

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

|                                    |   |                        |
|------------------------------------|---|------------------------|
| In re:                             | ) | Chapter 11             |
| PES HOLDINGS, LLC, <i>et al.</i> , | ) | Case No. 19-11626 (KG) |
| Debtors.                           | ) | (Jointly Administered) |

|                                      |   |  |
|--------------------------------------|---|--|
| PES HOLDINGS, LLC, NORTH YARD GP,    | ) |  |
| LLC, NORTH YARD LOGISTICS, L.P., PES | ) |  |
| ADMINISTRATIVE SERVICES, LLC, PES    | ) |  |
| ENERGY INC., PES INTERMEDIATE, LLC,  | ) |  |
| PES ULTIMATE HOLDINGS, LLC,          | ) |  |
| PHILADELPHIA ENERGY SOLUTIONS        | ) |  |
| REFINING AND MARKETING LLC           | ) |  |

|             |   |                      |
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| Plaintiffs, | ) | Adversary Proceeding |
|-------------|---|----------------------|

|    |   |                        |
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| v. | ) | Case No. 20-_____ (KG) |
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|                                    |   |
|------------------------------------|---|
| ALLIANZ GLOBAL RISKS US INSURANCE  | ) |
| CO., AXA CORPORATE SOLUTIONS       | ) |
| ASSURANCE, CERTAIN UNDERWRITERS    | ) |
| AT LLOYD’S, LONDON SUBSCRIBING TO  | ) |
| POLICY NO. 18NSRO1797-01, CERTAIN  | ) |
| UNDERWRITERS AT LLOYD’S, LONDON    | ) |
| SUBSCRIBING TO POLICY NO.          | ) |
| AJK148822G18, CERTAIN UNDERWRITERS | ) |
| AT LLOYD’S, LONDON SUBSCRIBING TO  | ) |
| POLICY NO. EN100070-18, CERTAIN    | ) |
| UNDERWRITERS AT LLOYD’S, LONDON    | ) |
| SUBSCRIBING TO POLICY NO. (UMR)    | ) |
| B1526ENNMG1800181, CERTAIN         | ) |
| UNDERWRITERS AT LLOYD’S, LONDON    | ) |
| SUBSCRIBING TO POLICY NO. (UMR)    | ) |
| B1526ENNMG1800261, CERTAIN         | ) |
| UNDERWRITERS AT LLOYD’S, LONDON    | ) |
| SUBSCRIBING TO POLICY NO. (UMR)    | ) |
| B1526ENNMG1900279, CERTAIN         | ) |
| UNDERWRITERS AT LLOYD’S, LONDON    | ) |
| SUBSCRIBING TO POLICY NO. (UMR)    | ) |
| B1526ENNMG1800280, CERTAIN         | ) |



subscribing to Binder No. EN100070-18, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800181, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800261, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1900279, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800280, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800281, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800282, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800283, Certain Underwriters at Lloyd's, London subscribing to Policy No. (UMR) B1526ENNMG1800285, General Security Indemnity Company of Arizona, Great Lakes Insurance SE, HDI Global Insurance Company, HDI Global Specialty SE, Helvetia Swiss Insurance Company in Liechtenstein Ltd., Lancashire Insurance Company (UK) Limited, Liberty Mutual Insurance Company, Mapfre Re Compañía de Reaseguros, S.A., PartnerRe Ireland Insurance DAC, Starr Technical Risks Agency, Inc., Westport Insurance Corporation, XL Insurance America, Inc., and Zurich American Insurance Company (individually, each an "Insurer," and, collectively, the "Insurers"), alleges as follows:

#### **NATURE OF THE ACTION**

1. This is an action to recover insurance proceeds that the Insurers owe the Debtors arising out of a catastrophic incident involving an explosion at the alkylation unit in the Company's Girard Point refining facility on June 21, 2019 (the "Explosion"). Each Insurer sold the Company an insurance policy promising to underwrite a portion of the Company's 2018–2019 property insurance program (the "Insurance Program," or the "Program"), which provides a combined \$1.25 billion in coverage for property damage and business interruption losses sustained by the Company. The Explosion caused massive property damage to the Company's

refining complex and caused a complete shutdown of the Company's refinery, leading to the filing of these chapter 11 cases shortly thereafter. But when the time came to honor their contractual obligations and provide coverage for the massive property damage and business interruption loss the Company suffered—and help the Company get back on its feet—the Insurers refused to answer the call.

2. From day one, PES has made clear to the Insurers that its losses approach, and when all is said and done will likely exceed, the entire \$1.25 billion in protection the Company bargained and paid for annually since its founding in 2012. This could hardly have come as a surprise to the Insurers given the widespread physical damage caused by the Explosion, the extensive and ongoing work conducted by the Debtors after the Explosion to make the site safe for access before any rebuild could begin, and the total shutdown of refining operations the Explosion caused. In the Company's hour of need, the Insurers' response has been to feign cooperation while preparing to avoid their clear coverage commitments under the Policy. The Insurers have needlessly delayed payment of PES's losses, imposing repeated, onerous requests on the Company as part of a deliberately delayed "adjustment" process in which the Insurers have paid just \$65 million—a fraction of the more than \$1 billion in coverage they clearly owe. After seven months and counting of "adjustment," the Insurers claim that they are still not "in a position to fully evaluate PES's claim."

3. The Insurers recently informed PES that they do not anticipate making any additional payments for physical damage to the refinery over and above the \$65 million they have already paid on account of estimated rebuild costs—a position that ignores the catastrophic scope of damage caused by the Explosion and directly contravenes the express terms of the Policy. The Insurers also have failed to fully reimburse the Company for the ancillary expenses

it has incurred as a result of the Explosion, such as fire brigade, demolition, and demurrage costs, which are separately covered under the Policy.

4. The Insurers' response to the Company's business interruption loss has been even more miserly. For months, the Company has engaged in good faith with the Insurers' requests for information regarding the business interruption loss; the Insurers responded by self-interestedly selecting inputs into a model so absurd it suggested the Company *made* money as a result of the Explosion that forced it into bankruptcy.

5. The Insurers then told the Company that they contend PES was on course to permanently shut down the refinery *even if the Explosion had never happened*, in effect arguing that this massive explosion provided a benefit to the Company. Then, after months of so-called "adjustment" of the claim, the Insurers announced that they were hiring a team of experts to prepare for litigation.

6. As of today, the Insurers have not paid PES a single dollar for the business interruption loss that has been ongoing since June of 2019. In the days leading up to the filing of this Complaint, the Insurers' adjuster suggested for the first time that the Insurers might make a "provisional" payment on account of the Company's business interruption loss at some point in the future—a transparent attempt to paper over the Insurers' egregious handling of this claim by making a token payout of pennies on the dollar of the Company's actual loss. And the Insurers still have not actually *made* that payment, or even informed the Company of any conditions they may purport to attach to it.

7. Making matters worse, the Insurers have also taken the position that their own obligations to PES require a final determination of the priority of PES's various creditor constituencies over the sums the Insurers owe. The Insurers' conduct and their positions

demonstrate that they are not acting in good faith by refusing to honor the Policy terms. The Insurers' conduct has left PES with no choice but to bring this action to recover more than one billion dollars in coverage that Insurers clearly owe and plainly do not intend to provide until they are ordered to do so.

8. The proceeds of the Company's insurance are at the very heart of these chapter 11 cases, and resolution of this coverage dispute is critical to the efficient administration of the estate. Despite the Company's best efforts, it has been unable to recover under the Policies the coverage it is owed by working amicably with the Insurers. The Debtors therefore bring this adversary proceeding seeking coverage under the Policies for the Company's property damage and business interruption losses resulting from the Explosion. The Company also seeks damages based on the Insurers' bad faith failure to provide coverage and their deliberate delay and bad faith in the prolonged "adjustment" of PES's insurance claims.

#### **JURISDICTION AND VENUE**

9. On July 21, 2019 (the "Petition Date"), the Company filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Court").

10. The Court has non-core concurrent jurisdiction over this proceeding under 28 U.S.C. § 157(c)(1). The Company's claims are directly related to its bankruptcy cases and will have a significant impact on its estate.

11. This Court has personal jurisdiction over each of the Defendants under Federal Rule of Bankruptcy Procedure ("Bankruptcy Rule") 7004(f).

12. General Condition 28 of the Policies provides that "in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the

request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States.”

13. Pursuant to Bankruptcy Rule 7008(a), the Company consents to the entry of final orders or judgment by this Court. The Company also consents to the entry of final orders or judgments by this Court if it is determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

14. Venue properly lies in this District pursuant to 28 U.S.C. §§ 1408 and 1409(a).

15. This adversary proceeding is initiated under Bankruptcy Rule 7001(2) and (9), and 28 U.S.C. § 2201.

#### **THE PARTIES**

16. PES Ultimate Holdings is a limited liability company organized under the laws of the State of Delaware, with its principal place of business in the Commonwealth of Pennsylvania. All other debtors, other than PES Energy Inc., are privately held limited liability companies and limited partnerships that are parents and subsidiaries of PES Ultimate Holdings. Each debtor is organized under the laws of the State of Delaware, with a principal place of business in the Commonwealth of Pennsylvania. PES Energy Inc. is a privately held corporation and is the managing member of PES Ultimate Holdings.

17. Allianz Global Risks US Insurance Company is an insurance company organized under the laws of the State of Illinois, with a principal place of business in Chicago, Illinois.

18. AXA Corporate Solutions Assurance is an insurance company organized under the laws of France, with a principal place of business in Paris, France.

19. A number of the Policies in the Program were issued by Lloyd’s underwriting syndicates or consortiums that are organized and registered under the laws of the United

Kingdom. The specific Lloyd's syndicates or consortiums that participate in the Program are set forth below:

- a. Upon information and belief, Defendant Navigators Syndicate at Lloyd's 1221 is an underwriting syndicate subscribing to Policy No. 18NSRO 1797-01 that is organized and registered under the laws of the United Kingdom.
- b. Upon information and belief, Defendant Lloyd's Syndicates TAL 1183 is an underwriting syndicate subscribing to Policy No. AJK148822G18 that is organized and registered under the laws of the United Kingdom.
- c. Upon information and belief, Defendant Lloyd's Syndicate 1458 is an underwriting syndicate subscribing to Binder No. EN100070-18 that is organized and registered under the laws of the United Kingdom.
- d. Upon information and belief, Defendant Lloyd's Syndicate 1884 is an underwriting syndicate subscribing to Binder No. EN100070-18 that is organized and registered under the laws of the United Kingdom.
- e. Upon information and belief, Defendant Lloyd's Consortium 9094 (a/k/a Pioneer Natural Resources - Onshore - PNR 9094) is an underwriting consortium subscribing to Policy No. (UMR) B1526ENNMG1800181 that is organized and registered under the laws of the United Kingdom.
- f. Upon information and belief, Defendant Lloyd's Consortium 9551 is an underwriting consortium subscribing to Policy Nos. (UMR) B1526ENNMG1800261, (UMR) B1526ENNMG1900279, (UMR)

B1526ENNMG1800280, and (UMR) B1526ENNMG1800282 that is organized and registered under the laws of the United Kingdom.

