

FUEL PURCHASE CONTRACT 902-03-10
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, as amended, employer's Social Security [REDACTED] represented in this act by its Executive Director, mister Miguel Ángel Cordero López, of legal age, married, professional engineer, and resident of Caguas, Puerto Rico; and

AS SECOND PARTY: PetroWest, Inc., hereinafter referred to as "Seller", a corporation organized and existing under the laws of Commonwealth of Puerto Rico, authorized to do business in Puerto Rico, Social Security [REDACTED] represented in this act by its President, José A. González Amador, of legal age, married, and resident of Mayagüez, by virtue of the corporate resolution dated as of June 7, 2010.

WITNESSETH

WHEREAS, PREPA issued an Invitation to Bid No. Q-034729 for the supply of No. 6 fuel oil at its San Juan and Palo Seco steam plants.

WHEREAS, in response to the referred Invitation to Bid, Seller made an offer to supply No. 6 fuel oil at San Juan and Palo Seco steam plants.

NOW THEREFORE, in consideration of the premises and of the mutual covehants herein contained, the parties agree to the following:

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 San Juan and Palo Seco steam plants. The monthly rate of delivery for each calendar month of the Contract shall be the amount as requested by PREPA.

PREPA reserves its right to purchase approximately twenty five percent (25%) of the plant requirements on the open market if such quantities become available at a lower price than that contracted at the time of purchase.

B. This Contract will become effective on the date of its signature, and will be in effect for a period of one (1) year, after the commencement date as notified by PREPA. This Contract is subject to one (1) extension of one (1) year unless either party indicates its intention that said extension does not occur by providing the other party with written notice one hundred twenty (120) days before the expiration of the original Contract term.

C. The Contract may be extended on a monthly basis upon mutual agreement after the end of the contracted term or its extension, provided, however, that said extensions shall not exceed four (4) consecutive months, except when an emergency is declared by PREPA's Governing Board.

ARTICLE II. Termination

A. In the event Seller fails to comply with any of its obligations under the Contract, PREPA may declare an immediate Contract termination, cancellation or rescission,

without prior notice to the Seller. The exercise of its right to terminate, cancel or rescind the Contract shall not be understood as a waiver by PREPA to any other remedy it may have under this Contract or under the law for delays or breach incurred by Seller in the performance of its obligations under the Contract.

B. If Seller enters into bankruptcy proceedings, or if Seller becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against Seller, or if a receiver is appointed for Seller, PREPA shall have the right to terminate the Contract upon written notice to Seller, without prejudice to any claim or any other right of PREPA under the Contract at the time of such termination. Notice of termination under this provision shall not create any liability to PREPA, except that PREPA shall still be responsible for the payment of amounts due and owing to Seller not subject to claims by PREPA.

ARTICLE III. Independent Contractor

Seller shall be considered 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 other.

ARTICLE IV. Delivery and Title

A. PREPA shall submit Seller a monthly estimate of its requirements and propose 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 the 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.

- B. The quality of fuel to be delivered shall be as specified in Exhibit A and it shall be made via barge or vessel into the San Juan and Palo Seco steam plants thru the Caribbean's Petroleum Refining (CPR) dock. The price of fuel shall be established the day the vessel commences discharge at either plant.
- C. Title of product delivered shall pass to PREPA after the fuel passes the pipeline flange interconnection at CPR's dock. Seller is responsible for cleaning, removing, and disposing of any spill of his 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.
- D. Deliveries via barge or vessel to the San Juan and Palo Seco Steam Plants thru the CPR's dock, at present, are limited as follows:

Total Displacement	65,000 MT
LOA	800 feet
BEAM	106.0 feet
BCM	425 feet
Free Board	44 feet
Arrival Draft	38 feet

Seller shall conduct his own investigation relative to navigational information or any natural changes that might occur at the San Juan bay, since PREPA does not assume any responsibility for the same.

E. Maximum temperature of oil entering PREPA's pipeline shall not exceed one hundred eighty five Fahrenheit degrees (185 F), nor shall be less than one hundred twenty five Fahrenheit degrees (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, except as provided for in ARTICLE: XV, 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. In such event, PREPA may deduct from Seller pending invoices or Seller shall reimburse PREPA, for any difference which PREPA may have paid in excess of contracted price. 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.

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. Should PREPA need fuel of the same type and quality of the fuel herein contracted for any of its other plants, PREPA at its option may request deliveries and Seller shall deliver to such other plant up to a maximum of Seller's contractual commitment or inventory capabilities, if any. The fuel oil to be delivered under this condition by Seller shall be at the same delivered price or lower and under the same payment conditions as for this steam plant, adjusted to reflect any increased or decreased transportation costs resulting from delivery to such other plant.

