

VALERO ENERGY INC.

GENERAL TERMS AND CONDITIONS FOR PETROLEUM PRODUCTS SALES

These General Terms and Conditions for Petroleum Products Sales (the “General Terms”) shall apply to the petroleum products supply agreements contracted between Valero Energy Inc. and its customers, to which these General Terms are incorporated by reference. As used in this Agreement, the term “Special Provisions” means all provisions of this Agreement except the General Terms. The term “Agreement” collectively refers to the Special Provisions and the General Terms. As used in this Agreement, the term “Supplier” means Valero Energy Inc. and the term “Receiver” means the Buyer of the product.

1. Measurements

The volume of petroleum products (the “Product”) being sold and/or delivered shall be measured using one of the methods set out below:

- a) **Tank trucks** By tank truck gauges or loading rack meters; with volumes corrected based on the temperature of the Product being loaded.
- b) **Tank cars** By loading rack meters; in the absence of these, by tank car gauging devices (permanent or portable) and corresponding outage tables to establish gross litres, with volumes corrected for temperature based on the temperature of the Product being loaded.
- c) **Marine tankers** For Product delivered by marine tanker to the Receiver's shore tanks, quantities shall be determined by tank measurement for such shore tanks, with volumes in each tank corrected for temperature, based on the average temperature of each of the Receiver's tanks before and after delivery. For Product delivered into marine tankers, quantities shall be determined by the Supplier's calibrated dock meters and, in the absence of these, by such party's shore tank measurement devices, with volumes in each tank corrected for temperature based on the average temperature of each of the Supplier's tanks before and after delivery.
- d) **Third Party Pipelines** For Product delivered into a third party pipeline, quantities shall be determined by the pipeline company's meter tickets, with the volumes corrected for temperature based on the average temperature of the Product delivered into the pipeline. For Product delivered out of a third party pipeline, quantities shall be determined by the pipeline company's meter tickets, and in the absence of this, by the Receiver's tank measurements, with volumes of Product corrected for temperature based on the average temperature of the Product received from the pipeline, if available; otherwise, based on the average

temperature of each of the Receiver's tanks into which the Product was delivered, determined before and after delivery.

- e) **Product Volumes measured by Weight** In the event where volumes of Product are by custom of the industry determined by weight, such as asphalt, then the procedures outlined hereinabove shall not be applied. The volume for such Products shall be determined at the source of supply by weight scale and reported on weight scale tickets in kilograms, with the weight converted to litres using API metric density standards corrected for temperature, including corrections for weight in air versus weight in vacuum. The owner or operator of the weight scale shall ensure that the weight scale shall be recalibrated at least once per calendar year using standard industry procedure and have a current Weights and Measures (Canada) approved seal.

Each of the tanks referred to in (c) and (d) above shall be isolated during delivery.

All measurements shall be adjusted to a temperature of fifteen degrees Celsius (15°C) in accordance with the A.S.T.M. Petroleum Measurement Table Designation D1250, Table 54B, or subsequent revisions to it. All meter tickets and bills of lading shall indicate the density of the Product as well as the temperature of the Product at the time of loading.

Each volume measuring instrument shall be a positive displacement meter conforming to the requirements of the *Canada Weights and Measures Act*.

Where such a volume meter or positive displacement meter is not available, either party shall have the right to require an independent inspector who shall verify the volume of Product delivered or received. The selection of the independent inspector shall be mutually agreed upon. In the absence of an agreement, both parties shall each select one inspector and these two (2) inspectors shall then select a third one who shall act as independent inspector. The cost of such independent inspector shall be shared equally by both parties. In those instances where an independent inspector is utilized, the volume determined by the independent inspector, shall be final, without appeal and binding upon both parties.

In the event that measurement is by meter, then prior to the volumes of Product being corrected for temperature, such volumes of Product shall be corrected by the appropriate meter factor for such meters determined by verification of meter calibration ("Meter Proving").