- g. Upon information and belief, Defendant Lloyd's Underwriter Syndicate No. 1084 CSL is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1900279 that is organized and registered under the laws of the United Kingdom.
- h. Upon information and belief, Defendant Lloyd's Underwriter Syndicate 1200 AMA is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1900279 that is organized and registered under the laws of the United Kingdom.
- i. Upon information and belief, Defendant Lloyd's Syndicate 2003 XLC is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1800280 that is organized and registered under the laws of the United Kingdom.
- j. Upon information and belief, Defendant Lloyd's Underwriter Syndicates 1955 BAR is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1800281 that is organized and registered under the laws of the United Kingdom.
- k. Upon information and belief, Defendant Lloyd's Underwriter Syndicate No. 1036 COF is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1800283 that is organized and registered under the laws of the United Kingdom.

1. Upon information and belief, Defendant Lloyd's Underwriter Syndicate 3902 NOA is an underwriting syndicate subscribing to Policy No. (UMR) B1526ENNMG1800285 that is organized and registered under the laws of the United Kingdom.

20. General Security Indemnity Company of Arizona is an insurance company organized under the laws of the State of Arizona, with a principal place of business in Scottsdale, Arizona.

21. Great Lakes Insurance SE is a member company of Munich RE. Great Lakes Insurance SE is an insurance company organized under the laws of the European Union, with a principal place of business in Munich, Germany.

22. HDI Global Insurance Company is an insurance company organized under the laws of the State of Illinois, with a principal place of business in Chicago, Illinois.

23. HDI Global Specialty SE is the successor in interest to International Insurance Company of Hannover SE. HDI Global Specialty SE is an insurance company organized under the laws of the European Union, with a principal place of business in Hannover, Germany.

24. Helvetia Swiss Insurance Company in Liechtenstein Ltd. is an insurance company organized under the laws of the Principality of Liechtenstein, with a principal place of business in Vaduz, Principality of Liechtenstein.

25. Lancashire Insurance Company (UK) Limited is an insurance company organized under the laws of England and Wales, with a principal place of business in London, United Kingdom.

26. Liberty Mutual Insurance Company is an insurance company organized under the laws of the State of Massachusetts, with a principal place of business in Boston, Massachusetts.

27. Mapfre Re Compañía de Reaseguros, S.A. (Mapfre Re) is the successor in interest to Mapfre Global Risks Companie Internacional De Seguros Y Reaseguros S.A. Mapfre Re is an insurance company organized under the laws of Spain, with a principal place of business in Madrid, Spain.

28. PartnerRe Ireland Insurance DAC is an insurance company organized under the laws of Ireland, with a principal place of business in Dublin, Ireland.

29. Starr Technical Risks Agency, Inc. is an insurance company organized under the laws of the State of New York, with a principal place of business in New York, New York.

30. Westport Insurance Corporation is a member company of Swiss Re. Westport Insurance Corporation is an insurance company organized under the laws of the State of Missouri, with a principal place of business in Kansas City, Missouri.

31. XL Insurance America, Inc. is an insurance company organized under the laws of the State of Delaware, with a principal place of business in Stamford, Connecticut.

32. Zurich American Insurance Company is an insurance company organized under the laws of the State of New York, with a principal place of business in Schaumburg, Illinois.

## **FACTUAL BACKGROUND**

### **I. PES'S CORPORATE HISTORY**

#### **A. The Refining Complex's Longstanding Operation And PES's Corporate Origin.**

33. The Debtors' principal asset is a refining complex (the "Refining Complex"). The Refining Complex sits on an industrial site spanning roughly 1,300 acres. The site is two-and-a-half miles from downtown Philadelphia and includes two interconnected refineries: Girard Point and Point Breeze. The Refining Complex has a proud history in Philadelphia, and has been continuously operating in some form—through good markets and bad—since the 1800s.

34. The Company's corporate origin is much more recent. The Company was formed in 2012, in connection with the Company's acquisition of the Refining Complex from Sunoco Inc., a subsidiary of Energy Transfer Partners, L.P.

35. The Company is a collection of privately held corporations, limited liability companies, and limited partnerships. Before the Explosion on June 21, 2019, the Company employed approximately 1,100 people. As of the Company's mid-July Petition Date, that number had dropped to approximately 950 employees, roughly 620 of whom were unionized members of the United Steelworkers. Further layoffs since the Petition Date now leave the Company with approximately 175 employees and limited financial resources.

**B. PES's Significant, Recent Investments In The Refining Complex.**

36. Over the past several years, the Company has invested significantly in the Refining Complex. One of the Company's aims has been to seize an opportunity to secure domestic crude oil at advantageous prices relative to other sources of crude oil.

37. In 2013, the Company invested approximately \$100 million to construct the North Yard Terminal in order to capitalize on this opportunity. In 2014, an additional investment of approximately \$30 million doubled the North Yard Terminal's capacity, allowing it to unload four crude unit trains—or 280,000 barrels of crude—per day and making the North Yard Terminal the largest crude oil unloading terminal on the United States' East Coast.

38. In addition to its investments in the North Yard Terminal, the Company has invested approximately \$850 million in the Refining Complex's infrastructure over the past five years. These investments enabled the Company to operate safely and efficiently, and to position itself for success in the highly competitive transportation-and-fuel market.

39. In a flash, the Explosion wiped out the Company's many steps forward.

**C. PES's Prior Chapter 11 Cases.**

40. On January 21, 2018, the Company filed petitions in this Court for relief under the Bankruptcy Code (the “2018 Chapter 11 Cases”), primarily due to regulatory-compliance costs that penalize independent merchant refiners like PES and challenging macroeconomic trends in the energy sector. Through this process, the Company restructured and ultimately changed ownership.

41. On August 7, 2018, the Company successfully emerged from the 2018 Chapter 11 Cases. The Company’s plan of reorganization (the “2018 Plan”) achieved, among other things:

- a. a capital infusion of approximately \$260 million;
- b. extension of the Company’s debt maturities through 2022;
- c. reduction in the Company’s anticipated debt-service obligations by approximately \$35 million per year;
- d. access for the Company to what is essentially a working capital facility (the “SOA”) to facilitate the purchase and sale of hydrocarbons provided by ICBC Standard Bank PLC (“ICBCS”); and
- e. relief for the Company from certain regulatory obligations.

42. Following conclusion of the 2018 Chapter 11 Cases, the Company conducted a complex, multistage operational and legal implementation of the SOA. Once fully implemented, the SOA created an intermediation arrangement under which ICBCS would procure and sell crude oil to PES, which PES would then refine and resell to ICBCS at specified prices. Among other things, the SOA provided PES with reliable inputs for its crude-refining process and ensured access to essential working capital for its supply chain and refining operations. The SOA allowed PES to capture the daily crack spread through crude and refined product

intermediation. The Company completed the SOA-implementation process on June 18, 2019, just days before the Explosion.

43. Implementation of the new SOA was a major step forward and was the final step in the Company's year-long process to obtain a long-term SOA following the prior bankruptcy proceeding. Sadly, this momentum was lost just days later when, in the early morning hours of June 21, 2019, the Company suffered the historic and catastrophic Explosion at its Refining Complex.

**D. The Refining Complex's Pre-Explosion Operations.**

44. The Refining Complex produced a full range of transportation fuels, including gasoline and ultra-low sulfur diesel, as well as other refined products, such as home heating oil, jet fuel, kerosene, residual fuel oil, propane, refinery-grade propylene, butane, cumene, and sulfur.

45. The Refining Complex's products were marketed and distributed by truck, rail, pipeline, and waterborne vessels throughout the northeastern United States, and by waterborne vessels to international markets.

46. The Refining Complex consisted of two interconnected refineries with a combined distillation and refining capacity of approximately 335,000 barrels of crude oil per day. Before the Refining Complex shut down as a result of the Explosion, its output represented approximately 28% of the crude oil refining capacity of the United States' East Coast.

**1. PES Used Cutting-Edge Technology To Optimize Its Business.**

47. Since its inception, PES has used a linear programming model (the "LP Model") to optimize its business operations. Using the LP Model, specialists determined optimal

operational strategy by analyzing current economic trends, proposed crude slates and outputs and relevant constraints on the Refining Complex.

48. Teams of specialists would analyze the LP Model and determine which crudes the Company would purchase. These LP Model analysts communicated with traders weekly to calculate refining value of each crude and establish purchase plans.

49. With the aid of the LP Model and derivative analysis, the Company engaged in weekly strategy meetings to determine actionable, near-term goals. The Company's LP Model specialists then developed rolling, three-month plans for purchasing crude.

50. To optimize its business operations even further, and to make its forecasting more precise, the Company implemented a monthly "lookback process" in 2013. The lookback process allowed the Company to run a match case comparing the actual-yield accounting figures to earlier LP Model projections, allowing the Company to assess the LP Model's accuracy.

51. The LP Model has proven extremely accurate, with match-case accuracy averaging roughly \$0.30/bbl. In other words, the predicted yield value matched the actual yield value by a tolerance of approximately 0.5%. Always seeking to improve its performance, the Company would periodically require its LP Model specialists to review the match-case tests and to recalibrate the model, if necessary.

52. The LP Model's track record of accuracy and reliability in the Company's ordinary course operations makes it the most appropriate tool to calculate the business interruption loss stemming from the Explosion.

## **2. PES's Pre-Explosion Operations And Finances.**

53. The Company's operational gross earnings are primarily a function of the difference between the market prices for the refined products that the Company produces and the prices of refining inputs—most significantly, crude oil. The Company expresses the difference

between refined-product prices and input prices in a financial metric known as Gross Refining Margin. The Gross Refining Margin is the source of the Company's operational cash flow.

54. Before the Explosion, the Company had developed a strong record of strategic investments designed to improve Gross Refining Margin, increase logistical flexibility, and diversify product offerings.

55. The Company's financial metrics further illustrate its viability. In the three years prior to the Explosion, the Company produced a Gross Refining Margin of between \$500 million and \$600 million per year. In addition, the Company had already realized a Gross Refining Margin of almost \$200 million in 2019 before the June Explosion, in spite of having taken down both the Girard Point Crude and FCC units for extensive maintenance outages during the first quarter.

56. The Explosion radically disrupted the Company's business. Mere days after completing the transition to its new intermediation agreement, it was forced to shutter the Refining Complex in order to preserve liquidity pending receipt of insurance proceeds. The Company had no choice but to reduce expenses, including reducing its workforce to only those levels necessary to maintain safe and environmentally compliant operations.

