

CRUDE OIL STORAGE TANK LEASE AGREEMENT

THIS CRUDE OIL STORAGE TANK LEASE AGREEMENT (the "Agreement") is made on the ___ day of _____ 2017 (the "Effective Date"), between Petroleum & Energy Infrastructures Ltd ("PEI") and _____ a company incorporated under the laws of _____ ("Client").

WHEREAS, PEI operates a system for storage of crude oil in Israel, which includes storage tanks at its Ashkelon South terminal; and

WHEREAS, Client wishes to lease a number of such storage tanks, as set forth in paragraph 1 of Appendix A (the "**Storage Tanks**"), in order to store the crude oil described in paragraph 2 of Appendix A (the "**Crude Oil**" or the "**Product**"), and PEI agrees to lease out said tanks to Client for that purpose, subject to the terms and conditions set forth below;

NOW THEREFORE, the parties agree as follows:

1. INTERPRETATION

1.1 The preamble to this Agreement constitutes an integral part hereof.

1.2 If only one Storage Tank is leased hereunder, any reference to "Storage Tanks" in the plural shall be read as a reference to a single Storage Tank, *mutatis mutandis*.

2. DESCRIPTION OF STORAGE SYSTEM

2.1 The Storage Tanks are located at PEI's Ashkelon South terminal, which is linked only to the Ashkelon terminal belonging to the Eilat Ashkelon Pipeline Company Limited ("**EAPC**").

2.2 EAPC is the operator of the Ashkelon port and of the pipeline system connected from the port to PEI's terminal, such that the Crude Oil enters and exits the Storage Tanks via EAPC's terminal. Client hereby warrants and represents that it has read and understood EAPC's marine regulations and restrictions as published on EAPC's website and updated from time to time. Client shall be solely responsible for any payment related with the storage of Products under this Agreement, which EAPC may charge either the Client or PEI. Such payments shall be added to the monthly payments made by Client to PEI in accordance with this Agreement.

2.3 The Client shall discharge the Crude Oil at EAPC's Port in Ashkelon and the Crude Oil will be piped to the Storage Tanks. Redelivery of the Crude Oil shall be by pipeline to EAPC, as the receiving and loading terminal operator at the Ashkelon port, either back to a vessel at Ashkelon port or to other locations.

2.4 Client acknowledges that the pipelines connecting to and from the Storage Tanks, and the bottom of the tanks themselves, are filled with certain quantities of petroleum from

various sources, as described in paragraph 3 of Appendix A ("**PEI Petroleum**").

2.5 Client acknowledges and agrees that the pipelines and tanks in which the Crude Oil will be stored are not clean and contain residues of various crude oil grades including PEI Petroleum. PEI will not be responsible for any deterioration of quality of the Crude Oil due to this fact.

3. STORAGE PERIOD

The period for storage of Crude Oil shall commence and terminate on the dates set forth in paragraph 4 of Appendix A, and shall be extendable (a) if paragraph 4 of Appendix A explicitly provides for an extension (and subject to the additional terms and conditions set forth therein), or (b) otherwise if the parties mutually agree in writing to other extension terms (the "**Storage Period**").

4. NO SUB-LEASE

4.1 The Client shall not sub-lease the Storage Tanks.

5. OPERATIONAL REQUIREMENTS AND OTHER RESTRICTIONS

5.1 (1) Client acknowledges that PEI operates a large system which is used by many other parties. Therefore, any request by Client regarding operational movements is subject to PEI's other operational constraints and priorities and those of EAPC, and to the system's operational plan, as coordinated by PEI.

(2) The operational requirements for fluent handling of crude oil in PEI's tanks are such that by-products of crude oil and residue, resulting from drainage of water and "heads and tails", are created. These by-products and residue are collected and transferred from time to time to the leased Storage Tanks. Client acknowledges the foregoing and agrees that portions of such by-products and/or residue may be transferred to the Storage Tanks, without giving rise to any rights of title or ownership, or any other rights or claims, by the Client. Such transfer will take place after checking the quality of crude oil entering the tanks so as not to adversely impact the Crude Oil, and subject to PEI's obligations under section 10.