Meter Proving for all meters used to determine volumes of Product shall be conducted at least once each year by the party which owns or has control over the meters, either by hiring an independent Meter Proving company ("Independent Meter Proving Company") that complies with the latest industry practices and API standards, or by using their own equipment and their own personnel. If an independent Meter Proving Company is used, the selection of such Independent Meter Proving Company shall be subject to approval by the other party, which approval shall not be unreasonably withheld.

The party which owns or has control of the meters shall:

- i) give the other party reasonable notice of the date and time of each such Meter Proving;
- ii) give the other party the opportunity to attend such Meter Proving; and
- iii) once the Meter Proving is completed and if requested by the other party, deliver copies of the Meter Proving records and report forthwith, after same are available.

Notwithstanding the foregoing, either party may request at any time a Meter Proving by an Independent Meter Proving Company jointly selected by both parties, in accordance herewith in respect to any meters used in order to determine the meter correction factor accuracy and the volumes of Product delivered. In the event that the parties fail to agree on the nomination of an Independent Meter Proving Company, each of the parties shall nominate one and the two (2) companies thus nominated shall designate a third company to act as the Independent Meter Proving Company. The Meter Proving shall be completed within seven (7) working days of the nomination and approval of the Independent Meter Proving Company. The Independent Meter Proving Company shall be required to take all reasonable measures to ensure that they will not interfere with the normal course of business of the party whose Meters are being proven. The determination by such Independent Meter Proving Company shall be binding on the parties. The cost of an Independent Meter Proving Company to conduct the Meter Proving pursuant hereto shall be borne by the party requesting such verification if the resultant error does not exceed the Weights and Measures (Canada) standard of plus or minus 0.25 percent. In the event that the resultant error exceeds this standard, the cost of such Meter Proving verification shall be borne by the party which owns or has control of the meter.

Whenever the measurement of Product is by tank measurement, the party which owns or controls the tank shall take a physical manual dip of the Product stored within the tank, utilizing a manual measurement instrument, and compare the resultant measurement to the applicable tank size chart, which specifies the volume of Product stored at each millimeter level within the tank, in accordance with the most recent API standards.

In the event that the measurement is by tank measurement, then either party may request that said measurement be done by an independent inspector. The party requesting such verification shall specify the time, date, tank to be measured and the independent inspector who shall conduct such verification, subject to the approval of the other party, which approval shall not be unreasonably withheld. In the event that the parties fail to agree on the nomination of an independent inspector, each of the parties shall nominate one and these two inspectors thus nominated shall designate a third one to act as the independent inspector. The independent inspector shall take all reasonable measures to ensure that the inspection will not interfere with the normal course of business of the party whose Product is being measured by tank measurement. The determination of the independent inspector shall be binding on the parties. The cost of the independent inspector shall be shared equally by the parties.

2. Representations and Warranties

The Supplier represents and warrants to the Receiver that it has full authority to conclude this Agreement and that the Product: (i) is sold to it free and clear of any encumbrance, security bond or mortgage; and (ii) is in compliance with the standards set by the Canadian General Standards Board (CGSB) and the *Petroleum Products Regulation* (Quebec) in force at the time of delivery, except for the cloud points of diesel fuels in zone 7, from January 16 to February 14, and in zone 8, from December 16 to February 28, being understood that cloud points differing as to storage and use conditions may be specified in a written agreement between the Receiver and the Supplier.

The Supplier makes no further declaration and warranty whatsoever and the Product sale covered by this Agreement shall be made without legal warranty, at the buyer's risks and perils, with the exception of the aforementioned contractual warranties.

3. Claims and Liability

The Supplier of Product shall not be liable for any defect in quality, non-compliance with the standards set by CGSB or the *Petroleum Products Regulation* (Quebec), or shortage in volume of the Product delivered under this Agreement unless such Supplier receives written notice of such defect, non-compliance or shortage, setting out all particulars upon which the claim is based, within ten (10) days from the time of delivery of the Product in dispute.