57. The Explosion caused the shutdown of the entire Refining Complex; Girard Point immediately, and Point Breeze shortly thereafter. The shutdown has caused the Company to realize *zero* Gross Refining Margin where it had previously realized a Gross Refining Margin of between \$500 million and \$600 million per year in the three years before the Explosion, and a Gross Refining Margin of almost \$200 million in five-plus months in 2019 preceding the Explosion, in spite of having taken down both the Girard Point Crude and FCC units for extensive maintenance outages during the first quarter. The Explosion caused a massive

business interruption and loss of value that the Insurers have refused to recognize as a covered business interruption loss under the Policies.

58. The Explosion has not only led to the shuttering of the Refining Complex, which had operated through thick and thin since the mid-nineteenth century, it has devastated PES's stakeholders—particularly its workforce.

## **II. PES'S INSURANCE PROGRAM**

59. The Company's Insurance Program in place on the date of the Explosion provides a total of \$1.25 billion in coverage for property damage and/or business interruption losses. The Insurance Program comprises more than 30 insurance policies issued by different insurers, each of which insures a portion—be it primary, excess, or a quota share—of the \$1.25 billion aggregate coverage limit provided in the Policy. The Insurance Program was designed to protect the Company and its stakeholders in the event of catastrophic physical damage and business interruption like the Explosion.

60. Each Insurer's policy follows a base insurance contract form with minor deviations in some instances, none of which is material to this litigation. *See, e.g.*, General Security Indemnity Company of Arizona ("GSICA Policy"), attached as Exhibit 1 hereto; a complete set of Policies relevant to this lawsuit is attached as Exhibits 2–28. PES refers herein to the common policy terms throughout the program as the "Policy." The Policy lists PES Energy Inc., PES Ultimate Holdings, LLC, and the other Plaintiffs in this lawsuit, among others, as "Named Insureds." Ex. 1, Declarations ¶ 1.

### **A. The Policy's Property Damage Coverage.**

61. Section I of the Policy details the terms and conditions of the property damage coverage for physical damage. The Policy insures "Real and Personal Property of the Insured of

every kind and description,” subject to limited exclusions that do not apply to the property damage caused by the Explosion. That property is insured against “all risks of direct physical loss or damage occurring during the Term of Insurance,” subject to a narrow list of excluded perils that, again, is not relevant here. The Policy’s property damage coverage is subject to its \$1.25 billion aggregate limit.

62. The Policy’s “Valuation” subsection, in Section I at paragraph 5, provides that, “[a]t the time of loss, the basis of valuation” for “Real and Personal Property” is “[t]he Replacement Cost, except Actual Cash Value if not repaired or replaced.” Ex. 1, Policy § I.5(a).

63. The Policy defines “Replacement Cost” as “[t]he amount it would take to repair or replace the damaged or destroyed property with materials of like kinds and quality, without deduction for depreciation or obsolescence and including the Insured’s overhead . . . .” *Id.* § I.6(f).

64. “Actual Cash Value” is defined as “Replacement Cost less deduction for physical depreciation.” *Id.* § I.6(a).

65. The Policy’s “Valuation” subsection, in Section I at paragraph 5(e), also includes a provision titled “Stipulated Loss Value” (the “Stipulated Loss Value Clause”). The Stipulated Loss Value Clause applies where the insured has a contractual obligation to insure property that is the subject of a covered loss. It creates an exception to the general rule that the valuation is either Replacement Cost or Actual Cash Value.

66. More specifically, the Stipulated Loss Value Clause provides that “where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value *regardless of whether such property is replaced*. However, in no event shall this amount exceed the Replacement Cost

Value of such property (plus in addition the covered cleanup costs).” Ex. 1, Policy § I.5(e) (emphasis added). The Stipulated Loss Value Clause goes on to state that, “[i]n the event of a loss up to USD 250,000,000 regardless whether the affected property is replaced, the loss settlement will be on a replacement cost basis.” *Id.* With respect to property damage losses exceeding \$250 million, the Policy states, “[i]n the event of a property damage loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000.” *Id.*

67. In other words, for property subject to the Stipulated Loss Value Clause, if the Replacement Cost is \$250 million or more the policyholder is entitled to recover a *minimum* of \$250 million even if it “does not replace the affected property.” This provision thus mandates that once the Replacement Cost value of the property damage exceeds \$250 million, the Insurers must pay at least that amount. As noted above, to date, the Insurers have paid only \$65 million of property damage coverage.

**B. The Policy’s Business Interruption Coverage.**

68. Section II of the Policy details the terms and conditions of the Policy’s business interruption insurance coverage. The “Business Interruption” provision, which appears in the “Time Element” section of the Policy, covers “actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein . . . .” Ex. 1, Policy § II.1. The Policy’s business interruption coverage is subject to the \$1.25 billion aggregate limit of the Policy, and the retention consists of a 60-day “waiting period.” *See id.*, Declarations ¶ 6.

69. The “Basis of Recovery” Section describes how business interruption losses are measured under the Policy, and focuses on the Insured’s “actual loss sustained.” The “Basis of Recovery” provision states that “[r]ecovery in the event of loss hereunder shall be the actual loss

sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein.” *Id.* § II.8.

70. The Company is entitled to business interruption insurance proceeds for covered losses sustained over a defined “Period of Indemnity.” *Id.* § II.10(c). The Period of Indemnity is, in substance, the time that would be required to rebuild, repair, or replace the damaged property, but not to exceed “twenty-four (24) months after application of the Retentions.” *Id.*

**C. Coverage Extensions For Other Discrete Costs And Losses.**

71. The Policy also has several ancillary coverage extensions that apply to the Explosion. As examples, the Policy provides up to \$2.5 million in coverage for the Company’s costs in preparing its claim for coverage, *see* Ex. 1, Policy, Declarations ¶ 5; up to \$10 million in demurrage charges incurred as a result of a covered event, *id.*; up to \$10 million in “Expediting Expense,” *id.*; up to \$25 million in “Extra Expense,” *id.*; and up to \$5 million in coverage for fire brigade and other extinguishing expenses, *id.*

72. PES has incurred and submitted to the Insurers over \$20 million in charges and expenses covered under these and other related coverage sections of the Policy, and expects to incur another \$20 million before all is said and done. The Insurers have not reimbursed the Company for any of these losses. To take just one example, PES was required to pay the Philadelphia Fire Department approximately \$1.8 million to cover the expense of extinguishing the fire that followed the Explosion. When PES submitted those expenses under the express grant of coverage for “fire brigade charges and extinguishing expenses,” the Insurers denied coverage for more than 90% of those expenses, apparently taking the position that PES should not have paid the City of Philadelphia and the Fire Department for the expenses.

### **III. THE EXPLOSION CAUSED SIGNIFICANT PROPERTY DAMAGE AND CRIPPLED PES'S BUSINESS**

#### **A. The Explosion.**

73. At approximately 4:00 AM on June 21, 2019, Unit 433 (the HF Alkylation Unit at Girard Point) suffered a light ends leak near the depropanizer tower. The incident occurred in the Modified HF Alkylation Unit's Depropanizer Reflux System. A vapor cloud formed and ignited in approximately two minutes, resulting in a massive explosion and fire. This activated the safety system, which included rapid acid de-inventory and water-mitigation systems.

74. At approximately 4:20 AM, a second, larger explosion occurred. The second explosion erupted with such force that it launched a 38,000-pound treating vessel out of the unit battery limits and across the Schuylkill River. By 7:00 AM, the fire was burning in a controlled manner. The fire continued to burn through approximately 8:00 AM on June 22, 2019.

75. Significant portions of the Unit 433 processing equipment and at least eight discrete structures within the Refinery Complex sustained severe damage, with property losses alone exceeding \$350 million.

76. Fortunately, despite the catastrophic property damage, no major injuries were reported.

77. The Explosion appears to have been the result of a failure in an 8-inch, 90-degree carbon steel elbow. The failed component was on the discharge line of one of two reflux pumps. The failure occurred on the discharge line of the pump that was not operating at the time.

#### **B. The Explosion Led To A Shutdown Of The Refining Complex And To PES's Bankruptcy Filing.**

##### **1. The Girard Point And Point Breeze Refining Facilities Operate Interdependently.**

78. As a result of the Explosion, the Girard Point refinery is inoperable and will require an extensive rebuild. The Explosion left the Company significantly impaired, with only a temporary ability to use the Point Breeze refinery to run off remaining inventories.

79. While the Girard Point and Point Breeze refineries have independent crude and downstream processing units, they comprise a single refining complex and operate interdependently. In practical terms, the Refining Complex's interconnectedness means that breakdown of one of its various units can—and, in this case, did—produce severely negative downstream effects, ultimately impacting the Company's Gross Refining Margin.

80. As a result of the Explosion, the Company announced that it would cease operating the Refining Complex—after the run-off through the Point Breeze refinery of remaining inventories, subject to available liquidity—until satisfactory arrangements can be made with the Insurers to rebuild the damaged infrastructure and restart operations. Some remaining hydrocarbons are still being removed from the Refinery Complex.

## **2. The Explosion Left PES With No Choice But To Reenter Chapter 11.**

81. The reduced capacity had a significant financial impact due to the high fixed cost nature of the refining industry, and the obligations to operate the Refining Complex in a safe and responsible manner would have cost the Company over \$100 million within a few weeks. The Company was thus left with little choice but to file another set of voluntary petitions with this Court for relief under chapter 11 of the Bankruptcy Code, which it did on July 21, 2019.

82. On June 26, 2019, the Company informed approximately 1,025 employees of upcoming reductions in the workforce via written notices issued pursuant to the Worker Adjustment and Retraining Notification Act (the "WARN Act"). The Company's decision to reduce its workforce was another unfortunate result of the unforeseeable Explosion, and was driven by the necessity to preserve liquidity until the Company recovers the insurance proceeds

to which it is entitled and completes its reorganization or sale under the chapter 11 proceedings. The Refinery Complex remains shut down as of the date of this filing, except for the removal of remaining hydrocarbons.

**C. PES's Covered Losses Will Likely Exceed A Billion Dollars And May Exceed The \$1.25 Billion Limit.**

**1. The Explosion Caused Over \$360 Million In Property Damage.**

83. PES has retained industry-leading consultants to assist in the assessment of physical damage and business interruption loss.

84. With respect to the property damage claim, the Company engaged Fluor Corporation, one of the world's largest engineering and construction firms, to develop a "Class 4" Fire Damage Estimate (the "Fluor Report") for the costs associated with the repair and replacement of the property and facilities damaged in the Explosion.

85. The Fluor Report was finalized on September 18, 2019. On September 20, 2019, the Company sent a copy of the Fluor Report to Integra, the Insurers' claims adjuster. Fluor revised its report on January 29, 2020 to account for additional information from the PES inspection team regarding the scope of damage. With that additional detail, Fluor revised its estimate of the total replacement cost associated with fire damage from the Explosion from approximately \$365 million to approximately \$361 million. The Company provided a copy of the revised Fluor Report to Integra on February 5, 2020.

