



**Phillips 66 Company
Domestic Propane Purchase/Sale
GENERAL TERMS AND CONDITIONS**

WARNING! Propane has no odor; if the propane sold under these GT&C's is "odorized" or "stenched," it gets its odor from ethyl mercaptan. When ethyl mercaptan is added to propane, the odor is usually effective to signal the presence of propane. However, ethyl mercaptan may not provide such a signal to every person or in every case, for a variety of reasons, including: the intensity of ethyl mercaptan's odor may fade over time; a person's sense of smell may be impaired, other odors may mask or hide the smell of ethyl mercaptan, and/or a person becomes habituated to the smell. Details of the dangers of this Product are found on the Phillips 66 Safety Data Sheet. Any Buyer of propane should take appropriate safety and training measures, including issuing appropriate warnings and having gas detectors. Capitalized terms used in this warning have the meaning specified below.

1. DEFINITIONS

As used herein, the following terms shall be given the following meanings:

- (a) "Actually Placed" means the placement of a tank car in an accessible position for loading or unloading at the Terminal.
- (b) "Affiliate" means an entity controlling, controlled by or under common control with either party.
- (c) "API" means American Petroleum Institute.
- (d) "ASTM" mean ASTM International (formerly known as American Society for Testing and Materials).
- (e) "Barrel" means 42 United States Gallons measured at a temperature of 60 degrees Fahrenheit (60°F) and an absolute pressure of 29.92 inches of mercury. "Gallons" means 231 cubic inches of liquid.
- (f) "Business Day" means a day on which U.S. Federal Reserve member banks in New York City are open for business.
- (g) "Buyer" means a Party obligated to buy Product under the terms of a Transaction.
- (h) "Confirmation" means any writing evidencing the Transaction, including without limitation, a contract, letter, telex or electronic data exchange.

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- (i) “Constructively Placed” means the placement of a tank car where a tank car cannot be Actually Placed or delivered to the Terminal and where the tank car is held by the railroad awaiting disposition instructions, or released by rail switching provider, or cleared for release or uncoupled from the locomotive.
- (j) “Delivery Location” and “Delivery Period” each means the location or period specified for delivery of the Product in a Confirmation.
- (k) “GPA” shall mean Gas Processors Association.
- (l) “GT&C’s” shall mean these General Terms & Conditions.
- (m) “Parties” shall mean Buyer and Seller collectively. “Party” means either Buyer or Seller, individually. “Phillips 66” means Phillips 66 Company and “Counterparty” means the other Party to a Transaction.
- (n) “Product” means the types and quantities of propane, which are the subject matter of these GT&C’s.
- (o) “Seller” means a Party obligated to sell Product under a Transaction.
- (p) “Transaction” means the purchase or sale of Products which may be evidenced by Confirmation and shall be governed by these GT&C’s.

2. REPRESENTATIONS AND WARRANTIES.

- 2.1 As of the date of each Transaction, Seller represents and warrants that it has good title free and clear of any liens or encumbrances to Product sold and delivered hereunder, and that Seller has full right and authority to transfer such title and effect delivery of such Product to Buyer. **SELLER AGREES TO INDEMNIFY, DEFEND AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, CLAIM OR DEMAND BY REASON OF ANY FAILURE OF SUCH TITLE OR BREACH OF THIS WARRANTY.** Seller further represents and warrants that Product delivered hereunder shall be delivered in full compliance with all applicable federal and state laws, rules and regulations.
- 2.2 Buyer represents and warrants to the Seller that Buyer is knowledgeable and aware that the propane delivered hereunder are hazardous materials and that Buyer is sophisticated and knowledgeable of (i) the hazards and risks associated with such propane, (ii) the handling, receipt, transportation, storage and use of such propane; and (iii) knowledgeable and aware that odorant loss, degradation or absorption may occur during the transportation and storage of propane and the resulting potential for lack of warning of propane presence..
- 2.3 EXCEPT AS EXPRESSLY SET FORTH IN THESE GT&C’S, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE PRODUCT OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.

3. TITLE, RISK OF LOSS AND DELIVERY

- 3.1 Title and risk of loss shall pass from Seller to Buyer upon delivery. Seller shall not be liable to Buyer for reductions in quantity or degradation of quality of Product that occurred after the transfer of risk of loss, which shall be at Buyer's sole risk and expense.
- 3.2 When delivery is point of origin, delivery shall be deemed to have been completed:
- (a) To ships or barges when the propane has passed the vessel's loading flange;
 - (b) To tank cars when the carrier accepts the same for shipment;
 - (c) To pipelines when the propane has passed the downstream flange of the meter measuring the propane for delivery;
 - (d) To tank trucks when the propane enters the tank truck's loading equipment.
- 3.3 When delivery is point of destination, delivery shall be deemed to have been completed:
- (a) From ships or barges when the propane has passed the vessel's discharge flange;
 - (b) From tank cars when such tank cars are Constructively Placed by the railroad, if applicable or upon Actual Placement of the tank car, if the tank car has not been constructively placed.
 - (c) From pipelines when the propane has passed the upstream flange of the meter measuring the propane for delivery;
 - (d) From tank trucks when the propane has passed the tank truck's delivery equipment.
- 3.4 When by an in-line propane transfer, delivery shall be deemed to have been completed upon execution of the order by the pipeline carrier and/or storage operator.
- 3.5 Buyer shall comply with the requirements of any terminal or other facility at which propane is delivered to Buyer under a Confirmation.