In the event a variation in the Supplier's records of the volumes of Product supplied and the Receiver's records of volumes of Product received for any given transaction:

- i) is less than three tenths of one percent (0.3%) for Products having a density equal to or greater than 790.09 kg/m³ when adjusted for any meter factor applicable and when corrected for temperature; or
- ii) is less than one-half of one percent (0.5%) for Products having a density less than 790.09 kg/m³, when adjusted for any meter factor applicable and when corrected for temperature,

then, notwithstanding any provisions contrary hereto, the Supplier's record evidenced by the volume statement shall be deemed accurate and accepted as the official record of the volume of Product delivered.

In the event of a dispute as to volumes of Product delivered, the parties shall in good faith and with due diligence attempt to reconcile their respective records so as to determine the volumes of Product delivered.

In the case of claims associated with product quality:

- i) The Receiver shall demonstrate that the Product for which a claim is made is representative of the quality of the batch delivered by the Supplier, i.e. that it

has not been mixed or contaminated, among other things, with other batches previously present or subsequently delivered to the Receiver.

- ii) Following the written request of the Supplier, the Receiver shall take a representative sample of the Product for which the claim is filed and send this sample to the laboratory designated for testing by the Supplier.
- iii) The quality claim will be managed in accordance with the CGSB referee method applicable to the specification in question.
- iv) The laboratories used by the Receiver and the Supplier shall participate in an exchange program (ILS) as part of their quality management system. They shall demonstrate, using the results of the exchange program relating to the specification subject to the claim, the absence of bias of the laboratory method used.
- v) The quality claim will be managed using method ASTM D3244-12 (or subsequent revisions), with a critical limit set at $P=0.5$, as provided in the majority of CGSB standards. The use of this method implies that the maximum gap acceptable between the results of the two laboratories is equal to the reproducibility of the method, or $1.2xR$ where the use of a third laboratory is requested.
- vi) In the event that a significant gap (but inside reproducibility) is observed between the results of the two laboratories, the Receiver and the Supplier may, upon written notice to the other party, choose to use a third laboratory (independent) to improve the accuracy of the measurement. The average of the three results obtained, subject to the foregoing, will be considered the official result.
- vii) In the event where the difference between the results obtained by the laboratories is higher to the reproducibility (or higher to $1.2xR$, as the case may be) of the method of analysis, and that it remains above these limits in a new analysis, representative and identical samples will be sent for analysis by two other independent laboratories, selected jointly by the Supplier and the Receiver, and the average of the two results shall be final, without appeal and binding upon both parties.
- viii) All costs for the independent laboratories shall be shared equally between the parties.
- ix) The parties agree that the procedure described above is of the nature of arbitration and that the result obtained following this process shall be final, without appeal and binding upon both parties.

In the event it is determined that any claim of the Receiver lodged in accordance herewith is valid, then the Receiver, notwithstanding the provisions hereof, shall only be entitled to compensation for any damages suffered in an amount equal to the lesser of:

- i) the actual amount of the damages suffered; and
- ii) the purchase price of the defective Product delivered.

Notwithstanding any provision to the contrary, in no case shall the Supplier be liable to pay to the Receiver compensation that:

- i) exceeds the compensation set forth in the preceding paragraph for all claims, losses, damages and costs related in any way whatsoever to a quality defect or to the non-compliance with the specifications of the Product delivered; and
- ii) at the time of delivery of the Product, exceeds the price of the volume of Product required but not delivered for all claims, losses, damages and costs related in any way whatsoever to a shortage in the volume of the Product delivered.

4. Limitation of Liability

Whatever the situation and without prejudice to the provisions of Article 3 hereto, neither party shall be liable to the other party for any economic loss, loss of revenue, loss of prospective profits, business interruption or indirect, consequential, punitive, special or exemplary damages of any kind, arising directly or indirectly from (i) any breach of any provision of this Agreement by either party or (ii) the contractual or non-contractual negligence or fault of either of the parties, whether or not any such losses or damages were foreseeable.

