emergency, and/or a Force Majeure event, the two (2) weeks advance notice will be waived. In either case, CORCO will return the



tank or tanks for immediate use as soon as the normal maintenance or repairs has been successfully accomplished.

B.1. In case CORCO retires one or more tanks designated for service to Seller, CORCO shall designate alternate above-ground storage of comparable size in the same terminal. Otherwise, if Seller needs to lease tanks in another facility to comply with the Fuel Purchase Contract, PREPA shall reimburse Seller for any additional costs and expenses related thereto.

C. ARTICLE II -- Fees and Expenses

A. Storage Fee: Seller agrees to pay PREPA a storage fee of 0.465681 US Dollars per shell barrel per month (\$/bbl/month), based on the shell capacity of the tanks.

 B. Unloading fee: Seller agrees to pay PREPA an unloading fee of 0.052040 US Dollars per barrel (\$/bbl) for receiving the product from Seller's designated tanker/vessel/barge into CORCO's tanks or 0.076061 US Dollars per barrel (\$/bbl) if delivering the product directly into PREPA's tanks.

C. Loading fee: Seller agrees to pay PREPA a loading fee of 0.052040 US Dollars per barrel (\$/bbl) for loading Seller's product or products to a tanker/vessel/barge.

D. Blending fee: Seller agrees to pay PREPA a blending fee of 0.002088 US Dollars per shell capacity in barrels per hour (\$/shell bbl/hour) when CORCO provides tank blending services at its facilities at Seller's request.

E. Tank to tank transfer fee: Seller agrees to pay PREPA a tank to tank transfer fee of 0.024024 US Dollars per barrel (\$/bbl) for product or products transferred



from Seller's designated tank or tanks to other tank or tanks located inside or outside CORCO's facilities.

F. Wharfage and dock maintenance fees: Seller agrees to pay PREPA wharfage and dock maintenance fees of 0.020018 US Dollars per barrel, for every barrel of product loaded or discharged at the CORCO docks.

G. Dockage fee: Seller agrees to pay PREPA a dockage fee of 0.104552 US Dollars per gross register ton per twenty-four (24) hours (\$/ton/24 hour) or fraction thereof, when Seller's designated tankers/vessels/barges are docked at CORCO's facilities.

All of this fees shall automatically increase each year on each February 1, beginning in February 1, 2015, by the same percentage increase of the All Items category of the Consumer Price Index for all urban consumers (seasonally adjusted), as published by the Bureau of Labor Statistics of the U. S. Department of Labor (the "CPI") for the period ended on the immediately preceding December 31, over the CPI for the period ended December 31 for the prior year; provided, however, that the annual increase in such fees shall be no less than 3% and no greater than 4%. If the CPI is not calculated in either such months, then the fees shall be increased by 3.5% for any such year.

ARTICLE III - Payment Terms

PREPA agrees to invoice the storage fee to Seller in advance on or before the first (1st) business day of each calendar month and to invoice the handling fees (all the fees other than the storage fee) on or before the tenth (10th) calendar day of the month.



Seller agrees to pay the storage and handling fees outlined in this Agreement by the fifth (5th) working day after receipt of invoice. All payments will be made by telegraphic transfer in immediately available US dollars to the following account:

PUERTO RICO ELECTRIC POWER AUTHORITY
CITIBANK, NY ABA No. (routing) [REDACTED]
CITIBANK, PR ACCOUNT NUMBER [REDACTED]

For payments not received after the due date of the invoice, PREPA may deduct from any pending fuel invoice of Seller an equivalent amount of money.

ARTICLE IV. Services

A. In consideration of the above fees, CORCO shall provide the following services:

1. Receipt of Seller's nominated tankers/vessels/barges at CORCO's Guayanilla dock and the delivery of product or products to PREPA's designated tank or tanks and/or other vessels.
2. Transfer of product or products via pipeline, tanker/vessel/barge, or to PREPA day tank or final tank facilities located in PREPA's South Coast Plant.
3. Monthly inventory and throughput figures handled in the system per calendar month.
4. Subject to the terms of this Agreement, CORCO shall use commercially reasonable efforts to maintain the Tanks and all handling and delivery facilities in a satisfactory condition and working order so as to be able to promptly load, discharge and/or transfer the products. Each tank shall be capable to be filled to at least ninety percent (90%) of its shell capacity. In those cases where a tank cannot be filled to ninety percent (90%) of its

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shell capacity, then the shell capacity of said tank shall be reduced by the equivalent volume deficiency for payment purposes of the storage fee.