4. QUANTITY AND QUALITY DETERMINATION

- 4.1 All measurement & sampling equipment, procedures, calculations, and practices (whether performed by IIC or by terminal personnel) shall be performed in conformance with the API Manual of Petroleum Measurement Standards (MPMS), ASTM and Gas Processors Association (GPA) Technical Standards and Publications in their latest revision. Volumes shall be adjusted from observed conditions to standard volumes and weight in accordance with the latest revision of GPA TP-27/API MPMS Chapter 11 (e.g. Table 6B, 24E or 54E, etc. or whichever table is applicable to the commodity being received or delivered).
- 4.2 The quantity and quality of Product received or delivered shall be determined by a mutually appointed Independent Inspection Company (IIC). The costs of the mutually appointed IIC shall be

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shared equally by the Parties. Quantity as determined by the IIC shall be final and binding on all parties and shall be the basis for preparing relevant shipping documents and invoices save fraud and/or manifest error. If, for any reason an IIC is not in attendance or if terminal operating procedures prevail (i.e. Pipeline, Truck and/or Rail Tank Car), then quantity as determined by terminal personnel shall be final and binding on all parties and shall be the basis for preparing relevant shipping documents and invoices absent fraud and/or manifest error.

4.3 All measurements shall be determined by one of the following methods in descending order of preference;

(a) Proven custody transfer Meters

(b) Gauging of Static Tanks with the application of certified tank capacity (i.e. strapping) tables before and after cargo transfer.

(c) Marine Vessel Measurements

i. Quantity shall be based on the volumes as determined from measurements of the vessel's cargo tanks with the application of certified cargo tank capacity (i.e. strapping) tables before and after the transfer per API MPMS 17.10.2 (Measurement of Refrigerated and/or Pressurized Cargoes On Board Marine Gas Carriers – Part 2 – Liquefied Petroleum and Chemical Gases).

ii. Delivered ex-ship Cargoes involving Lighterage or Ship-to-Ship Transfers (STS). In the event that a cargo is lightered from Seller's vessel; "Ship to be Lightered" (STBL), the quantity of cargo delivered/received shall be determined from the IIC's gauging of the receiving vessel's; "Service Vessel" (SV) tanks before and after the transfer per API MPMS 17.10.2 (Measurement of Refrigerated and/or Pressurized Cargoes On Board Marine Gas Carriers – Part 2 – Liquefied Petroleum and Chemical Gases).

(d) Truck or Rail - Certified Weigh Scales

(e) Truck or Rail - Tank Car gauge with the application of certified truck or rail tank car capacity (i.e. strapping) tables before and after cargo transfer.

(f) Agreement between commercial parties. In the event of a failure in the above measurement points, the parties shall agree to negotiate in good faith and without prejudice, a new basis for custody transfer volumes.

4.4 All Product delivered hereunder shall meet the specifications, if any, set forth in the Confirmation. If no propane specifications are set forth in the Confirmation, such Product shall meet the latest GPA specifications for propane. Any requirements of Buyer pertaining to potential contaminants and/or specific hydrocarbon composition not set forth in the Confirmation or inconsistent with the latest GPA specifications must be identified by Buyer and allowable concentrations agreed to in writing by both parties prior to delivery.

4.5 Quality analysis will be performed on representative samples obtained using one of the following methods in descending order of preference;

(a) In-line Sampler: A representative sample of the Refined Products delivered or received shall be obtained via flow-proportional in-line sampler that performs according to API MPMS 8.2 and/or corresponding GPA standard (GPA 2166).

- (b) Manually Drawn Samples: Samples may be obtained via all-level(s) samples (running samples), upper-middle-lower level(s) samples or spot samples at agreed levels consistent with API MPMS 8.1 and/or corresponding ISO standard (ISO 3170), or
 - (c) Agreement between commercial parties. In the event of a failure in the above sample point, the parties shall agree to negotiate in good faith and without prejudice, a new basis for quality determination.
- 4.6 Each Party shall be entitled to have its representatives present during all loadings, unloadings, tests and measurements involving delivery of propane sold hereunder. Either party may secure outside inspectors to perform gauging, sampling, and testing, in which event such inspector's determinations shall be conclusive and binding on the Parties. Payments for such outside inspector's services will be paid by the party who requested the services of such outside inspector, unless some other arrangement for payment is mutually agreed upon.

5. CLAIMS

Notice of claim as to defect in quantity or quality with respect to any cargo of Product shall be made in writing to Seller immediately after such apparent defect is discovered. Any such notice of claim shall be followed promptly by a formal written claim with all necessary details to properly process such claim. IF NO FORMAL WRITTEN CLAIM IS RECEIVED WITHIN NINETY (90) DAYS AFTER DELIVERY OF THE PRODUCT TO THE BUYER, THE CLAIM SHALL BE DEEMED TO HAVE BEEN WAIVED. The date of the completion of loading or completion of delivery shall be deemed to be "hoses off" on the pertinent vessel's statement of facts. Laytime and demurrage claims, if any, shall be submitted in reasonable detail within (90) days from the completion of loading/discharge.