5. Laws, Regulations and Procedures

With respect to products delivered to the Receiver at the loading racks, the Receiver agrees to comply, at all times, with all laws and regulations applying to the delivery or handling of the Product at the loading racks and the Receiver agrees to comply, at all times, with all the procedures or directives stipulated by the Supplier or Operator of any of the said loading racks. The Receiver shall sign any contract or commitment required by the Supplier or Operator of the said loading racks, as the case may be, in order to have access to them. Without limiting the generality of the foregoing, the Receiver acts as consignor in accordance with the laws and regulations relating to the transportation of dangerous goods and is designated as such in the shipping documents. The Receiver shall perform the obligations of the consignor under the applicable laws and regulations, including providing any required certification, and shall assume all liability arising thereto.

With respect to products delivered to receivers, the Receiver agrees to comply, at all times, with all applicable laws and regulations governing the receipt, handling and storage of products, including but not limited to all laws and regulations governing the condition of his storage tanks and related equipment. Without limiting the generality of the foregoing, the Receiver shall, at all times, hold and maintain in force the permits, licences and certificates required by law related to its facilities for the receipt and storage

of petroleum products. The Supplier shall reserve the right to refuse to deliver products to facilities it considers unsafe, without any right of recourse on the part of the Receiver.

The Supplier agrees to comply, at all times, with all applicable laws and regulations as well as to hold and maintain in force the permits, licenses and certificates required by law related to its operations and the carrying of its activities, subject to all limitations and waivers of rights granted to it by any party and of any nature whatsoever.

6. Default

One or other of the parties shall be in default under this Agreement in the event of any one of the following:

- a) A party fails to make any required payment under this Agreement when due, and such failure is not remedied within five (5) days after receipt of a written notice to that effect;
- b) A party fails to comply with any of the provisions of this Agreement, other than the failure to pay an amount, and has not remedied the said failure within ten (10) days after receipt of a written notice to that effect; or
- c) A party becomes or is declared bankrupt, becomes insolvent or admits insolvency, or when an administrator or liquidator is appointed, either legally or non-legally, to manage its assets, or the party signs a notice of intent to present a proposal to its creditors, or invokes any law for protection against recourse by its creditors.

Without limiting any right or recourse of the non-defaulting Party under this Agreement or any applicable law, in the event of default, the non-defaulting Party shall have the right, at its discretion, to suspend any delivery of Product and to terminate this Agreement without any further notice.

7. Credit

Without limiting the Supplier's other rights and recourses, if payments by the Product Receiver are in arrears or if the Supplier deems that the Receiver's financial situation is perilous, the Supplier may require advance cash payment from the Receiver, or any other payment security that the Supplier, at its discretion, shall deem satisfactory. The Supplier may suspend any Product delivery until it has received the said advance cash payment or satisfactory payment security. Upon failure to receive such payment or security within ten (10) days from the demand thereto, the Supplier may exercise the default clause set forth in Article 6.

8. Title and Risk of Loss

Title and risk of loss of Product sold shall pass to the party taking delivery of the Product when the Product being sold and/or delivered passes from equipment owned or controlled by the Supplier, or owned or controlled by a party designated to make delivery on behalf

of the Supplier, to equipment owned or controlled by the Receiver, or owned or controlled by a party designated to take delivery on behalf of the Receiver.

9. Invoicing and Payment

The measurement of Product delivered as set forth herein shall be used for billing and payment purposes. All invoices shall be paid via electronic transfer or pre-authorized debits, at the option of the Supplier, within ten (10) days of the date thereof. In the event that the tenth (10th) day falls on a non-juridical day, then payment may be made on the first (1st) next juridical day. Notwithstanding the foregoing, if the tenth (10th) day falls on a Saturday, then payment shall be made on the preceding Friday. Any amount payable hereunder shall, if not paid when due, bears interest from the payment due date until the date full payment is received at the rate of 21% per year.

