

**STANDARD TERMS AND CONDITIONS OF SALE OF MARINE FUEL BY
KRISTENSONS-PETROLEUM, INC.**

January 1, 2002

Except as may otherwise be negotiated by the parties and agreed to in writing, the following terms and conditions shall apply to all sales of marine fuels by Kristensons-Petroleum, Inc. hereinafter "Seller".

Article I. **PRICE** - The price for delivery of marine fuel sold hereunder shall be agreed upon by Buyer and Seller. Buyer shall, in addition to the price, pay all applicable duties, taxes, fees and other such costs including, without limitation, those imposed by governmental authorities, and barging and other delivery charges.

Article 2. **QUALITY** - Buyer shall have the sole responsibility for the selection of the proper grades of marine fuels for use in the vessel being supplied. Buyer at its own expense may appoint an independent petroleum inspector to inspect the marine fuel to be delivered hereunder before it is pumped aboard the vessel being supplied. Any such inspection will take place in the presence of a representative of the Seller. Claims as to the quality of fuel must be based on tests made as soon as possible by an independent laboratory from samples taken at time of delivery from the shore tank, barge or truck from which delivery is made. Such claims must be received by Seller no later than twenty one (21) days from the date of delivery or they are waived.

Article 3. **QUANTITY** - The quantity of fuel delivered shall be determined from gauges of the barge or truck effecting delivery or by gauging shore tank if delivery is by pipeline. Buyer has the right to have its representatives present during measurements, but determination of quantity shall be made solely by Seller, and will be conclusive.

Article 4. **PAYMENT** -

a) Payment shall be made by Buyer in U.S. Dollars without discount upon receipt by Buyer of written, telegraphic or telefax advice of delivery details and amounts due in lieu of delivery documents. Delivery documents may be provided to Buyer at its request, but payment shall not be conditioned upon Buyer's receipt of such documents. Subsequent adjustments, if any, will be made upon receipt by Seller of the fuel delivery receipt.

b) Payment shall be made by telegraphic transfer of funds to a bank designated by Seller.

c) Payment is to be received by Seller within a period of 28 days from the date of delivery. For payment past due, a service charge shall accrue to Seller at the rate of **1.5%** per month, compounded monthly, from the date payment was due to the date of payment. Whenever a due date falls on a Saturday, Sunday or bank holiday in the city of New York, payment shall be made on the last preceding working day.

d) If at any time Seller considers Buyer's financial condition inadequate to meet Buyer's obligation hereunder, cash payment in advance or security acceptable to Seller may be required before delivery.

e) Sales shall be made on the credit of the receiving vessel, as well as on the credit of the Buyer, and the amount due on the purchase price, together with all delivery and other charges forming part of the agreement of sale, shall become a maritime lien against the vessel immediately upon delivery.

f) Seller reserves its rights to reclaim any fuel delivered hereunder by notice to Buyer, if Buyer has received such fuel from Seller while insolvent.

Article 5. NOMINATION AND DELIVERIES

a) The fuel order shall be considered firm and binding upon Buyer's acceptance of price quoted by Seller. Confirmation in writing by Seller of price may be provided to Buyer, but the absence of such confirmation shall not void the agreement of sale.

b) Buyer will give Seller at least three (3) working days prior written notice of the delivery desired, specifying the vessel, the estimated date of arrival, location and method of delivery, and the grade and quantity of fuel requested.

c) Buyer will give Seller's local representative at the delivery port at least thirty six (36) hours advanced notice of delivery details, excluding Sundays and Holidays.

d) Where delivery is required outside normal working hours and is permitted by applicable regulations, Buyer will pay all overtime and extra expenses incurred.

e) Buyer will make all connections and disconnections of the delivery hose and will render all other necessary assistance and equipment to receive deliveries.

f) Where lightering is employed, lightering charges shall be for the account of Buyer. If buyer fails to take delivery, in whole or in part, of the quantities nominated, Buyer shall be responsible for any costs resulting from Buyer's failure to take full delivery, as well as for any losses incurred by Seller to downgrade and/or pump back of the fuel.

g) Seller will not be liable for any demurrage or loss incurred by Buyer due to congestion affecting Suppliers' delivery facilities, prior commitments of available barges or to any other delay in delivery. Buyer will be liable for all demurrage or additional expenses incurred by Seller if Buyer causes delays to Suppliers' facilities in effecting delivery. Buyer will also pay for mooring, unmooring and port dues incurred. In addition Buyer will be liable for any expenses incurred by Seller resulting from Buyer's failure to take delivery of the full quantity of Marine Fuels agreed to by Buyer.

h) All deliveries shall be deemed complete and title shall pass to Buyer when the fuel passes the permanent intake connection of Buyer's vessel.

i) Buyer shall indemnify and hold harmless Seller against all damage and liabilities arising from any acts or omissions of Buyer or its servants, ship's officers or crew in connection with the delivery of the fuel under this agreement.

j) If Buyer cancels the nomination for any reason whatsoever any charges incurred are for Buyer's account.