86. Fluor's engineering and project-management teams reviewed data collected by PES's site team in concert with data that Fluor had previously collected for engineering work at the Refining Complex. Fluor analyzed key components such as quantity development, labor costs, material costs, equipment costs, indirect costs, wage rates, taxes, escalation, and contingencies.

87. Fluor anchored its analysis in a conservative “Replace in Kind” philosophy, under which Fluor modeled the cost of replacing precisely what was lost; put differently, the Fluor Report includes no upgrades or debottlenecking. Nor does the Fluor Report include costs for acceleration of engineering, procurement, fabrication, or construction.

88. In addition to the over \$360 million in rebuilding costs, PES estimates that it will incur many millions in losses covered under other Policy provisions. Fluor also concluded that the rebuilding period would exceed the Policy’s 24-month period of indemnity given the extensive work required and the delay in the start of that work necessitated by the time required to remove and neutralize the hydrofluoric acid from the damaged unit (during which period site access was restricted by federal investigations).

**2. The Explosion Has Also Caused Massive Business Interruption Losses.**

89. PES is using the same LP Model it has historically used to optimize its business and accurately forecast which crude to purchase to calculate its business interruption losses. PES retained BDO USA, LLP (“BDO”), a leading forensic accounting firm, to quantify the loss from the interruption to PES’s operations and to present those figures to the Insurers.

90. The Company has suffered hundreds of millions of dollars in business interruption losses already, up to the time of this filing, and its business interruption losses will likely exceed the Policy’s aggregate limit by the end of the Policy’s period of interruption.

91. The magnitude of the Company’s business interruption loss is not news to the Insurers. In 2018, the Company’s insurance broker, Aon, provided the Insurers with a “Risk Engineering Review For Insurance Purposes Of: Philadelphia Energy Solutions (PES) Philadelphia Refinery,” (the “Risk Review”) attached as Exhibit 29. In the Risk Review, Aon analyzed, among other things, the Company’s business operations and risk exposures from an

insurance coverage perspective, and explicitly addressed the prospect of business interruption losses. *See* Ex. 29 at 72–90. The Company was in the midst of the 2018 Chapter 11 Cases when Aon conducted the diligence that would ultimately produce the Risk Review. Despite the Company’s headwinds, Aon nevertheless estimated plausible business interruption losses of more than \$600 million for the Girard Point refinery alone in the event that a catastrophe led to a shutdown of the facility. *Id.* at 80–86.

92. The Risk Review provided the Insurers with a basis for their own analysis of the risks associated with insuring PES for an aggregate limit of \$1.25 billion, which in turn determined the premiums the Insurers charged PES as compensation for assuming those risks. The Insurers were thus well aware that PES could face significant business interruption losses in the event of a catastrophic event, even as the Company worked through its prior reorganization in bankruptcy, and they extracted the price they saw fit for the Policies. The Insurers must now fulfill their end of the bargain.

#### **IV. PES’S COVERAGE CLAIM AND THE INSURERS’ RESPONSE**

93. PES has diligently pursued the insurance recovery it is owed in the seven-plus months following the Explosion. In that time, the Insurers have repeatedly delayed resolution of the claim and advanced increasingly aggressive and indefensible coverage positions in an attempt to avoid their clear coverage obligations.

94. PES notified the Insurers of the Explosion on June 21, 2019—the same day the Explosion occurred. Shortly after receiving notice, the Insurers retained Integra as their claims adjuster, along with a team of forensic accountants and other consultants.

95. PES has gone to great lengths to cooperate in the Insurers’ adjustment of the Company’s property damage and business interruption losses. The Company has made its

employees and consultants continuously available to the Insurers in the months following the Explosion.

96. In addition to extensive day-to-day contact with the Insurers' retained professionals, PES has hosted a series of meetings with the Insurers themselves. On August 13, 2019, PES and its consultants hosted the Insurers to provide an update on the status of its investigation of the Explosion and a preliminary calculation of its losses, in hopes of paving the way to a prompt resolution of the insurance claim.

97. Given the extensive physical damage that had already occurred and the fact that the waiting period for business interruption loss was about to expire (making that loss recoverable as well), at the August 13 meeting PES asked the Insurers for an advance payment based on its losses to date—something that would have made a meaningful difference to PES's immediate liquidity and ability to start on the path to recovery.

98. The Insurers agreed to pay only a fraction of PES's losses at the time, and only after the entry of a stipulation binding PES's creditors. PES did not see a penny of that coverage until September 19, 2019, and it took until October 24 to receive the entire amount. Adding insult to injury, one of the Insurers' checks bounced, delaying PES's receipt of the full payment for six days.

99. PES continued to cooperate. On August 29, 2019, PES and BDO met with the Insurers' consultants again, to continue discussing the Company's LP Model and PES's business interruption loss calculation. From September 10 to 12, 2019, the Company arranged for one of the Insurers' consultants to witness metallurgical testing of the section of pipe that was suspected of failure. During the same period, PES arranged meetings between the Insurers' consultants and modeling specialists at Stancil & Co. ("Stancil") to provide the Insurers additional information

on the Company's LP Model and business interruption analysis. PES and BDO then met with Integra and other Insurer consultants on September 13, 2019, to continue discussions about the business interruption caused by the Explosion.

100. The Company set up a data room to share information and documents with the Insurers and their consultants, giving access to dozens of individuals at the Insurers' request. To date, the Company has responded to over two hundred separate requests from the Insurers and uploaded more than 3,000 documents to the data room for the Insurers' review. The Company continued to accommodate the Insurers' requests for information and access throughout 2019 with in-person meetings held on September 25, September 30, October 1, October 2, October 3, November 20, December 3, December 4, and December 13, on top of nearly daily telephone conferences.

101. On January 9, 2020, the Company held yet another onsite visit for the benefit of the Insurers' consultants. There, Stancil provided detailed explanations of its inputs and edits to the structure of the LP Model, and further discussed the Company's lookback process.

102. Unfortunately, PES's cooperation has not led to a prompt and efficient adjustment of its insurance claim—and, more to the point, it has not led to prompt payment of the proceeds the Insurers owe.

103. One of the new reasons that the Insurers have asserted for delaying payment of the amounts that they owe is the pending Adversary Proceeding in this Court concerning priority over any insurance proceeds recovered (the "Pending Priority Dispute"). On November 11, 2019, more than four-and-a-half months into the "adjustment," the Insurers told PES that they "cannot make any future payments without confirmation of how the payment can be made in

consideration of the pending claims in the bankruptcy action.” Exhibit 30, 11/11/19 F. Popko Ltr. at 17.

104. The Insurers have failed to pay PES the property damage proceeds to which it is entitled. The Insurers have paid just \$65 million for the physical damage wrought by the Explosion, and have not committed to paying anything more on account of estimated rebuild costs. That amount falls woefully short of PES’s entitlement to either the Actual Cash Value of the damaged property or the floor set by the Policy’s Stipulated Loss Value Clause. The Insurers also have failed to reimburse the Company for any of the ancillary expenses it has incurred as a result of the Explosion, such as fire brigade, demolition, and demurrage costs, which are separately covered under the Policy.

105. The Insurers have similarly failed to honor their obligation to pay PES’s “actual loss sustained” under the Policy’s business interruption coverage. PES has spent months educating the Insurers and their consultants on its calculations, and has made every effort to advance the process. PES has answered every question, but even now—five months and counting *after* the expiration of the retention waiting period, with the refinery still completely shut down—the Insurers have not paid a single dollar of business interruption loss.

106. The Insurers recently told the Company that they hired a team of testifying experts from Grant Thornton to “[a]dvice Insurers regarding the solvency of PES through the claimed 24 month Period of Liability.” Exhibit 31, 11/1/19 F. Popko Email. When PES expressed concern that this was an irrelevant (and unfounded) detour that would do nothing to advance the prompt payment of PES’s losses, the Insurers replied that they would be relieved of their coverage obligations if PES would have stopped operating the refinery *even if the Explosion never happened*. Ex. 30, 11/11/19 F. Popko Ltr. at 16.

107. The Insurers are grasping at straws to avoid their obligation to pay PES's "actual loss sustained." PES was a going concern on June 21, 2019, and it would have continued operations had it not been for the Explosion and fire—just as refinery operations have existed at the site since the 1800s despite ebbs and flows in the oil and gas markets. Indeed, even during the 2018 Chapter 11 Cases, PES continued operating while it was in bankruptcy.

108. The Insurers' obligations under the business interruption coverage section of the Policy have been triggered for months. The Insurers are required under the Policy to reimburse PES's actual business interruption loss beginning on the day following the contractual waiting period. Based on the LP Model, the Company has suffered hundreds of millions of dollars in business interruption losses up to the time of this filing, and those losses will likely exceed the Policy's aggregate limit by the end of the Policy's Period of Indemnity. Nevertheless, the Insurers have yet to pay the Company one cent of coverage for its business interruption losses following the Explosion.

109. At the meeting between the Company and the Insurers on October 3, 2019, the Company made a request for a second payment of \$334 million. The Insurers responded that, at most, they would be willing to pay another \$15 million in property damage coverage—but not a penny of business interruption loss—*after* entry of a second stipulation with the Debtors' stakeholders—again, just a fraction of the coverage they owe. Although the Insurers more recently suggested a willingness to "provisionally" make a small "partial payment" on account of the Company's business interruption losses, PES has received no such payment as of the date of this Complaint and the Insurers have not committed to any timeline for making it, nor have they informed the Company if any "strings" will be attached. The Company is doing all it can to remain viable and to maximize value for its stakeholders through these chapter 11 cases, but,

when the party that holds the key to the Company's successful reorganization refuses even to acknowledge its contractual obligations, the Company can do little but seek relief from this Court.

110. Despite its best efforts over the past six months, PES has been unable to resolve these coverage disputes. Its cooperation with the Insurers has not been reciprocated. The Insurers have paid only a mere fraction of the \$1 billion-plus in property damage and business interruption losses covered under the Policy. The Company and its constituents deserve better and deserve more, which has necessitated the filing of this Complaint.

**COUNT I — DECLARATORY JUDGMENT**

(Pertaining To The Pending Priority Dispute)

111. The Company incorporates by reference paragraphs 1 through 110 of its Complaint as if fully set forth herein.

112. All conditions precedent to the Insurers' obligation to pay the property damage and business interruption losses incurred by the Company as a result of the Explosion have been met.

113. The Company paid all premiums owed under the Policy.

114. The Company performed any and all obligations that it has under the Policy, including the extensive cooperation with the Insurers' adjustment process since the Explosion.

115. The Insurers have an obligation and/or duty to pay for the property damage and business interruption losses incurred by the Company as a result of the Explosion.

116. As a direct and proximate result of the Insurers' breaches of their obligations under the Policy, the Company has suffered, will suffer, or is continuing to suffer, damages, costs, and other losses and have been or will be incurring damages in an amount to be proven.