10. Taxes, Duties and Contributions

With the exception of income taxes or any other taxes imposed on the Supplier's profits, any tax, duty, charge, royalty, contribution, fee or other amount (hereafter collectively "Amounts"), now or hereafter imposed or collected by or for the benefit of any governmental or public body or agency with regard to, in connection with or as a result of the supply or sale of petroleum products, including products supplied or sold hereunder, shall be paid by the Receiver or, at the discretion of the Supplier, the Supplier may impose a surcharge on each litre of Products delivered or sold hereunder to offset, rateably among the Supplier's customers, any such amounts, and the Receiver shall pay the said surcharge to the Supplier, in addition to any amounts otherwise payable by the Receiver hereunder.

If the Product is acquired by the Receiver for resale purposes, the Receiver must hold the permit granted to this effect under the *Quebec Fuel Tax Act*, unless exempted from this obligation by virtue of a regulation. The Receiver agrees to indemnify and save harmless the Supplier against all claims, proceedings, requests or causes of action of any nature whatsoever and against all expenses related to said claims, proceedings or causes of action, including assessments, re-assessments, interests, penalties, legal and extrajudicial costs and fees resulting directly or indirectly from the Receiver's failure to hold the aforesaid permit or from non-compliance with any provisions of the *Quebec Fuel Tax Act*.

11. Cap-and-Trade System

The parties acknowledge that the Government of Quebec has created a cap-and-trade system pursuant to which the Supplier needs to acquire greenhouse gas emission allowances to cover the greenhouse gas emissions attributable to the Products sold hereunder. The Supplier shall invoice to the Receiver and the Receiver shall pay to the Supplier, for each Product purchased, in addition to the price of said Product, the combined AEE fee and cap-and-trade component included in the Supplier's daily rack pricing chart available on the Supplier's website.

The parties also agree that the combined AEE fee and cap-and-trade component paid by the Receiver to the Supplier may be credited by the Supplier, provided that the Receiver gives sufficient written evidence, acceptable both to the Supplier and the regulatory authorities, proving the Receiver's right to be granted a credit by the Supplier. Without limiting the foregoing, a credit may be granted to the Receiver (i) if the Receiver exports the Products for consumption outside of the Province of Quebec or (ii) for any other reason as provided under applicable laws and regulations.

12. Force Majeure

Neither party shall be liable for its failure to perform any of the terms of this Agreement, except payment obligations, by reason of events beyond its control, including but not limited to strikes, lockouts, Acts of God, riots or insurrection, domestic or foreign governmental action, regulation or decree, disruption of supply or unreasonable unilateral action of a supplier, and such failure shall not give rise to any claims or legal actions of any kind including injunctive relief. The party requesting to be relieved of its obligations by reason of such events shall inform the other party via a written notice to that effect. If a condition as described above occurs or a notice thereof is received by the Supplier from its supplier(s) of crude oil or other products, including the products covered by this Agreement, or in the event of a general shortage of crude oil which directly or indirectly affects the Supplier's ability to meet its own requirements and those of its affiliated companies, the Supplier shall not be obligated to purchase or acquire crude oil or other products, including the products covered by this Agreement, from other sources of supply or to pay a premium price to replace supplies lost as a result of a shortage or disruption of supply and the Supplier may, at its discretion, allocate, differ, reduce or suspend delivery of the products herein and the Supplier shall be freed from its obligations hereunder. Nothing in this paragraph shall be deemed to extend the term of this Agreement. Product not delivered by reason of this paragraph shall be deducted from the quantity to be delivered under this Agreement.