6. TANK CARS

- 6.1 If tank cars owned or leased by Seller are used to deliver propane hereunder and they are not unloaded and returned to the railroad within one day of being Constructively or Actually Placed, Buyer shall be liable to Seller for rental at the rate of (i) \$75.00 for each day (or fraction thereof) in excess of five (5) days, (ii) the then applicable third party lease rate for tank cars on the spot market in the vicinity of the delivery point for the propane, or (iii) the lease rate paid by Seller for such tank car, whichever is higher. Buyer shall not divert or route tank cars in a manner that deviates from the tank car's routing or return billing instructions without the Seller's written approval. If the Buyer deviates from the tank car's routing or return billing instructions without the Seller's written authorization, then the tank cars shall be deemed to be trip-leased to the Buyer until they are Constructively Place or Actually Placed at the return delivery location identified in the tank car's routing or return billing instructions. In the absences of an executed trip-lease agreement, Phillips 66 Company's standard short-term trip lease contract provisions shall apply.
- 6.2 After loading or unloading at the destination, all valves and appurtenances shall be properly closed and sealed in accordance with all applicable laws, rule and regulations. The Buyer will reimburse the Seller for any fees and fines actually incurred as a result of failure to comply with this provision. The Buyer shall inform the Seller if any seal is not intact when the tank car is received at the terminal, even if there is no indicated shortage or overage of Product.

7. INVOICES AND TERMS OF PAYMENT

- 7.1 Invoices will be prepared by Seller and transmitted to the Buyer from time to time during or shortly after the month Product is delivered to Buyer. Unless otherwise specified in a Confirmation, payment is due within ten (10) days after receipt of invoice by wire transfer of same day available funds. Payments shall be made to the account specified in the applicable invoice.
- 7.2 Any invoice that is received after 12:00 pm Central Prevailing Time shall be deemed to have been received on the following Business Day. If the payment due date falls on a Sunday, or on a Monday that is not a Business Day, payment shall be made to Seller on the next Business Day after such payment due date. If the payment due date falls on a Saturday, or on a day other than a Monday that is not a Business Day, payment shall be made to Seller on the last Business Day prior to such payment due date.
- 7.3 Any amount payable by Buyer to Seller hereunder shall, if not paid when due, bear interest from the due date until the date payment is received by Seller at an annual rate (based on a 360-day year) equal to the rate of two (2) percentage points above the prime rate of interest effective for the payment due date as published in *The Wall Street Journal*, but not more than the maximum rate of interest permitted under applicable law. Buyer shall pay such interest within five (5) Business Days following receipt of Seller's invoice for such interest. If Buyer, in good faith, disputes the accuracy of the amount due in respect of a Transaction, Buyer will timely pay the undisputed amount and provide a written explanation of the nature of the dispute along with supporting documentation acceptable in industry practice. If it is determined that Buyer owes the disputed amount, then Buyer shall pay interest in accordance with this Section on such disputed amount from and including the originally scheduled due date to but excluding the date paid. Notwithstanding the foregoing, if Phillips 66 is Buyer and has notified Seller of the dispute, Seller shall send to Phillips 66 an invoice with only the undisputed portion of the amount owed, and may send a separate invoice with the disputed amount, both of which shall be paid by Phillips 66 in accordance with the provisions set forth in this Section.

8. CREDIT

- 8.1 Phillips 66 shall have the right from time to time to request pertinent financial information from the Counterparty to assure Phillips 66 of the Counterparty's creditworthiness. Phillips 66 financial information may be obtained at www.phillips66.com under the Investors tab.
- 8.2 If at any time Counterparty exceeds the credit line then in effect as from time to time established by Phillips 66, Phillips 66 may immediately require Counterparty to provide Performance Assurance. "Performance Assurance" shall mean, at Phillips 66's option: (a) a prepayment for the applicable Transaction(s), (b) cash collateral in an amount acceptable to Phillips 66, or (c) an irrevocable standby letter of credit in Phillips 66's favor in an amount acceptable to Phillips 66 and in a form and substance specified by Phillips 66 and issued or confirmed by a bank acceptable to Phillips 66 (an "L/C"). Counterparty grants to Phillips 66 a continuing first priority security interest in, lien on and right of setoff against all Performance Assurance in the form of cash transferred by Counterparty to Phillips 66. All bank charges attendant to an L/C shall be for the account of Counterparty. Delivery of the L/C, shall be made within two Business Days of such request by Seller, but all other Performance Assurances shall be provided by the close of business on the Business Day following demand. Phillips 66 may immediately suspend deliveries or receipts to or from Counterparty pending receipt of any required Performance Assurance. Any demurrage resulting from delays to a Vessel pending receipt by Phillips 66 of required Performance Assurance shall be for account of Counterparty. Counterparty acknowledges that the credit line may be a negative amount and Phillips 66 may require Performance Assurance to be in an amount that is sufficient to cover the anticipated exposure.

- 8.3 In addition to the foregoing, Phillips 66 shall have the right at any time to require Counterparty to deliver a parent company guaranty in the form and substance satisfactory to Phillips 66. Such guarantee shall be of the prompt payment, when due, of any and all present or future indebtedness of the Counterparty, including any amounts owed for damages resulting from a failure of Counterparty to perform its obligations hereunder or otherwise.