5.2 Client may not use the Storage Tanks other than for storage of Crude Oil that possesses the properties stated in Appendix C (in this Section: "**Qualified Crude Oil**"). Without restricting the generality of the foregoing, upon Client's request, PEI may, at its sole discretion, allow Client to store oil other than Qualified Crude Oil in the Storage Tanks (in this Section: "**Non-Qualified Crude Oil**"), by notifying Client of its consent in advance and in writing. For the removal of doubt, PEI's consent, if so granted, shall apply only to the specific request to which it relates and shall not entitle Client to store any other Non-Qualified Crude Oil in the future without obtaining PEI's consent in advance. During the period in which the Non-Qualified Crude Oil is stored, Client shall be charged an additional monthly fee as specified in Appendix A, and a different rate of handling loss, as provided in Section 10 shall apply. All other terms and conditions stipulated in this Agreement shall apply to the storage of Non-Qualified Crude Oil, *mutatis mutandis*.

5.3 During the Storage Period, Client shall ensure that there is at all times a minimum of at least 6,000 cubic meters of Crude Oil in each leased tank, which quantity corresponds to the minimum quantity needed for operational efficiency. Without restricting the generality of the foregoing, upon Client's request, PEI may, at its sole discretion, allow Client to reduce the quantity of Crude Oil in the tank below 6,000 cubic meters. For the removal of doubt, PEI's consent, if so granted, shall apply only to the specific request to which it relates and may be subject to certain additional terms and conditions. Notwithstanding the aforesaid and without derogating from Section 11.1 herein, upon final redelivery of the Crude Oil by Client, subject to PEI's consent as detailed in Section 11 herein, and payment of all applicable fees to PEI in accordance with Section 12 and Appendix A attached herewith, Client shall no longer be responsible for ensuring a minimum quantity as aforesaid.

5.4 If, at any time, Client wishes to deliver Crude Oil to or redeliver it from the Storage Tanks, Client shall notify PEI, as soon as possible and no later than 15 days in advance, of the date on which it wishes for such delivery or redelivery to occur. While PEI will make reasonable efforts to meet Client's request, Client acknowledges and agrees that actual delivery or redelivery time may vary based upon PEI's other operational needs, restrictions and undertakings with third parties, and dependence upon EAPC's network.

5.5 In the event that, for any reason, PEI requests that Client retrieve any portion of PEI Petroleum during the Storage Period, Client shall coordinate with PEI the implementation of such request, and shall ensure that such request is complied with as expeditiously as operationally feasible and in any event within 30 days following the request.

5.6 Client acknowledges and agrees that PEI may be required to make line displacements , in order to replace the Crude Oil in the connecting lines between EAPC and PEI and in the lines in PEI tank farm, due to operational constraints (an "**Operational activity**"). In such case, Client shall instruct EAPC as soon as possible following PEI's request to do so, to execute such Operational activity in the terms and conditions stipulated by PEI.

6. MEASUREMENT

All measurements of Crude Oil, whether delivered or redelivered to or from PEI, shall be established by gauging the volume of Crude Oil in the Storage Tanks at PEI's Ashkelon South terminal before and after discharge of each delivering vessel or transfer from EAPC's storage tanks. All volumes will be related to the standard temperature of 15°C according to ASTM Petroleum measurement tables. Measurements shall be taken by a surveyor, in accordance with sections 7 to 9 below. In the event that no surveyor is appointed pursuant to section 7, then the measurements shall be taken by PEI's own personnel and such measurements will be binding. For the removal of doubt, measurements taken otherwise than as provided herein, including any measurements taken at the vessel's tanks, shall not be considered binding or conclusive, and the measurements taken by the surveyor appointed hereunder or PEI's personnel, as contemplated above, shall prevail.

7. SURVEYOR

7.1 Client may appoint, at its own cost, a reputable surveyor, acceptable to PEI, for the purposes of taking measurements and samples of the Crude Oil (the "**Surveyor**"). Absent

manifest error or fraud, or any other factor that in PEI's reasonable opinion vitiates any of the Surveyor's findings, and provided that the requirements of this section 7 and sections 8 and 9 have been met, such findings shall be final and binding upon the parties.