13. Governmental Actions

Where, by reason of any law, regulation or order issued by any government or governmental authority having jurisdiction, changes shall be required to the Product(s) (including, for example, with respect to the Product(s) quality, specifications, pricing or the addition of renewable fuels), the Supplier shall be entitled to adjust its pricing structure accordingly to reflect its additional burden caused by the adoption of such laws, regulations or government orders. If, in such a context, either party suffers or is likely to suffer a substantial disadvantage and if the parties are unable to negotiate a satisfactory settlement to rectify such disadvantage, and if no recourse for such disadvantage is provided for under this Agreement, the party so affected by it may, at its option, and provided such action does not contravene the provisions of the law, terminate this Agreement on the earlier of the date that such disadvantage takes effect or ninety (90) days after it has delivered a written notice. This written notice shall be given by a representative of the company with a sufficient high reporting level to execute this Agreement and shall contain a description of the extent of the disadvantage invoked and the reasons justifying such termination, as set forth in this paragraph.

14. Audit

Each party shall have the right, at its expense, to inspect, examine and audit, at all reasonable times, but not more frequently than once each calendar year, the records and receipts of the other party which relate to the obligations under this Agreement, to the extent necessary to verify the accuracy of all amounts used in the calculation of the invoices.

15. Confidentiality

The parties agree that the content of this Agreement as well as all information, documentation, data and reports provided by either party in the performance of services hereunder ("Information") shall constitute confidential information. The parties agree not to divulge any Information to any third party (including all governmental agencies), except as provided for hereunder, without the prior consent of the other party, unless:

- a) the Information is part of the public domain; or
- b) the Information is required by law, regulation or court order to be disclosed, provided that the request for such disclosure is proper and the disclosure does not exceed that which is required.

16. Marine Tankers

The Supplier or the Receiver, as the case may be, which is responsible for selecting marine tankers for the transportation of Products hereunder shall ensure that such marine tankers have pollution insurance, in an amount and in a form acceptable to the other party.

17. Assignment

The rights and obligations arising from this Agreement shall not be assigned, in whole or in part, by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld, and with the understanding that any such withholding of consent that is based on the assignee's financial soundness being inferior to that of the assignor, or that the assignee is a competitor of the co-contracting party, shall be deemed as valid grounds for such withholding.

18. Notice

Any notice, request or other communication delivered to the parties under this Agreement shall be given in writing and may be mailed, delivered or sent by fax to the address set forth below, as concerns the Supplier, and to the Receiver's address, as set forth in the Special Provisions, as concerns the Receiver:

Valero Energy Inc.
1801 McGill College Avenue
13th Floor

Montreal (Quebec)
H3A 2N4
Attention: Wholesale and Industrial Sales Department
Fax: (514) 982-0958
With a copy to: legalaffairs@valero.com

If these documents are sent by mail, they shall be deemed received on the sixth (6th) day after being mailed with first class postage prepaid. If sent by fax, upon receipt of the electronic confirmation of successful transmission received by the party sending the notice; by personal delivery, when delivered. Each party may, at any time, modify their contact details via a written notice, as provided hereunder.

19. Applicable Laws

This Agreement shall be governed by the laws in force in the Province of Quebec, including the applicable laws of Canada.

20. Waiver

The fact that one of the parties hereto has failed to insist on the complete performance of any of the commitments contained herein, or has not always exercised any one of its rights and recourses shall not be interpreted as a waiver at a future time of such a right or recourse or of the performance of such a commitment. A waiver by one of the parties hereto of any one of their rights shall only be binding if it is made in writing and is signed by the waiving party and this waiver shall only be valid with regard to the rights and circumstances expressly stated in that written document.

21. Amendment

The parties hereto may change or amend this Agreement, in whole or in part, as they see fit but any change or amendment shall be effective only when it has been duly agreed upon in writing by both parties. This Agreement, together with its schedules hereto, supersedes any contradictory provision contained in any purchase order, bill of lading, delivery slip, invoice or any other document of a similar nature, as the case may be.

22. Entire Agreement

This Agreement and its schedules, as the case may be, represent the entire Agreement between the parties hereto. It cancels and replaces all representations, discussions, agreements, as well as all verbal or written commitments previously made between the parties with respect to the matters covered by this Agreement.