ARTICLE V. Type of Fuel to be Supplied

- A. PREPA requires a fuel appropriate for burning without requiring extraordinary maintenance at the plant's boilers and their 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. In the event that during the term of this Contract, Federal's or Commonwealth's of Puerto Rico laws or regulations are modified, requiring the burning of a fuel of different specifications than the fuel contracted for, or in the event that PREPA obtains permission to burn a fuel with different specifications than the fuel contracted for, and if these changes require an adjustment in the price of 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 enforcement date of the regulations because the Seller is not

competitive, or for any reason cannot provide the fuel according to the new specifications, then PREPA shall have the right to terminate the Contract.

- C. 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 to establish new price terms for said different fuel oil specifications satisfactory to both parties. If the parties are unable to agree on new price terms, or Seller for any reason cannot provide the fuel according to the new specifications, PREPA may exercise the option to continue to purchase fuel oil contracted or to terminate the Contract.

ARTICLE VI. Specifications

- A. Fuel 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. Seller shall provide a preliminary quality certificate of the fuel intended for delivery. Any product offered will be analyzed and evaluated in terms of the ultimate cost.
- B. The fuel required by PREPA shall be appropriate for burning successfully without requiring extraordinary maintenance to the boiler, associated equipment, or other extraordinary problems in the operation of the steam plant, and shall conform to all prevailing federal or local environmental rules and regulations.
- C. It is Seller's responsibility to provide PREPA, before or at the moment of delivery, with a quality certificate that ensure among others, that the fuel intended for delivery

complies with the contracted specifications and that the same is 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.

- D. To assure fuel compliance with specifications, before receiving each delivery, PREPA will perform or contract 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. Acceptance criteria will be based on these laboratory results. If any discrepancy arise, at Seller's request, additional analyses shall be performed by an independent laboratory.

Additional costs due to the controversy will be absorbed by the non prevailing party.

- E. If PREPA encounters difficulties in the efficient handling and burning of the fuel, special analysis from the independent inspector retained sample shall be requested by PREPA, and made by an authorized chemist licensed in Puerto Rico to determine whether such difficulties are attributable to the fuel delivered not being in compliance with the specifications.

If it is determined that the difficulties are attributable to the fuel not being in compliance with the specifications, Seller will take such immediate measures as necessary to correct the deviation and to prevent further difficulties. PREPA's acceptance of, or agreement to, remedial or preventive measures shall not be

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, 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; b) upon arrival at berth and cleared by Customs; whichever occurs last.
- 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 or CPR has no control or due to docking restrictions, if any, such delay shall not count as used lay time.
- Notices to be given under this Contract shall be deemed properly served on each other when delivered in writing personally, by certified mail or by fax machine.
- 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 PREPA 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 300,000 barrels.

E. Allowed laytime 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 laytime.

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, or if the No. 6 residual fuel oil is otherwise unfit for PREPA's intended use.

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, laytime shall cease when discharging is completed 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 laytime. 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 full compliance with this section, all demurrage occasioned by the fault or negligence of CPR or PREPA shall be at CPR's or PREPA's cost and CPR or 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. All demurrage claims must be presented in writing along with substantiation thereof within sixty (60) days after the product delivery date, where after CPR nor PREPA are no longer liable for any demurrage charges.
- 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 to move off the vessel 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 to move the vessel from the dock and allow pumping to continue. Provided however Seller pays per hour dock 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

A. Seller agrees 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. It also agrees to be responsible for, and indemnify, and save PREPA harmless from public liability, costs, and expenses resulting there from, or damages that may happen or occur solely through the fault, or negligent acts, or omissions of Seller, its employees, agents, and subcontractor, during the performance of the supply, 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 Seller of any federal, state, or municipal ordinance, or regulation of law, while said delivery is in progress.

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B. Seller will be held responsible for any fines, penalties, damages, expenses, costs or claims, actions and causes of actions, which may arise due to the fact that any of the fuel provided by Seller has deviations or variations from the contracted and guaranteed specifications for the same. Therefore, should such circumstances take place, Seller will hold and save harmless and will defend PREPA, its officers, agents, and employees from any claims, actions, causes of actions, damages, costs, fines, penalties, and expenses due or attributable to variations or deviations from fuel specifications as contracted and guaranteed by Seller.

C. The appearing parties agree that their responsibilities for damages under this Contract will be governed by the Puerto Rico Civil Code and its case law, as dictated by the Supreme Court of Puerto Rico.

ARTICLE IX. Price

The contracted price includes all taxes, fees or established import tariffs for the fuel being supplied.