9. FORCE MAJEURE and ALLOCATION

- 9.1 Except for an obligation to make payments hereunder, a Party shall be excused from the performance of its obligation to deliver or receive Product, to the extent its performance arises from a cause reasonably beyond its control, and which, by the exercise of due diligence, such Party could not have remedied, avoided or overcome. Force majeure may be due to any of the following:
- (a) Compliance with laws, decrees, guidelines, requests, or the like, of any government or person purporting to act therefore, or of international organizations of which the United States is a member;
 - (b) Restriction or cessation of production of Product due to the imposition of conditions or requirements by any government or any person purporting to act under the color or claim of any governmental authority which makes it necessary to cease or to reduce the production of the Product;
 - (c) Hostilities of war (declared or undeclared), embargoes, blockades, civil unrest, riots or disorders, terrorism, or sabotage;
 - (d) Fires, explosions, lightning, maritime peril, collisions, storms, landslides; earthquakes, floods, and other acts of nature that affect a broad geographic area;
 - (e) Strikes, lockouts, or other labor difficulties (whether or not involving employees of Seller or Buyer);
 - (f) Disruption or breakdown of production or transportation facilities, equipment, labor or materials;
 - (g) Closing or restrictions on the use of harbors, railroads, or pipelines; and
 - (h) Any other cause whether or not of the same class or kind, reasonably beyond the control of either Party which prevents or interferes with the performance of the affected Transaction.
- 9.2 Neither Party shall be entitled to declare an event of force majeure if performance is affected by any or all of the following circumstances: (i) the Party claiming force majeure excuse failed to remedy the condition and to resume the performance of such obligations with reasonable dispatch; (ii) Seller's ability to sell Product at a higher or more advantageous price than the price, agreed to for the specific Transaction, or Buyer's ability to purchase Product at a lower or more advantageous price than the price agreed to for the specific Transaction, (iii) the loss of Buyer's market(s) or Buyer's inability to use or resell Product purchased hereunder; or (iv) the loss or failure of Seller's Product supply or depletion of reserves, except as provided in Section 9.3.
- 9.3 In case of partial or total interruption or loss or shortage of transportation facilities or supplies, or shortage of Propane deliverable hereunder, the Seller may allocate the available Product to the Buyer if the Seller does not have sufficient supplies of Propane, storage or transportation to deliver the contractual quantity. Seller may allocate its available supplies of Product on any basis which

in the Seller's sole judgment is fair and reasonable, including, but not limited to, an allocation based on historical or planned deliveries. The shortage creating the need to allocate may be based on any of the following: an actual shortage of Product; a partial or total interruption or loss or shortage of transportation facilities or supplies; a shortage in a contemplated source of supply; or a general shortage in Seller's supply system (including the supply system of Seller's Affiliates).

- 9.4 If any such reduction occurs and continues for a period of thirty (30) consecutive days, Buyer, as its sole remedy, shall have the option to terminate the affected Transaction by giving twenty (20) days' prior written notice to Seller of Buyer's request to terminate such Transaction (the "Termination Notice"). Except as otherwise provided herein, termination shall be effective twenty (20) days following Seller's receipt of such Termination Notice. Notwithstanding the foregoing, Buyer shall not have the right to terminate the affected Transaction (a) in the event of allocations imposed on Seller by common carrier pipelines, or (b) if, within fifteen (15) days of its receipt of the Termination Notice, Seller advises Buyer in writing of its willingness to supply Product from an origin other than the origin specified in the Sale Agreement.
- 9.5 In the event that either Party must invoke the provisions in this Section, such Party shall promptly inform the other Party first verbally and then in writing, describing the underlying circumstances of the particular cause(s) of force majeure, and the expected duration thereof. The Party claiming force majeure will also notify the other Party of termination of the events of force majeure and the date when performance is expected to resume.

10. DELIVERY AND RECEIPT FAILURES

- 10.1 Unless excused by force majeure, including an allocation, or the other Party's failure to perform, if Seller fails to deliver or Buyer fails to take delivery of all of the quantity of the Product as required in a particular Transaction during the applicable Delivery Period (the "Non-Performing Party"), the exclusive remedy for the Non-Performing Party's failure shall be as follows:
- (a) If Seller is the Non-Performing Party, Seller shall pay Buyer within five Business Days of receipt of notice of the amount due, an amount for each Gallon or Barrel (as applicable) of the Product of such deficiency equal to (1) the market price at which Buyer, acting in a commercially reasonable manner, is able, or absent an actual purchase, would be able to purchase or otherwise take delivery of Product in a quantity and quality comparable to the deficiency at the Delivery Location as determined by Buyer in a commercially reasonable manner, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (B) additional transportation charges, if any, reasonably incurred by Buyer as a result of taking delivery of substitute Product at a location other than the Delivery Location, minus (2) the price agreed to for the specific Transaction; except that if such difference is zero or negative, then neither Party shall have any obligation to make any deficiency payment to the other.
- (b) If Buyer is the Non-Performing Party, Buyer shall pay Seller within five Business Days of the receipt of notice of the amount due, an amount for each Gallon or Barrel (as applicable) of the Product of such deficiency equal to (1) the price agreed to for the specific Transaction, plus any storage, transportation or other costs reasonably incurred by Seller in reselling the Product, minus (2) the market price at which Seller, acting in a commercially reasonable manner, is able, or absent an actual sale, would be able to sell or otherwise dispose of the Product at the Delivery Location, as determined by Seller in a commercially reasonable manner; except that if such difference is zero or negative, then neither Party shall have any obligation to make any deficiency payment to the other.
- 10.2. A failure by a Non-Performing Party to pay the damages set forth herein, shall be a failure to pay for the purposes of Section 11.