117. The Pending Priority Dispute does not excuse the Insurers' obligation to provide the Company with the coverage it is owed, and does not constitute a reason to delay provision of this coverage.

118. The facts set forth above demonstrate the existence of an actual, justiciable controversy involving specific, adverse claims regarding the interpretation and effect of the Policies and the rights and obligations of the parties under the Policies, which claims are ripe for adjudication. All facts necessary for an adjudication of this dispute have occurred.

119. The prompt resolution of the Insurers' erroneous claim that the Pending Priority Dispute allows them to withhold payment of the Company's losses will assist the parties in determining the Insurers' obligations to the Company, particularly where, as here, the ability of the Company to maximize value for all stakeholders in its chapter 11 restructuring depends on resolution of this dispute.

## **COUNT II — DECLARATORY JUDGMENT**

(Incurred And Expected Property Damage And Ancillary Expense Losses)

120. The Company incorporates by reference paragraphs 1 through 119 of its Complaint as if fully set forth herein.

121. Under the terms of the Policy, the Company is entitled to coverage for property damage resulting from the Explosion. The Company has incurred and will continue to incur property damage losses as a result of the Explosion.

122. Under the terms of the Policy, the Company is also entitled to coverage for certain ancillary expenses resulting from the Explosion, such as fire brigade costs, demurrage, and claim preparation expenses. The Company has incurred and will continue to incur such ancillary expenses as a result of the Explosion.

123. All conditions precedent to the Insurers' obligation to pay the Company's property damage and ancillary expense losses have been met.

124. The Company paid all premiums owed under the Policy.

125. The Company performed any and all obligations it has under the Policy.

126. Despite due and repeated demands, the Insurers have failed to pay what is owed under the Policy for property damage losses suffered and ancillary expenses incurred as a direct result of the Explosion.

127. As a direct and proximate result of the Insurers' breaches of their duties under the Policy, the Company has suffered, will suffer, or is continuing to suffer, damages, costs, and other losses and have been or will be incurring damages in an amount to be proven.

128. The facts set forth above demonstrate the existence of an actual, justiciable controversy involving specific, adverse claims regarding the interpretation and effect of the Policies and the rights and obligations of the parties under the Policies, which claims are ripe for adjudication. All facts necessary for an adjudication of this dispute have occurred.

129. The prompt resolution of the competing claims regarding coverage for the Company's property damage losses will assist the parties in determining their respective rights and obligations, particularly where, as here, the ability of the Company to maximize value for all stakeholders in its chapter 11 restructuring depends on resolution of this dispute.

**COUNT III — BREACH OF CONTRACT**

(Incurred Property Damage And Ancillary Expense Losses)

130. The Company incorporates by reference paragraphs 1 through 129 of its Complaint as if fully set forth herein.

131. All conditions precedent to the Insurers' obligation to pay the property damage losses and ancillary expenses incurred by the Company as a result of the Explosion have been met.

132. The Company paid all premiums owed under the Policy.

133. The Company performed any and all obligations that it has under the Policy.

134. The Insurers have an obligation and/or duty to pay for the property damage losses and ancillary expenses incurred by the Company as a result of the Explosion.

135. The Insurers breached their obligation and/or duty to pay for the property damage losses and ancillary expenses incurred by the Company as a result of the Explosion by refusing to pay the full extent of the Company's losses.

136. As a result of the Insurers' breach of their obligation and/or duty to pay for property damage and ancillary expenses incurred by the Company as a result of the Explosion, the Company has incurred damages in the form of legal fees and expenses, both present and future.

137. The Insurers have failed to honor their contractual obligation to pay for property damage losses and ancillary expenses incurred by the Company as a result of the Explosion.

**COUNT IV — DECLARATORY JUDGMENT**

(Incurred And Expected Business Interruption Losses)

138. The Company incorporates by reference paragraphs 1 through 137 of its Complaint as if fully set forth herein.

139. Under the terms of the Policy, the Company is entitled to coverage for business interruption caused by the Explosion. The Company has suffered and will continued to suffer business interruption losses as a result of the Explosion.

140. All conditions precedent to the Insurers' obligation to pay the Company's business interruption losses have been met.

141. The Company paid all premiums owed under the Policy.

142. The Company performed any and all obligations it has under the Policy.

143. Despite due and repeated demands, the Insurers have failed to pay what is owed under the Policy for Business Interruption losses.

144. As a direct and proximate result of the Insurers' breaches of their duties under the Policy, the Company has suffered, will suffer, or is continuing to suffer, damages, costs, and other losses and have been or will be incurring damages in an amount to be proven.

145. The facts set forth above demonstrate the existence of an actual, justiciable controversy involving specific, adverse claims regarding the interpretation and effect of the Policies and the rights and obligations of the parties under the Policies, which claims are ripe for adjudication. All facts necessary for an adjudication of this dispute have occurred.

146. The prompt resolution of the competing claims regarding coverage for the Company's business interruption losses will assist the parties in determining their respective rights and obligations, particularly where, as here, the ability of the Company to maximize value for all stakeholders in its chapter 11 restructuring depends on resolution of this dispute.

#### **COUNT V — BREACH OF CONTRACT**

(Incurred Business Interruption Losses)

147. The Company incorporates by reference paragraphs 1 through 146 of its Complaint as if fully set forth herein.

148. All conditions precedent to the Insurers' obligation to pay the business interruption losses incurred by the Company as a result of the Explosion have been met.

149. The Company paid all premiums owed under the Policy.

150. The Company performed any and all obligations it has under the Policy.

151. Insurers have an obligation and/or duty to pay for the business interruption losses incurred by the Company as a result of the Explosion.

152. The Insurers breached their obligation and/or duty to pay for the business interruption losses incurred by the Company as a result of the Explosion by failing to provide any coverage.

153. As a result of the Insurers' breach of their obligation and/or duty to pay for business interruption losses incurred by the Company as a result of the Explosion, the Company has incurred damages in the form of legal fees and expenses, both present and future.

154. The Insurers have failed to honor their contractual obligation to pay for business interruption losses incurred by the Company as a result of the Explosion.

**COUNT VI — BREACH OF THE IMPLIED COVENANT  
OF GOOD FAITH AND FAIR DEALING**

(Property Damage Coverage)

155. The Company incorporates by reference paragraphs 1 through 154 of its Complaint as if fully set forth herein.

156. All conditions precedent to the Insurers' obligation to pay the property damage losses incurred by the Company as a result of the Explosion have been met.

157. The Company paid all premiums owed under the Policy.

158. The Company performed any and all obligations that it has under the Policy.

159. The Insurers have an obligation and/or duty to pay for the property damage losses incurred by the Company as a result of the Explosion.

160. New York law imposes on the Insurers an implied covenant of good faith and fair dealing in the Policy. This covenant operates to prevent a party from taking any action that

would deprive the other of the benefits of the contract or to cause undue hardship or harm to the other party. In insurance contracts, this covenant requires Insurers to investigate in good faith and pay covered claims.

161. By their actions, as set forth herein, the Insurers have breached the implied covenant of good faith and fair dealing in one or more of the following ways: (1) by arbitrarily, and with reckless disregard for the rights of the Company, conditioning any payment under the property damage policy on resolution of the Pending Priority Dispute; (2) by unreasonably, recklessly, knowingly, intentionally, or maliciously delaying payment of the Company's property damage losses; (3) by arbitrarily, and with reckless disregard for the rights of the Company, refusing to effectuate prompt, fair, and equitable payment of the Company's property damage losses; (4) by ignoring the voluminous documentation provided by the Company demonstrating the nature, extent, and cause of property damage; (5) by unreasonably, recklessly, knowingly, intentionally, or maliciously refusing advances on the Company's accrued property damage losses; (6) by intentionally exploiting the Company's lack of liquidity in order to impede the Company's pursuit of the coverage it was owed; and (7) by forcing the Company to sue for coverage.

162. As a result of the Insurers' breach of the implied covenant of good faith and fair dealing, the Company has incurred damages in an amount to be determined at trial.

163. The Company is entitled to consequential damages flowing from the Insurers' violation of the implied covenant of good faith and fair dealing including, without limitation, legal fees, engineering fees, contractor fees and costs, monitoring equipment, demolition and debris removal costs, fire-brigade fees, hydrofluoric acid inventory costs, claim-preparation expenses, increased fees and costs associated with the Company's bankruptcy proceedings, and

attorneys' fees, costs, and disbursements incurred by the Company in enforcing its rights as a consequence of the Insurers' bad faith conduct.

164. The Insurers' breach of the implied covenant of good faith and fair dealing has proximately caused and is proximately causing the consequential damages sustained by the Company.

165. Consequential damages for breach of the implied covenant of good faith and fair dealing in the Policy were reasonably contemplated by the Company and the Insurers at the time they entered into the Policy.

166. The conduct by the Insurers that breached the covenant of good faith and fair dealing evinces such bad faith that no reasonable insurer would, in these circumstances, be expected to engage in such conduct.

167. The Insurers have failed to honor their covenant of good faith and fair dealing with respect to investigating and paying the Company's property damage claim as a result of the Explosion.

**COUNT VII — BREACH OF THE IMPLIED COVENANT  
OF GOOD FAITH AND FAIR DEALING**

(Business Interruption Coverage)

168. The Company incorporates by reference paragraphs 1 through 167 of its Complaint as if fully set forth herein.

169. All conditions precedent to the Insurers' obligation to pay the business interruption losses incurred by the Company as a result of the Explosion have been met.

170. The Company paid all premiums owed under the Policy.

171. The Company performed any and all obligations that it has under the Policy.

172. The Insurers have an obligation and/or duty to pay for the business interruption losses incurred by the Company as a result of the Explosion.

173. New York law imposes on the Insurers an implied covenant of good faith and fair dealing in the Policy. This covenant operates to prevent a party from taking any action that would deprive the other of the benefits of the contract or to cause undue hardship or harm to the other party. In insurance contracts, this covenant requires Insurers to investigate in good faith and pay covered claims.

174. By their actions, as set forth herein, the Insurers have breached the implied covenant of good faith and fair dealing in one or more of the following ways: (1) by arbitrarily, and with reckless disregard for the rights of the Company, conditioning any payment under the business interruption policy on resolution of the Pending Priority Dispute; (2) by unreasonably, recklessly, knowingly, intentionally, or maliciously taking the position that the Company has no business interruption losses at all based on the false claim that the Company would have stopped operating the refinery even if the Explosion never occurred; (3) by arbitrarily, and with reckless disregard for the rights of the Company, refusing to effectuate prompt, fair, and equitable payment of the Company's business interruption losses; (4) by ignoring the voluminous documentation provided by the Company demonstrating the nature, extent, and cause of business interruption; (5) by unreasonably, recklessly, knowingly, intentionally, or maliciously refusing partial payments on the Company's accrued business interruption losses; (6) by intentionally exploiting the Company's lack of liquidity in order to impede the Company's pursuit of the coverage it was owed; and (7) by forcing the Company to sue for coverage.