7.2 Client shall have the right to be present or represented during the measurement and sampling of the Crude Oil and PEI shall give Client notice of the time and place thereof.

8. SAMPLING

PEI shall permit the Surveyor to take samples for the purposes of establishing the quality of Crude Oil delivered or redelivered. Client shall ensure that the Surveyor keeps the samples for a period of at least 75 days.

9. SURVEYOR'S CERTIFICATE

9.1 Client shall provide PEI with the Surveyor's findings, in the form of a certificate signed by the Surveyor, specifying the quality, quantity, volume, weight, and density of the Crude Oil delivered or redelivered by or to Client, and PEI's relevant tank number, the name of the vessel from which the delivery or redelivery was made, and EAPC's tank number if applicable. The certificate shall include in addition a time sheet specifying all operations that occurred on both sides (PEI's tanks and vessels or EAPC's tanks), and the details of the quantity calculation. In case of redelivery of the Crude Oil, if PEI will not receive the surveyor's certificate as aforesaid within 3 working days from the completion of the redelivery, as the case may be, then measurements taken in the Storage Tanks by the Surveyor, prior to redelivery, will be binding for all purposes of this Agreement.

9.2 It is hereby clarified and agreed that in each redelivery to EAPC tanks, as the case may be, the Client will coordinate with EAPC and/or any third party receiving the Crude oil, that EACP's receiving tank will contain, prior to redelivery of the Crude Oil, a minimum operational working quantity (as determined in each case by the Surveyor), that will enable the Surveyor to execute any procedure required in order to carry out all measurements in accordance with this Agreement. In any case of Client's failure to exercise its obligation to coordinate the existence of the minimum operational quantity as aforesaid, then measurements taken in the Storage Tanks by the Surveyor will be binding for all purposes of this Agreement.

10. HANDLING LOSS :

In respect of any redelivery, PEI shall redeliver to Client the quantity of Crude Oil received (measured in volume as per sections 6 to 9) by PEI less 0.1% (zero point ten percent) of such quantity. If Client stores Non-Qualified Crude Oil, as defined in, and in accordance with, Section 5.2 above, then for that period, in respect of total quantity of Non-Qualified Crude Oil in the Tank after delivery, the percentage reduction will increase to 0.15% (zero point fifteen percent). Such percentage reduction shall be deemed to have been handling loss, irrespective of the quantity of the actual loss, and shall not give rise to any rights or claims by the Client.

11. END OF STORAGE PERIOD

11.1 As soon as possible and no later than 30 days before termination of the Storage Period, Client shall instruct PEI regarding redelivery of all Crude Oil back to the EAPC terminal,

such that all the Storage Tanks are cleared by the end of the Storage Period. In addition, Client shall ensure that the Storage Tanks are restored with at least the same quality and quantity of PEI Petroleum.

11.2 In the event that, for any reason, any portion of the oil cleared from the Storage Tanks at the end of the Storage Period exceeds, in quality or quantity, that which was stored by the Client, the Client shall return that portion of oil (the “**Excessive Oil**”) to PEI immediately and not later than 7 days following redelivery of the Crude Oil as provided in Section 11.1 above. If Client fails to return the Excessive Oil, despite its best efforts, then it shall owe PEI an amount equal to the higher of (a) the fair market value of the Excessive Oil on the day the Storage Tanks were cleared, and (b) the fair market value of the Excessive Oil on the day the payment is made. Such values shall be determined as set forth in paragraph 5 of Appendix A. The amount shall be payable within 14 days of PEI’s notification to that effect.

11.3 For the removal of doubt, all measurements required for applying this section 11 shall be based upon volume measured in the Storage Tanks and shall be taken in accordance with sections 6 to 9 of this Agreement.