11. DEFAULT

- 11.1 If either Party (the “Defaulting Party”) or any guarantor, as applicable, shall (a) with respect to any Transaction or other agreement between the Parties, fail to pay in accordance with the terms of such Transaction or other agreement, and such failure is not cured within two Business Days after written notice; (b) breach of any non-payment obligation contained herein or any other agreement between the Parties, other than either an obligation to deliver or receive Product, the sole remedy of which shall be specified in Section 10, or otherwise specified as an Event of Default, if not cured within two Business Days after written notice; (c) fail to provide Performance Assurances in accordance with Section 8.2; (d) fail to comply with any other credit requirement and such failure continues for two Business Days after written notice; (e) make an assignment or any general arrangement for the benefit of creditors; (f) become bankrupt or insolvent, however evidenced, or be unable to pay its debts as they fall due; (g) file a petition or otherwise commence a proceeding under any bankruptcy, insolvency or similar law, or have any such petition filed or proceeding commenced against it; and/or (h) have a liquidator, administrator, receiver or trustee appointed with respect to it or any substantial portion of its property or assets; (in each case, an “Event of Default”) then the other Party (the “Non-Defaulting Party”) may on written notice to the Defaulting Party (except in the case of default specified in clauses (e-h) above in which case no notice is required):
- (a) designate a day to terminate all Transactions and calculate its Termination Payment, as such term is defined below, for each such Transaction;
 - (b) if the Defaulting Party is Buyer and Seller has delivered Products to Buyer under a Transaction, the Seller may take possession of the Products and/or collect upon any security provided on behalf of Buyer;
 - (c) set off or aggregate as appropriate, all other amounts then owing between the Parties hereunder, so that all such amounts are aggregated and/or netted to a single liquidated amount payable by one Party to the other.
- 11.2 The net amount due after such liquidation shall be paid by the close of business on the next Business Day. The “Termination Payment” in respect of each Transaction shall be (a) the amount owed on or before the termination date, whether or not then due, by each Party with respect to all Product delivered and received under the terminated Transactions but not yet paid for, (b) the difference between the Market Value and the Contract Value for each terminated Transaction, (c) any other amounts owed by the Parties and (d) any other damages, costs or expenses incurred by the Non-Defaulting Party as a result of the early termination of each Transaction being terminated, including, without duplication, any damages, losses and expenses incurred in connection with the liquidation of hedges related to such terminated Transactions. “Market Value” means the amount of the Product remaining to be delivered or purchased under a Transaction multiplied by the market price for an equivalent transaction at the Delivery Location as determined by the Non-Defaulting Party in a commercially reasonable manner. “Contract Value” means the amount of the Product remaining to be delivered or purchased under a Transaction multiplied by the price specified in the Confirmation for the Transaction.
- 11.3 After an Event of Default, the Non-Defaulting Party (at its election) shall have a general right of setoff with respect to any or all amounts owing between the Parties (whether with respect to a Transaction, any other transaction or otherwise and whether or not then due). After an Event of

Default, the Defaulting Party is also responsible for any other costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the Non-Defaulting Party in connection with such Default.

- 11.4 In addition to the remedies set forth above, immediately upon the occurrence of any event that would give rise to an Event of Default with either or both the lapse of time or the giving of notice, the Non-Defaulting Party may suspend all performance under any or all Transactions.
- 11.5 The Parties understand and agree that (i) all Transactions hereunder constitute "forward contracts" within the meaning of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"); (ii) each of the Parties is a "forward contract merchant" within the meaning of the Bankruptcy Code with respect to any Transactions that constitute "forward contracts"; (iii) all payments made or to be made by one Party to the other Party pursuant to any Transaction and/or these GT&C's constitute "settlement payments" within the meaning of the Bankruptcy Code; (iv) any transfer of credit support, including Performance Assurance, constitutes "margin payments" within the meaning of the Bankruptcy Code; (v) each Party's rights under this Section constitutes a "contractual right to liquidate" the Transactions within the meaning of Section 556 of the Bankruptcy Code, and (vi) these GT&C's constitutes a "master netting agreement" within the meaning of the Bankruptcy Code and each party is deemed as a "master netting agreement participant" within the meaning of the Bankruptcy Code. Upon a Party becoming bankrupt, the other Party shall be entitled to exercise its rights and remedies under these GT&C's in accordance with the safe harbor provisions of the Bankruptcy Code."
- 11.6 The Non-Defaulting Party's rights under this Section shall be in addition to, and not in limitation or exclusion of, any other rights which the Non-Defaulting Party may have (whether by agreement, operation of law or otherwise).

12. GOVERNING LAW

- 12.1 These General Terms and Conditions and each Transaction shall be governed by and construed in accordance with the laws of the State of New York without reference to its law on conflicts and the Parties hereby submit to the non-exclusive jurisdiction of the New York courts situated in New York City, Borough of Manhattan, and to service of process by certified mail. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.
- 12.2 The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods shall not in any way apply to, or govern any Transaction hereunder.

