

RULE 108A – PERFORMANCE OF CONTRACT AT TIME OF SHIPMENT

Section 1. DELIVERY INSTRUCTIONS

The Buyer shall furnish instructions for shipment, and tank cars in case Buyer's tank cars are specified, to Seller in ample time to enable Seller to execute order within the period or periods specified in the contract. The seller shall furnish the Buyer loading schedule and point of shipment in ample time to enable Buyer to have Buyer's tank cars at shipping point within period or periods specified in the contract. Under no circumstances shall the Seller be either expected or required to make physical tender of all or any part of the oil covered by any specific contract for any specified delivery unless Buyer has first furnished written instructions or furnished tank cars for shipment as provided herein. Failure of the Buyer to supply written shipping instructions shall not relieve Seller of the responsibility of performance under the contract unless Buyer fails to supply these shipping instructions within three (3) working days after Seller's telegraphic request for shipping instructions.

(* Section 2. FAILURE TO PERFORM ON CONTRACTS COVERING CRUDE AND REFINED.

On all contracts for either crude or refined covering specific quantities for shipment during a specified period, shipment must be made during the specified time. If the Buyer falls to provide shipping instructions, or if the Seller is unable to ship within the period specified, an additional 30-day shipping period may be allowed, by agreement of the parties with the following penalties added to or subtracted from the contract price, depending on which party is in default.

If the Buyer is in default: The Seller assesses a .25 cents per pound charge and the defaulted contract period is extended for an additional 30 days.

If the Seller is in default: The Buyer assesses a .25 cents per pound charge and the defaulted contract period is extended for an additional 30 days.

If both parties have not agreed on additional time:

If the Buyer is in default: The Seller has the right (within 5 days after giving written notice) to sell the oil in the open market for the Buyer's account. Any market loss or gain will be for the Buyer's account.

If the Seller is in default: The Buyer has the right (within 5 days after giving written notice) to buy the oil in the open market for the Seller's account. Any market loss or gain will be for the Seller's account.

Failure by Buyer or Seller on any installment of a multi-period contract shall not be a breach of the entire contract.

(* New Section 2 – Effective Nov. 1, 1999

Section 3. RIGHT OF CANCELLATION

After expiration of contract period, the buyer may not refuse to accept delivery of oil after shipment has been made unless he has previously notified the Seller of his intention to cancel contract if shipment has not been made by a particular working day subsequent to the date of his notification.