12. PAYMENT

12.1 The consideration payable to PEI shall consist of the Monthly Storage Fee set forth in Section 6.1 of Appendix A and any additional Operational Fees set forth in Section 8 of Appendix A in respect of client activity. Payment of each of the foregoing shall be made in accordance with the following provisions of this Section 12.

12.2 During the Storage Period, unless specified otherwise in Appendix A:

- (a) The Monthly Storage Fee shall be paid in advance, no later than on the first day of every month during the Storage Period;
- (b) The Operational Fees and the Fair Market Value of any Excessive Oil shall be paid no later than by the 15th day of the month following the month of the operation.

12.3 At the end of the Storage Period, unless specified otherwise in Appendix A:

- (a) For the final redelivery of the Products pursuant to Section 11.1, the Operational Fees shall be paid no later than five days before the projected day of redelivery unless the parties agree otherwise in writing based upon operational circumstances.
- (b) The Fair Market Value of any Excessive Oil, as well as the final Operational Fees incurred after the final redelivery has occurred shall be payable by Client or by PEI, as the case may be, within 14 days following receipt of the surveyor’s certificate (per Section 11.2 hereof) by the party that owes the amount.

13. Value Added Tax

- (a) Value Added Tax (“VAT,” currently at 17%) shall be charged to all payments by Client pursuant to this Agreement, whether stated in the relevant payment Section or

not.

- (b) PEI was granted a 0% rated V.A.T with respect to transactions with foreign clients importing oil products to Israel and selling such stored oil products to local customers, applicable under specific terms and conditions as set forth in the Tax Authorities certificate attached as Appendix B hereto (the "VAT Certificate"). In accordance, the Client may receive a refund on VAT paid to PEI under this Agreement, provided that Client fully meets the terms and conditions for such 0% VAT provided in the VAT Certificate. Client understands and acknowledges that any VAT refund requested by it shall be subject to the VAT Certificate remaining in force and to its compliance with all the terms and conditions set forth therein.
- (c) PEI, at its sole consideration, shall be entitled to require, and Client shall be required to provide, a written certificate, signed by the Client's Adv. or CPA, confirming the Client's compliance with all the terms and conditions required for obtaining such 0% V.A.T. Notwithstanding the aforesaid, PEI shall be entitled to instruct the Client to directly approach the Israeli Tax Authorities for obtaining such VAT refund.

13.2 All amounts are payable against presentation of faxed or emailed invoice. For the purposes of all payments invoiced pursuant to this Section 12, if a day on which an amount is due is not a business day, then the amount shall be due and payable on the next business day.

13.3 Storage Fee must be in US Dollars or in New Israel Shekels, provided that if a payment is made in New Israeli Shekels, then the amount payable shall be calculated based upon the sell exchange rate published by the First International Bank of Israel on the first day of the calendar month for which payment is being made. To the extent that there is a difference between the invoiced amount and the actual amount payable pursuant to this section 12.6, PEI shall calculate the aggregate difference at the end of each 6-month period of the Term, and shall invoice Client in respect of any additional amount to be paid, or any amount to be credited to Client

13.4 To the extent that Operational Fees are charged by the relevant party in New Israeli Shekels, then the amount in respect thereof shall be converted into United States Dollars based upon the representative rate published by the Bank of Israel on the date on which the invoice is issued.

13.5 In the event of Client's late payment, then Client shall compensate PEI for any loss to PEI resulting from the difference in exchange rates between the day on which payment was due and the day on which it is made, with reference to the "Sell" exchange rate for US Dollar banknotes converted into New Israeli Shekels as published by the First International Bank.

13.6 In addition, in the event of any delay in the payment of any of the amounts payable under any term of this Agreement, the amount owed shall bear interest at the rate set forth in paragraph 7 of Appendix A.

13.7 No setting-off of payments is permitted, unless mutually agreed by the parties in writing.

14. LIABILITY AND INSURANCE

14.1 PEI shall maintain third party liability insurance, including accidental pollution liability, during the entire Term in respect of the Product in its custody. The Product shall be considered in PEI's custody from the time of entry through the connecting first flange of the manifold to PEI's facility in the Ashkelon South terminal, while in storage within PEI's facility and until exit through the connecting first flange of the manifold to PEI's facility.