13. TAXES

Seller assumes liability for, and must pay, all taxes assessed on or in connection with production, extraction, processing, manufacture or transport (excluding taxes and fees imposed upon the removal from a plant, terminal or wharf) of Product prior to delivery to the Delivery Point, (including, without limitation, assuring that severance taxes, royalties, working interest payments and similar burdens imposed with relation to extraction and production of same are borne by Seller or prior suppliers of same). Notwithstanding the foregoing, Buyer will reimburse Seller for any PERC odorization assessments. Any personal property or similar ad valorem taxes levied or assessed by any governmental authority upon ownership of the Product subject to any Transaction must be paid by the Party having title thereto at the time of such assessment. Other than such taxes and fees as are allocated under this Section above, the Buyer assumes liability, and must pay or reimburse Seller in addition to the contract price, for all other taxes, fees, charges or any other exactions, levied or assessed by any federal, state, local or other governmental authority upon or as a result of any transactions and Product which are the subject matter of these GT&C's (but excluding the other

Party's net income, gross margin, excess profits or corporate franchise taxes) imposed by any governmental authority upon the sale, use, delivery or receipt of the Product. If either Party is exempt from the payment of any taxes allocated to such Party under the foregoing provisions, such Party must furnish the other Party hereto proper exemption documentation.

14. SAFETY DATA SHEETS

The Safety Data Sheets and labels for propane delivered hereunder contain information regarding health risks and recommendations for the safe use and handling of propane, and can be obtained at <http://www.phillips66.com/EN/products/Pages/msds.aspx>. Buyer acknowledges and represents that it has obtained and will read such Safety Data Sheets, the labels, or warnings and will seek clarification of any information contained in them to the extent necessary to enable Buyer, in its judgment, to understand the information contained in them. Buyer will exercise the degree of care necessary to protect all persons and property from all hazards disclosed in such Safety Data Sheets, labels or warnings. At a minimum, Buyer's obligations in this regard include (a) warning the employees of Buyer and of its Affiliates who may become exposed to such propane of its hazards; (b) taking measures to assure that such employees have appropriate safety equipment which is adequately maintained and properly used and that all precautions contained in Safety Data Sheets, labels and other warnings are followed; (c) warning third parties, including Buyer's customers, who may use or be exposed to propane of its hazards; and (d) requiring that the precautions described in such Safety Data Sheets, labels and other warnings are followed

15. INDEMNITIES-and LIMITATION OF LIABILITY

- 15.1 SELLER AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW AND REGARDLESS OF THE PRESENCE OR ABSENCE OF INSURANCE, TO DEFEND, INDEMNIFY AND HOLD BUYER, ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, COSTS AND EXPENSES (INCLUDING COURT COSTS, ANY COST OR EXPENSE OF INCIDENT INVESTIGATION AND REASONABLE ATTORNEY'S FEES,) OR ANY LIABILITY ARISING FROM OR ON ACCOUNT OF INJURY, DEATH OR DAMAGE WHICH OCCUR BEFORE DELIVERY OF PRODUCT TO BUYER UNDER THIS AGREEMENT AND ARISE IN CONNECTION WITH SELLER'S NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, SELLER'S INDEMNITY OBLIGATION SHALL NOT APPLY TO THE EXTENT THAT THE BUYER'S NEGLIGENCE OR WILLFUL MISCONDUCT IS DETERMINED TO BE A CAUSE OF SUCH INJURIES OR DAMAGES.
- 15.2 BUYER AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW AND REGARDLESS OF THE PRESENCE OR ABSENCE OF INSURANCE, TO DEFEND, INDEMNIFY AND HOLD SELLER, ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, COSTS AND EXPENSES (INCLUDING COURT COSTS, ANY COST OR EXPENSE OF INCIDENT INVESTIGATION AND REASONABLE ATTORNEY'S FEES,) OR ANY LIABILITY ARISING FROM OR ON ACCOUNT OF INJURY, DEATH OR DAMAGE WHICH OCCUR DURING OR AFTER DELIVERY OF PRODUCT TO BUYER UNDER THIS AGREEMENT AND ARISE IN CONNECTION WITH BUYER'S OR ITS REPRESENTATIVE'S, AGENTS OR CUSTOMER'S NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER,

BUYER'S INDEMNITY OBLIGATION SHALL NOT APPLY TO THE EXTENT THAT THE SELLER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IS DETERMINED TO BE THE CAUSE OF SUCH INJURIES OR DAMAGES.