5. Seller, CORCO and PREPA shall each by itself be responsible for all reporting to, and compliance with, all the various governmental agencies that the law and/or other applicable regulation may require from either Seller, CORCO or PREPA. Reporting to the proper authorities of entries and withdrawals involving the Foreign Trade Zone, along with reporting any oil spill within the facilities, shall be CORCO's sole responsibility.
6. Additional facility requirements: If any additional services or equipment not then available at the facility are required in order to continue providing services to PREPA or expand Seller's business operations at the facility (including, without limitation, services or equipment required by governmental agencies) under this Agreement, CORCO will notify Seller and PREPA of whether CORCO will provide such additional services or equipment within thirty (30) days after the earlier of: (i) the request from Seller to provide such services or equipment or (ii) the receipt by CORCO of notice that additional services or equipment are required by a governmental agency. Failure to notify within the thirty (30) days period will constitute CORCO's election not to provide such additional service or equipment. In the event CORCO determines not to provide such services or equipment, Seller will have the right to install or construct additional equipment (at Seller's sole cost) and obtain or provide such additional services (at Seller's sole cost) at the terminal for Seller's use, provided that such ~~services~~ services or equipment do not unreasonably interfere with CORCO's



operations with respect to CORCO's other customers. In the event Seller installs or constructs any additional equipment, Seller will have an exclusive property right over the additional equipment, and CORCO will have a non-exclusive right, for a mutually agreed upon fee, to use such equipment for itself and its customers, but only to the extent that such use does not interfere with Seller's use of such equipment for its own operations. In the event that neither CORCO nor Seller provides such services or equipment, and CORCO's ability to provide the affected services to Seller under this Agreement would therefore be materially impaired, performance by CORCO of the affected services shall be suspended immediately, without any liability to Seller, CORCO or to PREPA.

ARTICLE V - Dock Regulations and Restrictions

Deliveries thru the CORCO dock, at present, are limited as follows:

DWT 82,000 tons
LOA 840 feet
BCM 425 feet
DRAFT 41 feet sw

ARTICLE VI - Marine Provisions

A ship berth at CORCO shall be provided to Seller's vessel. However, all port charges, including but not limited to, pilot fees, line handlers, cargo hose connections, taxes, duties, or other expenses related to the vessel shall be for the account of the vessel or Seller through their designated agencies. In order for



CORCO to provide services under this Agreement, all vessels (ships and barges) handling products under this Agreement shall always be in compliance with all U.S. Coast Guard Regulations. CORCO, at its cost, shall supply a U.S. Coast Guard certified "person in charge" and all other necessary persons for the safe receipt of the product.

ARTICLE VII. - Notices

Seller shall give CORCO seventy two (72) hours, forty eight (48) hours, and twenty four (24) hours notice before it nominates vessels arriving at CORCO Guayanilla dock. Said notice shall be sent via fax and be directed to the CORCO's facility.

It is understood and agreed that it is the practice of CORCO to load and unload vessels at the docks in order of their arrival to CORCO sea-buoy, subject to the availability of the docks.

General notices: Notices to be given under this Agreement shall be deemed properly served on each other when delivered in by e-mail.

ARTICLE VIII - Title

Title to the product stored and handled at CORCO shall remain with Seller. CORCO shall be deemed to have custody of the product from the time it passes the flange connection between the vessel's delivery line and CORCO's receiving line and until it passes the flange connection between CORCO's delivery line and Seller's nominated vessel, barge or pipeline.

Article IX: Miscellaneous

Articles XIII, XVII, XX, XXI, XXII, XXIV of the Fuel Purchase Contract Aguirre, Costa Sur, San Juan, and Palo Seco Steam Plants shall apply to this Fuel Terminal Agreement.



ARTICLE X - Entire Agreement

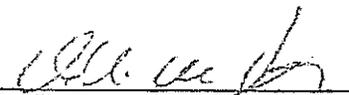
The terms and conditions set forth in this Agreement comprise the entire agreement between the parties, and changes or modifications to the same must be approved in writing by both parties.

In case of any conflict between this Terminal Services Agreement and the Fuel Purchase Contract, the Fuel Purchase Contract shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of September 30th, 2014, at San Juan, Puerto Rico.

PETROBRAS AMERICA INC.

PUERTO RICO ELECTRIC
POWER AUTHORITY


Odilia Dauzacker
Trading Manager


Juan F. Alicea Flores
Executive Director Petrobras