14.2 The obligations set forth in section 14.1 above shall be PEI's sole liability under this Agreement. PEI shall incur no other liability, including liability with respect to damage or loss to the Product itself, or any other liability towards the Client including for loss of profit, loss of market, and consequential losses of any nature. For the avoidance of doubt, PEI makes no representation, warranty or undertaking in the name or on behalf of Client, and PEI shall not be held responsible or liable with respect to the acts and omissions of the Client.

14.3 During the Storage Period and until the clearing of the entire quantity of the Crude Oil from PEI's facilities, Client undertakes to maintain uninterrupted comprehensive insurance covering the crude oil, at C.I.F. value Ashkelon, against physical loss or damage, including loss or damage due to earthquake, fire, lightning, explosion, storm, tempest, flood, civil unrest, war, terrorism and other such disturbances..

14.4 Client and its insurer agree to waive their rights (including rights of subrogation), claims and/or actions against PEI and any subsidiary, their directors, officers, employees and anyone on their behalf in the event of loss of or damage to the Product arising from any cause whatsoever, except in the case of a willful or malicious act on the part of PEI.

14.5 As a preliminary condition to the exercise of Client's rights under this Agreement, Client shall submit a certificate signed by its insurer, confirming the insurance coverage mentioned above to PEI's reasonable satisfaction, and including (a) a statement that the policy provides insurance "All Risk" in respect of physical loss of or damage to crude oil stocks including crude oil products and any other property owned by Client and/or under its responsibility while in the care, custody or control of PEI (and any affiliate of PEI); (b) a statement that the insurance will not be reduced or canceled without prior written notification to be sent to PEI by registered mail 60 days in advance; and (c) a statement that Client bears sole responsibility for payment of premiums and deductibles.

15. FORCE MAJEURE

15.1 If, because of an event of force majeure (as defined below), either party is prevented (in whole or in part) from carrying out any of its obligations under this Agreement, and within 72 (seventy-two) hours of the occurrence of such event, gives notice thereof to the other party,

Specifically describing the claimed force majeure and the anticipated duration thereof, then the party claiming force majeure will be excused from the performance of its obligations hereunder, to the extent and during the period that it is prevented from doing so by the force majeure event.

15.2 For the purpose of this section, the term "force majeure", includes acts of God, acts of enemy, war, whether declared or not, hostilities, invasions, insurrection, riots, disorders, civil unrest, sabotage, blockades, embargoes, strikes, lockouts, fires, explosions, earthquakes,

landslides, storm floods, or other severe weather conditions, and perils of the sea.

16. LIQUIDATED DAMAGES

If Client fails to comply with its obligations under section 11 (End of Storage Period), it shall pay pre-agreed liquidated damages to PEI for every month during which Client continues to use the Storage Tanks, and until all Crude Oil is cleared from the tanks. The monthly liquidated damages shall be equal to the Storage Fee multiplied by two (2), and shall be pro-rated for each day per month during which the Crude Oil remains in a tank after the end of the Storage Period. PEI's entitlement to the above liquidated damages shall be without prejudice to any right or claim of PEI, including the right to compensation for damages, costs and expenses of any type. PEI may at any time clear the Crude Oil from the Storage Tanks or store it at a different location within PEI's storage facilities and the Client will have no claim regarding this action and will bear responsibility for all costs incurred as a result, including costs incurred by PEI.

17. TERM AND TERMINATION

17.1 This Agreement shall take effect as of the Effective Date and shall terminate upon expiry of the Storage Period (as extended), unless it is terminated earlier by mutual written consent of the parties, or in accordance with the terms hereof.

17.2 Without derogating from any of its rights under applicable law and hereunder, PEI may terminate this Agreement in case of Client's material breach thereof, if such breach remains uncured for a period of five (5) days. For the removal of doubt, Client's failure to make any payment as required hereunder shall be deemed to constitute a material breach. Early termination of this Agreement shall not release the Client of its obligations herein, including payment of the Storage Fee for the full term of the Storage Period, and restoration of the PEI Petroleum in PEI's Storage Tanks. The provisions of this Agreement which by their nature survive termination, shall continue in full force and effect subsequent to and notwithstanding termination of this Agreement, including without limitation sections 11 and 17.