- 15.3 IF PRODUCT IS DELIVERED ODORIZED, NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, UPON RECEIPT FROM SELLER OF DOCUMENTATION OF THE REQUIRED ODORIZATION, BUYER'S INDEMNIFICATION OBLIGATION UNDER THIS AGREEMENT SHALL INCLUDE, AMONG ANY OTHER CLAIMS, THOSE COMPRISING OR ASSERTING LACK OF OR INADEQUATE WARNING MATERIALS, IMPROPER AMOUNTS, USE OR TYPE OF ODORANT, "ODORANT FADING," LACK OF WARNING ON SUPPLEMENTAL WARNING SYSTEMS (SUCH AS GAS DETECTORS) AND IMPROPER TRAINING OR MONITORING OF BUYER'S WARNING OR TRAINING PROGRAMS RESPECTING ODORIZATION. IF BUYER DESIRES ANY PRODUCT DELIVERED HEREUNDER TO BE UNODORIZED, BUYER MUST FURNISH AN UNSTENCHED PRODUCT REQUEST TO SELLER ON A FORM ACCEPTABLE TO SELLER'S LEGAL DEPARTMENT.
- 15.4 EXCEPT AS EXPRESSLY PROVIDED ABOVE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECIAL DAMAGES.

16. INSURANCE

In the absence of any other agreement governing insurance requirements for access to a property or facilities for loading or unloading a Product, this provision shall apply. In the event a party ("C") enters onto the property of the other party ("D") to either deliver or receive Product, then, unless C is self-insured and has provided D evidence of such self-insurance as requested and reasonably acceptable to D, C agrees to procure and maintain or cause its accessing agents, contractors and their subcontractors and representatives to procure and maintain, insurance coverage. Such insurance shall be in compliance with the requirements of the applicable law of the Delivery Location. C acknowledges and agrees that D shall not insure C's Products, employees, contractors and/or property nor the Product(s), property and/or employees, contractors of others in connection with these GT&C's. Insurance required by the above provision, if any, and deductibles associated therewith shall be carried and paid, as applicable, by C at its own expense.

17. NEW OR CHANGED REGULATIONS

- 17.1 It is understood by the Parties that Seller is entering into each Transaction in reliance on the laws, rules, regulations, decrees, agreements, concessions and arrangements (hereinafter called "Regulations") in effect on the date hereof with governments, governmental instrumentalities or public authorities affecting the Product sold hereunder including, but without limitation to the generality of the foregoing, those relating to the production, acquisition, gathering, manufacturing, transportation, storage, export, trading or delivery thereof, insofar as such Regulations affect Seller or Seller's Supplier.
- 17.2 In the event that at any time and from time to time any Regulations are changed or new regulations become effective, whether by law, decree or regulation or by response to the insistence or request of any governmental or public authority or any person purporting to act therefore, and the material effect of such changed or new Regulations (a) is not covered by any other provision hereunder, and (b) has a material adverse economic effect upon Seller, Seller shall have the option to request re-negotiation of the prices or other pertinent terms hereunder. Such option may be exercised by

Seller at any time after such changed or new Regulation is promulgated, by written notice of desire to re-negotiate, such notice to contain the new prices or terms desired by Seller.

- 17.3 If the Parties do not agree upon new prices or terms satisfactory to both within 30 days after Seller gives such notice, Seller shall have the right to terminate the affected Transaction at the end of the said 30 day period. Any Product delivered during such 30 day period shall be sold and purchased at the price and on the terms applying hereunder without any adjustment in respect of the new or changed Regulations concerned.

18. AUDIT

- 18.1 Seller and Buyer shall maintain records that demonstrate compliance with the applicable law and Regulations and/or to verify the accuracy of any charge under any Transaction for a period of two years from the date of the last Delivery Period of a Transaction (the "Audit Period"). Seller and Buyer shall have the right to inspect and copy any and all such records of the other Party at any reasonable time or times during normal business hours during the Audit Period to the extent necessary. This provision shall survive termination of the Transaction for a period equal to the remainder of the Audit Period
- 18.2 In addition to provisions set forth above, during the Audit Period at any reasonable time, but not more than two times per year, each Party shall have the right to audit the books and records of the other Party relating to performance of the Transactions. The audited Party shall fully cooperate with the auditing Party to accomplish the audit as expeditiously as possible. Either Party may retain outside auditors or inspectors, the costs and fees of which shall be borne by the Party employing the outside auditor or inspector. Each Party agrees to be bound and shall cause any independent auditors or inspectors to be bound by the confidentiality obligations contained herein. Either Party may witness any inspection at its own expense.

19. EXPORT COMPLIANCE and SANCTIONS

- 19.1 In the event that Product is to be exported, each party warrants to the other that it , and all others for whose actions it may be held accountable (for this Section, collectively, "the Party"), will comply with all applicable laws, regulations, rules and requirements relating to export and re-export control and sanctions, including but not limited to the US Export Administration Regulations, US Treasury Department's Office of Foreign Assets Control regulations, the US International Traffic in Arms Regulations (together, "Export and Sanctions Law"). Nothing shall be shipped to, transshipped through, or sourced from, directly or indirectly, any country, company or individual or for any end-use that is prohibited under Export and Sanctions Law. If either Party is or becomes identified on any government export denial, blocked, debarred, Specially Designated National, or other similar list, the other Party may terminate this agreement upon written notice to the other at any time. Each Party shall be excused from performance of any obligation under this agreement if such performance is prohibited under Export and Sanctions Law.
- 19.2 Each Party warrants to each other that it shall comply with all applicable anti-bribery and anti-money laundering laws, rules, and regulations of the United States, European Union or any member state, the Republic of Singapore, and any other similar laws in all applicable jurisdictions. These laws include, without limitation, the currently effective or successor versions

of the U.S. Foreign Corrupt Practices Act; the UK Bribery Act 2010; the UK Money Laundering Regulations 2007; the UK Anti-Terrorism, Crime, and Security Act 2001; the Proceeds of Crime Act 2002; and the Singapore Penal Code. Nothing in this Master Agreement is intended to be, or shall be construed as, an agreement by either Party to take or refrain from taking any action that is or would be prohibited by or penalized under US anti-boycott laws or regulations.