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

- A. For each barrel of delivered fuel, the price to be paid will consist of an escalator plus a price differential with a sixty (60) day credit term. The fixed price differential is \$3.7800 per barrel and the same is added to the escalator, to obtain the final fuel price.
- B. The escalator that is mentioned in Paragraph A shall be increased or decreased according to the Argus US Products and Platt's Oilgram Price Report, corresponding to the effective date of the posting at the time the fuel delivery commences, the day before, and the day after the fuel delivery, each one of these evaluated utilizing the following formula:

Fifty percent (50%) of fuel with zero point five percent (0.5%) sulfur as interpolated from the means of the zero point three percent (0.3%) sulfur high pour and zero point seven percent (0.7%) sulfur fuels, as published by the Argus U.S. Products on its Delivered New York Harbor, Residual Fuel Oil columns rounded to four (4) decimal places;

Plus fifty percent (50%) of fuel with zero point five percent (0.5%) sulfur as interpolated from the means of the zero point three percent (0.3%) sulfur

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

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

The price for a fuel delivery shall be based on:

1. The day of commencement of discharge, for fuel delivered via barge or vessel;
2. The day when the delivery commences, if the fuel is delivered by pipeline. In any of the two cases, should delivery take place on Saturday, Sunday or on a Holiday, the effective prices appearing in the last editions of Platt's Oilgram Price Report and Argus U.S. Products, published before that date will be utilized to readjust the prices.

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

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- C. 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.
 - D. 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.
 - E. Should PREPA require volumes of the same type and quality of the fuel herein contracted in excess of the requirements of the San Juan and Palo Seco steam

plants, PREPA may, at its option, require it from Seller. If Seller has such fuel available, then Seller will supply it under the same terms and conditions agreed hereupon.

ARTICLE X. Price Protection

The parties will have the right to price protection of the fuel being delivered except as provided for in ARTICLE XV, Force Majeure. Price protection is to be applied to those deliveries not made within the agreed delivery window as mentioned in ARTICLE IV, Delivery and Title. Price protection is hereby defined for Seller as the highest price between the price for the last day of the delivery window or actual delivery date as calculated in ARTICLE IX, Price. Conversely, price protection for PREPA will be the lowest price between the price for the last day of the delivery window or actual delivery date as calculated in ARTICLE IX, Price.

ARTICLE XI. Duties and Taxes

The contracted price includes all taxes, fees, or established import tariffs for foreign material. In the event that any new or increased taxes, fees, or tariffs, applicable to the product being supplied hereby are levied by Federal and/or Commonwealth of Puerto Rico Government, and as long as these taxes, fees, or tariffs do not discriminate whether the product is domestic or foreign, these will be passed on in their entirety to; 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.

ARTICLE XII. Guaranteed Caloric Value

- A. Seller guarantees that the minimum calorific values of the fuel supplied hereunder shall be as specified herein, or as quoted by Seller, whichever is higher. However, 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 occurred, for an equivalent number of barrels, before computing the fuel billings for such invoice.

ARTICLE XIII. Measurements and Payment

- A. The quantity of fuel delivered to PREPA shall be computed by measurements in PREPA's shore tanks; and such measurements, unless otherwise mutually agreed, are to be conducted by an independent inspector selected from a list of inspectors qualified by PREPA. Selection from this list shall be made giving every candidate the same opportunity to be selected for the task. Inspection cost shall be borne equally between PREPA and Seller. All measurements shall be corrected to 60 Fahrenheit degrees (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. The Seller, at its own expense, may send their own inspector to verify the measurements. Should any discrepancy arise, at Seller's request, additional measurements shall be performed by an independent inspector. Additional costs due to the controversy will be absorbed by the non prevailing party. Once PREPA exercises this option section A of Article XIII will be substituted by this section.

C. Seller shall invoice PREPA regularly and promptly after fuel is delivered. 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, sixty (60) days after completion of delivery.

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 for said concept.

Seller's Signature

E. Mail all billings and request for payment to:

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

ARTICLE XIV. Most Favored Client

Seller recognizes that PREPA provides an essential service for the Commonwealth of Puerto Rico. Should any force majeure event cause Seller to suspend or reduce deliveries, Seller shall give PREPA first priority for supply.

ARTICLE XV. Force Majeure

The parties hereto shall be excused from performing hereunder 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. 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, 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 its estimated duration. In the event that the Force

Majeure extends for a period of more than sixty (60) consecutive days, the party not claiming the Force Majeure may terminate this Agreement without further obligation. The burden of proof as to whether a Force Majeure has occurred shall be on the party claiming the Force Majeure.