Article 6. NOTICE OF CLAIMS - Buyer's rights in respect of any claim are conditioned on written notice and claim support documentation being given to seller promptly, but in no event later than twenty one (21) days following the date of delivery. Seller shall not be responsible for any claim arising from the commingling of fuel delivered by Seller with other fuel aboard Buyer's vessel. Late claims will be considered waived. Buyer's submission of any claim does not relieve it of responsibility to make full payment as required under Article 4.

Article 7. TAXES - Buyer shall pay Seller the amount of all excise, gross receipts, imports, motorfuel, superfund and spill taxes, and all other applicable taxes.

Article 8. FORCE MAJEURE - Seller shall not be responsible for any delay or failure to deliver fuel where performance is delayed, prevented or made substantially more expensive by circumstances beyond Seller's control. Seller shall not be liable for any demurrage resulting from such delay or failure to perform.

Article 9. INDEMNITY - Buyer shall indemnify and hold harmless Seller from and against all claims, damages, losses and expenses, including attorney fees, arising out of or resulting from the performance or the providing of fuel under this contract, including claims, damages, losses, penalties or expenses under any statute, regulation or ordinance or damage to property or injury or death of any person arising out of or in any way connected with the fault of the Buyer or its agents as servants in receiving, using, storing or transporting the fuel delivered hereunder.

Article 10. ENVIRONMENTAL PROTECTION - In the event of a spill during fueling, Buyer and the vessel shall, at their own expense, immediately take whatever action is necessary to give prompt notice to the official bodies and to effect cleanup. Failing prompt action, Buyer and the vessel authorize Seller to conduct and/or contract for such cleanup at Buyer's and vessel's expense. Buyer warrants that the vessel fueled is in compliance with all national, state and local statutes, regulations and ordinances, including those requiring proof of financial ability in regard to spills of oil. Buyer shall hold Seller harmless as to any delays, claims, losses, expenses or penalties arising from breach by Buyer of this warranty, including attorney fees.

Article 11. GOVERNING LAW - This agreement shall be governed and construed in all particulars by the laws of the State of New York, United States of America (without reference to any conflict of law rules) including general maritime law to the extent it is applicable under New York state law.

Article 12. DISPUTE RESOLUTION -

a) Any and all differences or disputes arising out of or related to the quantity or quality of fuel delivered to or to be delivered hereunder that do not exceed the amount of one hundred thousand dollars \$100,000.00, excluding interest and cost, shall be put to arbitration in the City of New York, pursuant to the rules for the Shortened Arbitration Procedures of the Society of Maritime Arbitration, Inc., New York before a sole arbitrator, selected by the President of the Society of Maritime Arbitrators, Inc.

b) Any and all differences or disputes arising out of or relating to the quantity or quality of fuel delivered to or to be delivered hereunder that exceed the amount of one Hundred Thousand Dollars \$100,000 excluding interest and cost, shall be put to arbitration in the City of New York, pursuant to the Rules of the Society of Maritime Arbitrators, Inc., New York before a panel of three arbitrators, consisting of one arbitrator to be appointed by Seller, one by Buyer and one by the two so chosen. The decision of any two shall be final. Awards made may include costs, including a reasonable allowance for attorneys fees. Judgment may be entered upon any award made hereunder under Article 12 in any Court having jurisdiction.

c) All other disputes between Buyer and Seller not arising out of or relating to the quantity or quality of fuel shall be resolved in an action brought in the United States District Court for the Southern District of New York. However, if Buyer, its agents, servants, and/or assigns, the receiving vessel, her owners, charterers or any other entity liable to Sellers under this contract, or at law, are not available in the jurisdiction of New York for service of process, then Seller is free to bring suit against any or all of them in any jurisdiction where any or all of them may be found for purposes of service of process.

d) Notwithstanding any of the above, Seller shall be entitled to avail itself of any and all remedies under maritime law to obtain jurisdiction and/or security for its claims against the vessel, her owners, its agents, servants, Buyers and/or charterers, including, but not limited to, vessel arrest and attachment procedures under the Supplemental Rules of Civil Procedure for Certain Admiralty and Maritime Claims, in any jurisdiction.

Article 13. DISCLAIMER OF WARRANTIES - Any implied warranties, including the warranties of merchantability and fitness for a particular purpose are expressly excluded and disclaimed.

Article 14.MISCELLANEOUS -

a) If any part of this agreement is declared invalid, it shall not affect the validity of the remainder of the agreement or any part thereof.

b) In no event shall Seller be liable for special, incidental, punitive, or consequential damages.

c) This agreement shall not be modified or amended in any way, except by mutual agreement in writing by the parties.

END OF TERMS AND CONDITIONS OF SALE.