175. As a result of the Insurers' breach of the implied covenant of good faith and fair dealing, the Company has incurred damages in an amount to be determined at trial.

176. The Company is entitled to consequential damages flowing from the Insurers' violation of the implied covenant of good faith and fair dealing including, without limitation, additional business interruption the Company has suffered while awaiting payment of its claims, legal fees, contractor fees and costs, claim-preparation expenses, increased fees and costs associated with the Company's bankruptcy proceedings, and attorneys' fees, costs, and disbursements incurred by the Company in enforcing its rights as a consequence of the Insurers' bad faith conduct.

177. The Insurers' breach of the implied covenant of good faith and fair dealing has proximately caused and is proximately causing the consequential damages sustained by the Company.

178. Consequential damages for breach of the implied covenant of good faith and fair dealing in the Policy were reasonably contemplated by the Company and the Insurers at the time they entered into the Policy.

179. The conduct by the Insurers that breached the covenant of good faith and fair dealing evinces such bad faith that no reasonable insurer would, in these circumstances, be expected to engage in such conduct.

180. The Insurers have failed to honor their covenant of good faith and fair dealing with respect to investigating and paying the Company's business interruption claim as a result of the Explosion.

#### **PRAYERS FOR RELIEF**

**WHEREFORE**, the Company demands judgment in its favor and against Defendant Insurers as follows:

- (1) With respect to Count I:

(a) Declaring that the Pending Priority Dispute does not excuse the Defendants' coverage obligations or justify delaying payment of the Company's property and business interruption losses under the Policy;

(b) Awarding money damages, together with prejudgment and post-judgment interest;

(c) Awarding costs of suit;

(d) Awarding counsel fees; and

(e) Awarding such other and further relief as the Court may deem just and proper.

(2) With respect to Count II:

(a) Declaring that Plaintiffs' property damage losses and ancillary expenses incurred as a result of the Explosion are covered under the Policy;

(b) Declaring and adjudging the rights and obligations of the parties under the Policy with respect to ancillary expenses and property damage losses, as such losses are described in Section I of the Policy, resulting from the Explosion;

(c) Awarding money damages, together with prejudgment and post-judgment interest;

(d) Awarding costs of suit;

(e) Awarding counsel fees; and

(f) Awarding such other and further relief as the Court may deem just and proper.

(3) With respect to Count III:

(a) Awarding money damages against the Insurers in an amount to be determined at trial, plus any additional amounts that may become due and owing, together with prejudgment and post-judgment interest;

(b) Awarding costs of suit;

(c) Awarding counsel fees; and

(d) Awarding such other and further relief as the Court may deem just and proper.

(4) With respect to Count IV:

(a) Declaring that Plaintiffs' business interruption losses as a result of the Explosion are covered under the Policy;

(b) Declaring and adjudging the rights and obligations of the parties under the Policy with respect to business interruption losses, as such losses are described in Section II of the Policy, resulting from the Explosion;

(c) Awarding money damages, together with prejudgment and post-judgment interest;

(d) Awarding costs of suit;

(e) Awarding counsel fees; and

(f) Awarding such other and further relief as the Court may deem just and proper.

(5) With respect to Count V:

(a) Awarding money damages against the Insurers in an amount to be determined at trial, plus any additional amounts that may become due and owing, together with prejudgment and post-judgment interest;

(b) Awarding costs of suit;

(c) Awarding counsel fees; and

(d) Awarding such other and further relief as the Court may deem just and proper.

(6) With respect to Count VI:

(a) Awarding consequential money damages against the Insurers in an amount to be determined at trial, plus any additional amounts that may become due and owing, together with prejudgment and post-judgment interest;

(b) Awarding costs of suit;

(c) Awarding counsel fees; and

(d) Awarding such other and further relief as the Court may deem just and proper.

(7) With respect to Count VII:

(a) Awarding consequential money damages against the Insurers in an amount to be determined at trial, plus any additional amounts that may become due and owing, together with prejudgment and post-judgment interest;

(b) Awarding costs of suit;

(c) Awarding counsel fees; and

(d) Awarding such other and further relief as the Court may deem just and proper.

Dated: February 12, 2020  
Wilmington, Delaware

/s/ Laura Davis Jones

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Laura Davis Jones (DE Bar No. 2436)  
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- and -

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*Co-Counsel to the Debtors and Debtors in Possession*

Robin Cohen (*pro hac vice* forthcoming)  
Kenneth H. Frenchman (*pro hac vice* forthcoming)

**MCKOOL SMITH**

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*Of Counsel to the Debtors and Debtors in Possession*

# **Exhibit 1**



# General Security Indemnity Company of Arizona (THE "COMPANY")

**HOME OFFICES**  
2338 W. ROYAL PALM ROAD,  
SUITE J  
Phoenix, AZ 85021

**ADMINISTRATIVE OFFICES**  
One Seaport Plaza  
199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

## PROPERTY DECLARATIONS

### NOTICES

- 1) Duty to Defend or Investigate: The Company shall have no duty to defend or investigate any claim or suit unless and until all limits of all underlying insurance policies have been exhausted by payment of judgments, claims or settlements.
- 2) Duty to Pay Claims: If any underlying insurance policy has no duty to pay a claim for injury or damage for a reason other than exhaustion of an aggregate limit of insurance, then Company shall have no obligation to make any payment under this policy.
- 3) Coverage is excluded in any country and for any transaction where such coverage is unlawful as determined by the Government of the United States of America or its agencies.
- 4) Assignment of the Policy shall not be valid except with the written consent of the Company.

POLICY NUMBER: 10F152096-2018-1

RENEWAL OF POLICY NUMBER: 10F152096-2017-1

ITEM 1 NAMES AND ADDRESSES

Insured's Name: PES Energy Inc.; PES Ultimate Holdings, LLC

Insured's Address: Street: 3144 West Passyunk Avenue

City, State, Zip: Philadelphia, PA 19145

Country: U.S.A.

Broker's Name: Aon Risk Services Southwest, Inc.

Broker's Address: Street: 5555 San Felipe Street, Suite 1500

City, State, Zip: Houston, TX 77056

Country: U.S.A.

ITEM 2 POLICY PERIOD From November 1, 2018 To November 1, 2019 at 12:01 AM standard time at the address of the Insured





## General Security Indemnity Company of Arizona (THE "COMPANY")

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|        |                  |
|--------|------------------|
| ITEM 3 | <u>COVERAGES</u> |
|--------|------------------|

| COVERAGES   | LIMIT OF INSURANCE  | PREMIUM FOR<br>COVERAGE PROVIDED<br>BY COMPANY                                      |
|---|---|---|
| See Reference<br>Numbers:<br><br><u>10F152096-2018-1</u><br>&<br><u>2018PESPROP</u> | <u>USD 125,000,000 being 10% part of USD 1,250,000,000</u> <input checked="" type="checkbox"/> each and every<br>occurrence<br><br>Deductibles, attachment points and sublimits as per attached<br>Reference Numbers: <u>10F152096-2018-1 &amp; 2018PESPROP</u> | See Reference<br>Numbers:<br><br><u>10F152096-2018-1</u><br>&<br><u>2018PESPROP</u> |

Conformity to Statute. Any provision or stipulation of the Policy which is in conflict with the statutes of the state(s) wherein the property covered hereunder is located is hereby amended to conform to such statutes. The Policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of the Policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in the Policy.

ITEM 4      PREMIUM FOR  
COVERAGE PROVIDED  
BY COMPANY

Coverage

TRIA  
(TRIA Premium must be entered. If TRIA is declined, enter "no coverage").

**NO COVERAGE**

Total \_\_\_\_\_

ITEM 5      CLAIMS NOTIFICATION

Any notification under this policy should be made to the following:

CLAIMS DEPARTMENT  
GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA  
ONE SEAPORT PLAZA  
199 WATER STREET, SUITE 2100  
NEW YORK, NEW YORK 10038-3526 - USA  
[SBSAmericasClaims@Scor.com](mailto:SBSAmericasClaims@Scor.com)

IN WITNESS WHEREOF, General Security Indemnity Company of Arizona has caused the Policy to be executed by its duly authorized representative:

Signed at: \_\_\_\_\_ Houston, TX      Date: \_\_\_\_\_ December 14, 2018

Signature: \_\_\_\_\_      Print Name & Title: \_\_\_\_\_ Gerry Fahrenthold  
Regional Line Manager | Onshore Energy

JB ~ 12/13/2018





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**Please be advised that this Policy will be issued through a surplus lines insurer on whose behalf we are authorized to act. Compliance with applicable laws and payment of taxes is the responsibility of the Insured, the insurance agent or insurance broker.**



# General Security Indemnity Company of Arizona

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### POLICYHOLDER NOTICE TERRORISM RISK INSURANCE ACT

This Notice addresses requirements of the Terrorism Risk Insurance Act of 2002, and any amendments or extensions thereto, including the Terrorism Risk Insurance Program Reauthorization Act of 2015 (hereinafter "Act").

#### Definition

Act of Terrorism means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be an act of terrorism; to be an act that is violent or dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels; to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Insured terrorism loss means any loss resulting from an act of terrorism including an act of war, in the case of workers compensation that is covered by primary or excess or umbrella property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

Insurer deductible means the amount established in the Act that must be paid by the insurer issuing your policy before the federal government can pay its share of the compensation for insured terrorism losses.

#### Notice of Federal Source Limit, Preference, and Penalties in Coverage Under your Policy

YOU SHOULD KNOW THAT COVERAGE WHICH MAY BE PROVIDED BY THIS POLICY FOR INSURED TERRORISM LOSSES IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR, BIOLOGICAL OR CHEMICAL EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF INSURED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A 100



# General Security Indemnity Company of Arizona

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199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone Number 212-480-1900  
U.S. Toll-free Outside NY 800-326-3299

**ONE HUNDRED MILLION DOLLAR CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 MILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 MILLION, YOUR COVERAGE MAY BE REDUCED.**

If you elected to purchase coverage for insured terrorism losses, the premium charge for this coverage is shown in the Declarations or an endorsement to the Declarations.

If you rejected this offer of coverage, coverage for statutorily mandated fire coverage resulting from such acts, if applicable to your coverage, is provided at no additional premium charge.



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# EXCLUSION OF CERTIFIED AND OTHER ACTS OF TERRORISM

### I. Definitions

"We, "us," "our" and "insurer" means General Security Indemnity Company of Arizona.

"You" means the insured listed in the declarations to this policy.

"Certified act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism according to the U.S. federal Terrorism Risk Insurance Act ("TRIA") and any subsequent federal law modifying TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

- a. The act resulted in insured losses in excess of \$5 million in the aggregate, that are attributable to all types of insurance that is subject to the TRIA; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure (including the use or operation, as a means of inflicting harm, of any computer, computer system, computer software program, malicious or improperly written code, computer virus or trojan, or any other electronic, photonic or optoelectronic system) that is committed by or for any individual, individuals, corporation, partnership or any entity and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to TRIA or any subsequent federal law modifying TRIA.