The party claiming the Force Majeure shall continue the performance of its obligations hereunder immediately after the conclusion of the Force Majeure.

ARTICLE XVI. Performance Bond

Upon execution of the Contract, the Seller will furnish a performance bond payable to the order of PREPA issued by a qualified surety company, authorized to do business in Puerto Rico and acceptable to PREPA, in the amount of \$3,620,000, equivalent to half percent (0.5%) of the estimated Contract value.

PREPA will accept a letter of credit for the same amount in lieu of a performance bond, provided that the letter of credit shall incorporate the following conditions to be acceptable to PREPA:

- A. to be issued or notified and confirmed by a local bank in Puerto Rico,
- B. to be unconditional and irrevocable,
- C. payments to be made by issuing bank on a business day by wire transfer, immediately after PREPA's instructions,
- D. to be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico, applicable to contracts being made and performed solely within Puerto Rico, without giving effect to any conflicts or choice of law principles which otherwise might be applicable, except to the extent

such laws are inconsistent with the uniform customs and practices for documentary credits,

E. final draft of the letter of credit shall be subject to approval by PREPA's Treasurer.

ARTICLE XVII. 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:

To PREPA: Puerto Rico Electric Power Authority
PO Box 364267
San Juan, Puerto Rico 00936-4267

Attention: Fuels Office Manager

To Seller: PetroWest, Inc.
PO Box 1256
Mayagüez, P.R. 00681

Attention: José A. González Amador

Either Seller or PREPA, 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.

ARTICLE XVIII. Certifications

Previous to the signing of this Contract, Seller will have to submit a valid Certificate of Eligibility issued by the General Service Administration or the following documents or certifications:

- A. Certification issued by the Treasury Department of Puerto Rico which indicates that the Seller has filed its Income Tax Returns during the five previous years

and that it does not owe taxes to the Commonwealth of Puerto Rico, or is paying such taxes by an installment plan in full compliance with its terms.

B. 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.

C. Certification issued by the Municipal Revenues Collection Center (MRCC), assuring that Seller does not owe any tax to such governmental agency.

D. Certificate, 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 drivers/chauffeurs); or is paying such contribution by an installment plan in full compliance.

It shall be Sellers' responsibility, also, to require all subcontracted third parties to comply with all the previous Certifications and agrees to notify PREPA of such compliance. If any of the previously required Certification showed 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 granting the Contract. 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.

ARTICLE XIX. 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 Seller without the previous written consent of PREPA.
- B. PREPA does not favor request for assignment, transfers, hypothecation or other type of disposal of the Contract, and/or duties and obligations under it, and will be reluctant to approve any request to that effect, unless, in the judgment of PREPA, the particular circumstances of the request warrant its approval and the assignment, transfer, hypothecation or disposal does not operate against PREPA's best interests.

ARTICLE XX. Transfer of Funds

PREPA does not have the legal obligation or is not committed to accept an Agreement to Transfer Funds between Seller and third parties by reason of the goods or services lent under this Contract.

ARTICLE XXI. Contingent Fees

- A. Seller warrants that it has not employed any person to solicit or secure the Contract upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty will give PREPA the right to immediately terminate the 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.

M. J.


- 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 there from; 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 XXII. Choice of Law and Venue

The Contract and other documents that form part of the Invitation to Bid shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico. Also, the contracting parties expressly agree that only the state courts of Puerto Rico will be the courts of competent and exclusive jurisdiction to decide over the judicial controversies that the appearing parties may have among them regarding the terms and conditions of this Contract.

ARTICLE XXIII. 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 XXIV. Modification and Novation Clause

No modification, change, renewal, 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 or change order which could be made to the 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 the Contract, or where PREPA dispenses the claim or demand of any of its credits or rights under the Contract.

ARTICLE XXV. Sworn Statement

Previous to the signing of this Contract, the Seller will have to submit a sworn statement that neither Seller nor any of its partners have been convicted, nor have they plead guilty of any felony or misdemeanor involving fraud, misuse or illegal appropriation of public funds as enumerated in Article 3 of Act of September 22, 2004, No. 428, as amended.

ARTICLE XXVI. Save and Hold Harmless

Seller agrees to save and hold harmless and to indemnify PREPA for all expenses and costs of any nature (including attorneys' fees) incurred by PREPA arising out damages, caused by Seller, by act or omission, in the performance or nonperformance of its obligations under the Contract.

ARTICLE XXVII. Separability

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

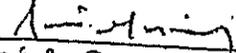
ARTICLE XXVIII. Entire Contract

This Contract constitutes the entire agreement of the parties as to the subject matter, however, should there be any difficulty or differences in understanding, interpreting, or applying its terms, the parties shall look for guidance and directives within the terms and conditions of the corresponding invitation to bid, specifications and letter of award, dated June 1, 2010.