- 19.3 Neither Party shall directly or indirectly, pay salaries, commissions, or fees, or make payments or rebates to employees or officers of the other Party, nor favor employees, officers, or the designees thereof of the other Party with gifts or entertainment of unreasonable cost or value, or with services or goods sold at less than full market value, or enter into business arrangements with employees or officers of the other Party, unless such employees or officers are acting as representatives of the other Party.
- 19.4 Either Party may immediately upon written notice suspend performance under any Transaction hereunder, if the other Party is in breach of the above clauses or fails to cooperate by providing information demonstrating compliance. Violation of these clauses shall be deemed a material breach of these GT&C's, but payment of amounts owed pursuant to Section 11 shall be subject to applicable law. Each Party agrees to indemnify the other for any fines, penalties, claims, losses, damages, costs (including legal costs), expenses, and liabilities that may arise as a result of the indemnifying Party's breach of its obligations under these clauses. In the event of a conflict between this Section and any other provision, the terms of this Section shall prevail.

20. MISCELLANEOUS

- 20.1 No Transaction shall be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Each assigned Transaction shall be binding upon and shall inure to the benefit of the Parties and their permitted successors and assigns. Notwithstanding the foregoing, either party shall have the right to assign this Agreement to an Affiliate without the necessity of obtaining the other party's consent thereto but any such assignment shall in no way relieve or release the assigning party from any obligations or liabilities hereunder.
- 20.2 No waiver by either Party of any breach by the other Party of any of the covenants or conditions of these GT&C's or any Transaction shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition hereof.
- 20.3 No statement or agreement, oral or written, made prior to or at the time of entering into a Transaction, shall vary or modify the written terms hereof, and neither Party shall claim any amendment to, modification of, or release from any provisions by mutual agreement unless such agreement is in writing, signed by the other Party. These GT&C's integrate the entire understanding between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter
- 20.4 Any notice hereunder shall be in writing and shall be delivered personally, overnight courier by mail, by fax, or, except for notices pursuant to Section 11, Default, by email to the Party's address set forth in the Confirmation or otherwise in the Party's records, unless changed by notice. Such notice shall be deemed to have been given on the date of receipt thereof to the Party receiving such notice.

- 20.5 Unless otherwise specifically agreed to by the parties in writing, Buyer shall not represent, or authorize or permit any other person to represent, that propane delivered hereunder is the propane of Seller; all propane delivered hereunder shall be used or sold under Buyer's brand names or under brand names approved by Seller; and Buyer shall not allow said propane to be used or sold under any other brand names.
- 20.6 Neither Party shall disclose without the prior written consent of the other Party the terms of any Transaction to a third party (other than the employees, lenders, production interest owners, counsel, accountants and other agents of the party) except (i) in order to comply with any applicable law or regulatory or court order, (ii) to the extent necessary to implement or enforce any Transaction. If a Party reports a Transaction for the purpose of calculating a published index, identifying information shall be removed.
- 20.7 If any court of competent jurisdiction holds any terms or condition herein invalid or unenforceable, the remaining terms and conditions shall remain in full force and effect. The invalidity of any one or more covenants or provisions of these GT&C's shall not affect the validity of any other provisions hereof or these GT&C's, and the Transactions thereunder as a whole, and in case of any such invalidity, these GT&C's shall be construed to the maximum extent possible as if such invalid provision had not been included herein.
- 20.8 Nothing in these GT&C's or any Confirmation shall entitle any persons other than Seller or Buyer, or their successors or assigns, to any claim, cause of action, remedy or right of any kind relating to the Transaction(s) contemplated hereunder.
- 20.9 If any conflict exists between the terms and conditions of these GT&C's and those of the Transactions, the terms and conditions of the Transaction shall control. The section headings are for convenience only and shall not be interpreted in any way to limit or change the subject matter of the GT&C's.
- 20.10 Each Party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the Parties in connection with any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.
- 20.11 Any Confirmation or other related document, or recording may be scanned and stored electronically, or stored on computer tapes and disks, as may be practicable (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Confirmation if introduced as evidence in automated facsimile form, any recording, if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of any Imaged Agreement (or photocopies of the transcription of such Imaged Agreement) on the basis that such were not originated or maintained in documentary form under the hearsay rule, the best evidence rule or any other rule of evidence. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

21. ADDENDA

Incorporated by reference herein, are certain addenda providing further terms and conditions as applicable:

Dodd-Frank Schedule, which may be found at:

<http://www.phillips66.com/EN/products/Documents/Phillips%2066%20Dodd-Frank%20Schedule.pdf#search=dodd%2520frank>;

Marine Provisions for Non-Crude Oil Products, if delivery is to be made by waterborne transportation, which may be found at:

<http://www.phillips66.com/EN/products/Documents/Phillips%2066%20NonCrude%20Oil%20Products%20Marine%20Provisions.pdf#search=non%2520Dcrude%2520marine%2520provision>.