18. CONFIDENTIALITY

Client shall not disclose any information it obtains as a result of this Agreement regarding PEI, its activities, facilities and processes, to any third party, without PEI's prior written consent (the "**Information**"). Client shall protect the Information with at least the same degree of protection it affords its own confidential data. Client shall restrict access to the Information strictly to its employees who need to know it for the purposes of this Agreement and who have signed a written agreement with Client binding them to terms and conditions of confidentiality in respect of the Information which are no less restrictive than those of this Agreement.

19. ASSIGNMENT

Neither party shall, without the previous written consent of the other party, assign, transfer, mortgage, pledge or otherwise encumber this Agreement or any rights or obligations hereunder.

20. GOVERNING LAW AND JURISDICTION

Unless PEI consents in writing otherwise, this Agreement shall be governed by the laws of the State of Israel and the courts of the District of Tel Aviv shall have exclusive jurisdiction over all disputes arising hereunder.

21. NOTICES

Any notice to be given hereunder shall be sent to the following addresses: PEI

Petroleum & Energy Infrastructures Ltd.
3, Hasadnaot St. Hertzeliya Pituach, #46728
P.O.B 2121 Herzliya, 46120 Israel
Facsimile: 972-9-9528591

CLIENT

22. ENTIRE AGREEMENT

Except as provided in section 1.2, (1) this Agreement contains the entire agreement and understanding between the parties as to the subject matter hereof, and supersedes all prior agreements, arrangements, commitments, representations, writings, and discussions between them; and (2) neither of the parties will be bound by any other prior obligations, conditions, warranties, or representations with respect to the subject matter of this Agreement.

23. HEADINGS

The headings of the sections have been inserted as a matter of convenience for reference only, and shall not control or affect the meaning or construction of any of the terms or provisions of this Agreement.

24. COUNTERPARTS

This Agreement may be executed in two counterparts and either party may enter into this Agreement by executing a separate counterpart, each of which, taken together, shall constitute one and the same Agreement.

Petroleum Energy Infrastructure Ltd.

CLIENT

Appendix A

1. Leased Storage Tanks

1.1 Number of leased Storage Tanks: ____

1.2 Description: **Unheated Storage** tanks of 53,000 cbm

2. Description of Crude Oil

2.1 _____

3. Description of PEI Petroleum

3.1 Quantity as determined in the surveyor's report: _____

3.2 Quality as determined in the analysis report from the: _____

4. Storage Period

4.1 Commencement of Storage Period: 01/01/2018

4.2 End of Storage Period: 31/12/2018

5. Determination of Fair Market Value

5.1 As determined on the basis of the Platts Index for Brent crude oil.

6. Storage Fee

6.1 Storage fee: _____ USD per Storage Tanks per month.

6.2 Additional monthly fee applicable for storage of Non-Qualified Crude Oil: 15,000 USD for each storage tank per month, charged on a pro-rata basis.

7. Interest Rate

The interest rate shall be at the rate of (i) LIBOR + 3% per annum, pro-rated daily, if Client opts to pay in US Dollars, or (ii) the Prime Rate set by the Bank of Israel + 3%, if Client opts to pay in NIS.

8. Operational Fees

Transfer to EAPC: 0.40\$ per MT

Discharging and charging from a vessel: the fee will be equal to the invoice received by PEI from EAPC.

Any other fee that might be applicable by EAPC as part of the operational requirements by client: the fee will be equal to the invoice received by PEI from EAPC.

Appendix B
Tax Authorities certificate

Appendix C

PRODUCT PROPERTIES LIST

This Tender is for the purpose of storage of crude oil which has the following quality characteristics:

- BSW content: max. **0.5%** (vol.);
- Kinematic Viscosity: max. **115 cst @ 20 C**;
- Density 15 C Kg/lit **0.92**
- Sulfur Content **3.0 %**