### II. Exclusion of Certified Act of Terrorism and Other Act of Terrorism

The provisions of this endorsement shall control over any other conflicting provisions in the policy. Except as required by Section IV, this policy does not apply to any bodily injury, property damage, personal injury, advertising injury, loss, damage, cost, claim or suit, expense, punitive damages, exemplary damages, or any other demand for money under the policy to which this endorsement is attached, or any underlying insurance, that is caused by, exacerbated by or which arises, directly or indirectly, out of a "certified act of terrorism" or an "other act of terrorism."

### III. Exclusion of Actions in Relation to a Certified Act of Terrorism and an Other Act of Terrorism

This policy does not apply to loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, retaliating against, suppressing or in any way relating to a "certified act of terrorism" or an "other act of terrorism."



**IV. Non-applicability of Exclusion to Certain Fire Losses**

If a "certified act of terrorism" or an "other act of terrorism" results in fire, and the direct physical loss or damage to property insured under this policy is located in any state which, at the time of such fire, has certain mandatory fire following coverage requirements following a "certified act of terrorism" or an "other act of terrorism," this policy will cover such loss or damage caused by that fire, subject however to all the terms and conditions of this policy as modified by application of all of the following provisions:

1. Coverage for fire following a "certified act of terrorism" or an "other act of terrorism" applies, where permitted, only to direct loss or damage to property insured under this policy, excluding time element coverage, where permitted.
2. Coverage for fire following a "certified act of terrorism" or an "other act of terrorism" is limited to the lesser amount of either
  - a) The actual cash value of the property at the time of the loss, or
  - b) The amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture

**V. Minimum Requirements of Coverage**

Notwithstanding any other provisions of this policy, this policy will pay only for the amount of damages required to comply with the minimum requirements to be covered under statutes, regulations and judicial decisions applicable to this policy. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone within the state insurance department to grant us or any other insurer approval to vary the terms and conditions of the standard fire policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by such person of authority.

In the event that any portion of this exclusion or clause thereof is found to be invalid or unenforceable, the remainder shall remain in full force and effect

Certified  
Property  
Form C-NC-EXC-12/07-P

and

Non-Certified





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Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

Insured: PES Energy Inc.; PES Ultimate Holdings, LLC

Effective: November 1, 2018

It is understood and agreed that the following Clause is hereby made part of this policy:

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA 3100

All other terms and conditions remain unchanged.

Attaching to and forming part of General Security Indemnity Company of Arizona (GSINDA)  
Policy No. 10F152096-2018-1

Authorized Representative

Gerry Fahrenthold, Regional Line Manager | Onshore Energy  
General Security Indemnity Company of Arizona





## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.



**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |



|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence



**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

All Risk PD/TE  
 Certified Terrorism  
 Non-certified Terrorism  
 Total



**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. SURPLUS LINES OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

**15. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers



in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

## 17. LMA3333 DATED 21 JUNE 2007

### Insurer's liability several not joint

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".



Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured’s books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.19950 Annual Adjustment Rate per \$100 of reported values.



**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP



Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
ShipleY Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC



SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |



**Suppliers**

Lansing Ethanol Services, LLC  
 MacQuarie Bank Limited  
 MacQuarie Bank Limited London  
 Mark West Hydrocarbon Inc  
 Merrill Lynch Commodities  
 Nereus Shipping S.A.  
 Noble Americas Corp.  
 North Yard Logistics L.P.  
 Oasis Petroleum Marketing LLC  
 OSG Bulk Ships Inc.  
 PBF Holding Company  
 Petroleum Products Corporation  
 Plains Midstream Canada ULC  
 PNC Capital Markets, LLC  
 Shell  
 Sunoco LLC  
 Sunoco Partners Marketing  
 Vane Line Bunkering Inc  
 Vitol Inc.  
 WR Grace & Co-Conn

**Products**

Ethanol  
  
 Iso Butane  
  
 Iso Butane (International)  
  
 Naphtha FBR



**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;



- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.



- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;



- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such



property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) **Repairs Performed by Owned Facilities:** It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) **Brands and Labels:** In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) **Pair and Set:** For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) **Valuable Papers and Records:** Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below



## (1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

## (2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.



**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.



## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss.



under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere.



Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:



- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

**11. EXCLUSIONS**

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;



- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.



## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.



In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### 4. CLAIM PREPARATION EXPENSE

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### 5. COURSE OF CONSTRUCTION

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.



**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.



**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.



**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.



If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### 17. OFF PREMISES SERVICE INTERRUPTION

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### 18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### 19. PORT BLOCKAGE

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;



- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.



**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.



**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.



## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather



disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

## 5. ADDITIONAL INSURED(S)

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

## 6. CURRENCY CLAUSE

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

## 7. LOSS CLAUSE

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

## 8. ERRORS AND OMISSIONS

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

## 9. CONTROL OF DAMAGED PROPERTY

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.



**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.



**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and



- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## 19. APPLICATION OF SALVAGE RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## 20. CARRIERS OR OTHER BAILEES

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## 21. NO CONTROL

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## 22. APPRAISAL

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.



**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action



United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## 29. ASSISTANCE AND CO-OPERATION

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## 30. NON-VITIATION

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.



**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding



herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.



- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

### 34. INSPECTION AND AUDIT

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

### 35. PERMISSION

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

### 36. DUE DILIGENCE

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

### 37. ABANDONMENT

There shall be no abandonment to the Insurers of any property.



**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.



and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or



similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### 44. LAW PRACTICE AND JURISDICTION

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### 45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.



**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.



## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.



All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE



# **Exhibit 2**

# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800280

***Period:*** 1st November 2018 to 1st November 2019

**Aon UK Limited**

Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48

Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

**RISK DETAILS**

|                                |  |
|--------------------------------|--|
| <b>UNIQUE MARKET REFERENCE</b> | B1526ENNMG1800280  |
| <b>TYPE</b>                    | “All risks” of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.   |
| <b>INSURED</b>                 | <p>PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured’s interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:</p> <p style="padding-left: 40px;">North Yard Financing, LLC<br/> North Yard GP, LLC<br/> North Yard Logistics, L.P.<br/> PES Administrative Services, LLC<br/> PES Holdings, LLC<br/> PES Intermediate, LLC<br/> PES Inventory Company, LLC<br/> PES Logistics GP, LLC<br/> PES Logistics Partners, L.P.<br/> PESRM Holdings, LLC<br/> Philadelphia Energy Solutions Inc.<br/> Philadelphia Energy Solutions LLC<br/> Philadelphia Energy Solutions Refining and Marketing LLC</p> <p>all hereafter referred to as the “Insured”.</p> <p>Address: 3144 West Passyunk Avenue<br/> Philadelphia, PA 19145</p> <p>Additional Insured(s):<br/> As designated by the Named Insured or as endorsed hereon.</p> |
| <b>PERIOD</b>                  | <p>From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.</p>   |
| <b>INTEREST</b>                | <p><b>SECTION I: PHYSICAL DAMAGE COVERAGE</b></p> <p>This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:</p> <p>a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,</p>   |

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

## **SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

### **SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### **LIMITS/SUM INSURED (100%)**

### **SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

## NOTICES

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

## CHOICE OF LAW AND JURISDICTION

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

## ORDER HEREON

% of 100%.

## PREMIUM

USD 7,140,000 (100%) in full per annum and/or pro rata.

## PAYMENT TERMS

Premium Payment Condition LSW 3000 (90/15), as attached.

## TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS

None.

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-

Direct: JA

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

|     |           |   |
|-----|-----------|---|
| USD | 2,500,000 | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 5,000,000 | Valuable Papers and Records   |
|     | 30 days   | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days   | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>  |
|--|--|
| Amerigreen Energy Inc.                     | Biodiesel  |
| Archer Daniels Midland Company             | Ethanol  |
| BNSF Railway Company                       | RR Transport   |
| BP   | Iso Butane (International)                                     |
| BP North America Petroleum                 | Gasoline Components  |
| BP Products (NA) (IL)                      | Naphtha FBR  |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC                      |  |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.              |  |
| Colonial Energy, Inc.                      |  |
| Colonial Pipeline Company                  |  |
| Constellation New Energy Inc.              |  |
| Continental Resources, Inc.                |  |
| Crestwood Services, LLC                    |  |
| Eco-Energy Fueling Solutions               |  |
| Eighty-Eight Oil LLC                       |  |
| Freepoint Commodities LLC                  | Crude  |
| Hartree Partners, LP                       |  |
| Hess Corporation                           | Crude-Reduced (VGO)  |
| J J White Inc                              |  |
| J.P. Morgan Chase Bank                     |  |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC              | Ethanol  |
| MacQuarie Bank Limited                     |  |
| MacQuarie Bank Limited London              |  |
| Mark West Hydrocarbon Inc                  |  |
| Merrill Lynch Commodities                  |  |
| Nereus Shipping S.A.                       |  |
| Noble Americas Corp.                       |  |
| North Yard Logistics L.P.                  |  |
| Oasis Petroleum Marketing LLC              |  |
| OSG Bulk Ships Inc.                        |  |
| PBF Holding Company                        | Iso Butane   |
| Petroleum Products Corporation             |  |
| Plains Midstream Canada ULC                |  |
| PNC Capital Markets, LLC                   |  |
| Shell                                      | Iso Butane (International)                                     |
| Sunoco LLC                                 |  |
| Sunoco Partners Marketing                  |  |
| Vane Line Bunkering Inc                    |  |
| Vitol Inc.                                 | Naphtha FBR  |
| WR Grace & Co-Conn                         |  |

| <b>Customers with revenue above USD 25MM to PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                    | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                       | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                      | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                             | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                    | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.               | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                               | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                               | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                | Papco, Inc                      |
| BP Products (NA)                                    | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                           | PennJ Petroleum LLC             |

|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E. WARREN CORPORATION                | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shiplay Fuels Marketing, LLC                   |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

### **PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000

**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: \_\_\_\_\_ Annual Adjustment Rate per USD 100 of reported values.