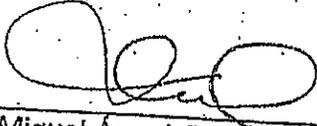
IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed as of June 18, 2010, at San Juan, Puerto Rico.

PETROWEST, INC.

PUERTO RICO ELECTRIC
POWER AUTHORITY



José A. González Amador
President



Miguel Ángel Cordero López
Executive Director

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	120	350
Water and Sediment, % vol.	D-1796 or D-473 + D-95		1
Flash Point, Degree F., PMCT	D-93	150	
Sulfur, % weight ¹	D-4294-90		0.50
Ash, % weight	D-482		0.1
Asphaltenes, % weight	D-3279		8.0
Pour Point, Degree F	D-97		70
Sodium plus Potassium, PPM ²	D-1318		35
Vanadium, PPM	D-1548-91 D-5708 D-5863-A		150
Calcium, PPM	D-5863-B		75
Heating Value, BTU/gal. (Gross) at 60° F	D-240	150,000	

¹Reproducibility 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.

SAMPLE CALCULATION
BTU DEFICIENCY ADJUSTMENT

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

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; $(8.00 \text{ lbs./gallon}) (17,500 \text{ Btus/lbs.}) = 140,000 \text{ Btus/gallon}$.

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:

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

**SAMPLE CALCULATION
ESCALATION FACTOR**

	Platt's Oilgram Price Report		Argus U.S. Products	
	0.3% S HiPr	0.7% S	0.3% S HP	0.7% S
January 12, 2010	79.05 - 79.15	75.85 - 75.95	78.75 - 79.00	75.90 - 76.15
January 13, 2010	77.80 - 77.90	74.85 - 74.95	77.70 - 77.95	74.95 - 75.20
January 14, 2010	76.85 - 76.95	74.25 - 74.35	77.10 - 77.35	74.35 - 74.60

FIRST STEP: AVERAGE	
Platt's 0.3% S Average	$(79.05 + 79.15 + 77.80 + 77.90 + 76.85 + 76.95) = 77.9500$ 6
Platt's 0.7% S Average	$(75.85 + 75.95 + 74.85 + 74.95 + 74.25 + 74.35) = 75.0333$ 6
Argus 0.3% S Average	$(78.75 + 79.00 + 77.70 + 77.95 + 77.10 + 77.35) = 77.9750$ 6
Argus 0.7% S Average	$(75.90 + 76.15 + 74.95 + 75.20 + 74.35 + 74.60) = 75.1917$ 6

SECOND STEP: INTERPOLATION	
Platt's 0.5% S Interpolation	$= 0.5 (0.3\% \text{ S Average}) + 0.5 (0.7\% \text{ S Average})$ $0.5 (77.9500) + 0.5 (75.0333)$ $38.97500 + 37.51665 = 76.49165$
Argus 0.5% S Interpolation	$= 0.5 (0.3\% \text{ S Average}) + 0.5 (0.7\% \text{ S Average})$ $0.5 (77.9750) + 0.5 (75.1917)$ $38.98750 + 37.59585 = 76.58335$

THIRD STEP: FINAL CALCULATION	
Escalation Factor for a delivery commencing on January 13, 2010	$= \frac{(0.5\% \text{ S Platt's}) + (0.5\% \text{ S Argus})}{2}$ $= \frac{(76.49165) + (76.58335)}{2}$ $= 76.5375 (\$/\text{Bbl})$

GOVERNMENT OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY

SAN JUAN, PUERTO RICO



www.aeepr.com

GPO BOX 354267
SAN JUAN, PR 00936-4267

January 3, 2013

Mr. José A. González
President
PetroWest, Inc.
PO Box 1256
Mayagüez, PR 00681

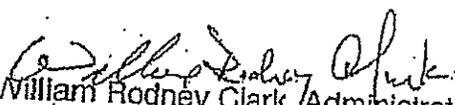
Dear Mr. González:

RE: CONTRACT 902-11-12

As per Article I B, the commencement date for this Contract shall be January 4, 2013.

If you have any questions in regards to this matter, please do not hesitate to call us at 787-521-4005.

Cordially yours,


William Rodney Clark, Administrator
Fuel Office

"We are an equal opportunity employer and do not discriminate on the basis of race, color, gender, age, national or social origin, social status, political ideas or affiliation, religion; for being or perceived to be a victim of domestic violence, sexual aggression or harassment; for physical or mental disability or veteran status or genetic information."