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS****SUBSCRIPTION AGREEMENT**

|  |  |
|--|--|
| <b>SLIP LEADER</b>   | The Slip Leader is: Lloyds Syndicate XLC 2003<br><br>In respect of electronic lines, the Slip Leader is as defined in Security Details herein.   |
| <b>BUREAU(X) LEADER(S)</b>   | The Bureau(x) Leader(s) (where applicable) is: Lloyds Syndicate XLC 2003   |
| <b>BASIS OF AGREEMENT TO CONTRACT CHANGES</b>                                      | General Underwriting Agreement (February 2014) with:<br>Marine Energy Schedule (June 2003) except as below: <ul style="list-style-type: none"> <li>- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;</li> <li>- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;</li> <li>- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.</li> </ul> <p>Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:</p> <ol style="list-style-type: none"> <li>1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.</li> </ol> |
| <b>OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY</b> | Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.   |
| <b>AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY</b>           | None.  |
| <b>BASIS OF CLAIMS AGREEMENT</b>   | As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with: <ol style="list-style-type: none"> <li>i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall</li> </ol>  |

apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

#### **CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is .

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

#### **CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

|   |   |
|---|---|
| <b>RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY</b> | None, unless otherwise specified here by any of the claim agreement parties shown above.  |
| <b>EXPERT(S) FEES COLLECTION</b>                                | <p>Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.</p> <p>In the event of Aon UK Limited not collecting third party fees the following applies:</p> <p>Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.</p>   |
| <b>SETTLEMENT DUE DATE</b>                                      | <p>29th January 2019</p> <p>In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.</p>  |
| <b>INSTALMENT PREMIUM PERIOD OF CREDIT</b>                      | As per 1 <sup>st</sup> instalment   |
| <b>NOTICE OF CANCELLATION DELIVERY PROVISIONS</b>               | <p>Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to <a href="mailto:aon.gbc.noc@aon.co.uk">aon.gbc.noc@aon.co.uk</a>.</p> <p>Failure to comply with this delivery requirement will make the notice null and void.</p> <p>Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.</p>  |
| <b>BUREAUX ARRANGEMENTS</b>                                     | <p>Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.</p> <p>In respect of any PPW, PPC, PPD or SDD the following apply:</p> <ul style="list-style-type: none"> <li>- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;</li> <li>- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;</li> <li>- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;</li> <li>- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;</li> <li>- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be</li> </ul> |

deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

## FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

## **BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:**           Retail Brokerage:       10.00%  
                                  Wholesale Brokerage:  5.00%

**AON CARRIER  
COMMISSION:**               Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:**           2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
                                  Leader, subject to invoice.

## SECURITY DETAILS

### **(RE)INSURER'S LIABILITY:**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

**ORDER HEREON:** % of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

Policy Number: (UMR) B1526ENNMG1800280

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**SECURITY DETAILS****REFERENCES**

UMR (Unique Market Reference): B1526ENNMG1800280

Date contract printed to PDF: 16:35 31 October 2018

**SIGNED UNDERWRITERS**

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**XL Catlin**

Robbie Hardingham

**Written Line** 5.00% **Signed Line** 5.00%**Agreed on** 16:24 31 October 2018**For and on behalf of:**

Syndicate 2003 XLC

**Written Line** **Signed Line**

5.00% 5.00%

**Bound as Slip Leader, Lloyd's Leader**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 2003         |
| <i>LORS Code:</i>     | L2003        |
| <i>Reference:</i>     | RD5000670886 |
| <i>Description:</i>   |              |
| <i>Risk Code(s):</i>  | EF           |

**Subjectivities**

Expiring wording to apply until 2018 original wording agreed by XLC 2003

**Deadline** 03 December 2018 (GMT) **Status** Awaiting confirmation by underwriter

---

**Aon Underwriting Managers**

Nick Collins

**Written Line** 1.25% **Signed Line** 1.25%**Agreed on** 16:33 31 October 2018**For and on behalf of:**ACT17 9551 B1526CBSPS1800002 Onshore  
EnergyQPS5555 25%, XLC2003 25%, LIB4472  
15%,AXS1686 10%, BAR1955 10%, CVS1919  
6.25%,CNP4444 6.25%, AMA1200 2.50%**Written Line** **Signed Line**

1.25% 1.25%

**Bound**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 9551         |
| <i>Reference:</i>     | ACT18EF04974 |
| <i>Description:</i>   |              |

**Line Conditions**All endorsements to be provided to Aon Underwriting Managers

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Policy Number: (UMR) B1526ENNMG1800280

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## SETTLEMENT INFORMATION

### Allocation of Premium to Coding

EF at 100.00%

### Allocation of Premium to Year of Account

2018

### Terms of Settlement

Settlement Due Date: 29 January 2019

Instalment Premium Period of Credit: 90 day(s)

Adjustment Premium Period of Credit: 90 day(s)

Syndicate 2003 XLC

**Bureau Leader and Lloyd's Leader**

Robbie Hardingham

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# **Exhibit 3**

## Allianz Global Corporate & Specialty

US Energy Onshore  
Houston Office

### BINDER

**Date:** October 31, 2018 **Binder Number:** 159744

**To:** Heather Hanchey  
**Phone No.** 832-476-5826  
**Fax No:**  
**Email:** Heather\_Hanchey@ars.aon.com  
**Name:** Aon Risk Services Southwest, Inc.  
**Address:** 5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**From:** Carol Martin  
**Tel:** (713)877-5560  
**Email:** Carol.Martin@agcs.allianz.com

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**Binder For:** PES Energy Inc., PES Ultimate Holdings, LLC  
**Policy Period:** November 01, 2018 to November 01, 2019  
**Assigned Policy Number:** USN00016718  
**Type:** Replaces Expiring Policy CLP 3017898

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Dear Heather,

We are pleased to confirm binding property coverage for the above-referenced client, effective November 01, 2018, in accordance with the undernoted terms, and in consideration of the payment of the premium as specified on the attached invoice. All coverage under this binder shall cease upon issuance of the policy by the Company, but in no event later than December 16, 2018.

Premium must be received by Allianz Global Risks US Insurance Company/Allianz Underwriters Insurance Company within 30 days of the Effective Date of this Policy.

**Company:** Allianz Global Risks US Insurance Company, licensed and admitted in all 50 states, A.M. Best Rating "A+ XV", Standard & Poor's Rating "AA".

**Perils:** All Risks of Direct Physical Loss or Damage  
Including Earthquake  
Including Flood  
Including Boiler and Machinery Breakdown (PD & BI)  
As more fully described in the policy form and endorsements thereto.

**Exclusions:** War Risk

**Houston Office**  
2000 West Loop South  
Suite 1040  
Houston, Texas 77027-3206

Phone (713) 877-5560  
Fax (713) 877-5568

Binder For: PES Energy Inc., PES Ultimate Holdings, LLC

**Allianz Global Corporate & Specialty**

Nuclear Risk  
 Seepage/Pollution/Contamination  
 Fungi (i.e. Mold)  
 Electronic Data Limitation  
 Offshore Drilling & Production Rigs (Offshore Property)  
 Ocean Marine  
 Satellites, spacecraft, launch vehicles, launch sites & components  
 Overhead Transmission & Distribution Lines & supporting structures  
 Underground mines, tunnels and any property contained therein  
 Aircraft, Watercraft  
 Land, Land Values & Water  
 Growing or drying crops, standing timber  
 Other exclusions as more fully detailed in the policy form.

**Territory/Locations Covered:**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade Embargoes exist).

**Limits:**

The policy limit(s) specified below apply on a per occurrence basis unless otherwise stated. If the Allianz Global Risks US participation is on an excess basis, the underlying limit(s) shown below are in addition to any underlying deductibles, unless otherwise stated.

The limit(s) below apply on a blanket basis over all locations included hereunder.

| AIC/AUIC |              |                       |                           |                  |
|----------|--------------|-----------------------|---------------------------|------------------|
| Layer    | Share Amount |                       | Layer Limit               | Underlying Limit |
| 1        | \$46,875,000 | (being 3.75%) Part of | \$1,250,000,000 Excess of | Deductibles      |

**Coverages/Sublimits**

The following Sublimits apply on a per occurrence basis, unless otherwise stated. Any Sublimit noted as an Annual Aggregate applies in the aggregate to all losses occurring during the policy term. If the policy term is greater than 12 months, then the Sublimit applies in the aggregate to all losses occurring during each 12-month period, beginning on the policy inception date, and each subsequent anniversary date.

|   |                    |               |
|---|--------------------|---------------|
| Real Property   | Included           |               |
| Personal Property   | Included           |               |
| Personal Property of Others in the Insured's Care, Custody or Control       | Included           |               |
| Boiler & Machinery  | Included           |               |
| Business Interruption   | Included           |               |
| Others as more fully defined in the policy form, subject to amendments as d | Included           |               |
| Earthquake California Earthquake excluded                                   | (Annual Aggregate) | \$500,000,000 |
| Flood except for Zones A&V as defined by FEMA                               | (Annual Aggregate) | \$500,000,000 |
| Flood Zones A&V as defined by FEMA  | (Annual Aggregate) | \$250,000,000 |
| Named Windstorm   | (Annual Aggregate) | \$500,000,000 |
| Accounts Receivable   |                    | \$25,000,000  |
| Claims Preparation Expenses No coverage for Public Adjusters or Attorneys   |                    | \$2,500,000   |
| Contingent Business Interruption Named                                      |                    | \$75,000,000  |
| Contingent Business Interruption Unnamed                                    |                    | \$25,000,000  |
| Contingent Extra Expense  |                    | \$10,000,000  |

**Houston Office**

2000 West Loop South  
 Suite 1040  
 Houston, Texas 77027-3206

Phone (713) 877-5560  
 Fax (713) 877-5568

Binder For: PES Energy Inc., PES Ultimate Holdings, LLC

**Allianz Global Corporate & Specialty**

|   |              |
|---|--------------|
| Property in the Course of Construction Minor Works.   | \$50,000,000 |
| Excluding Delay in Start Up and Advanced Loss of Profits  |              |
| Debris Removal the greater of 25% of Property Damage  | \$25,000,000 |
| or  |              |
| Building Ordinance including Demolition & ICC & Increased Time to Rebuild   | \$25,000,000 |
| Demurrage   | \$10,000,000 |
| EDP Equipment and Media   | \$10,000,000 |
| Errors and Omissions (inadvertent)  | \$10,000,000 |
| Expediting Expenses   | \$10,000,000 |
| Extra Expense   | \$25,000,000 |
| Fine Arts   | \$5,000,000  |
| Fire Department Service Charges   | \$5,000,000  |
| Leasehold Interest  | \$5,000,000  |
| Newly Acquired Property (90 days reporting)   | \$50,000,000 |
| Service Interruption - Property Damage & Time Element combined  | \$50,000,000 |
| Pollutant Clean-Up and Removal (Annual Aggregate)   | \$5,000,000  |
| Port Blockage   | \$50,000,000 |
| Rental Value  | \$10,000,000 |
| Inland Transit  | \$10,000,000 |
| Miscellaneous Unnamed Locations except: USD 2,500,000 as respects the perils of Earthquake, Flood and Named Windstorm | \$10,000,000 |
| Valuable Papers and Records   | \$25,000,000 |
| Interruption by Civil or Military Authority (1 mile radius limitation, 30 days limitation)                            | Included     |
| Ingress/Egress (1 mile radius limitation, 30 days limitation)   | Included     |

**Deductibles:**

Unless otherwise stated, all deductibles apply on a per occurrence basis. If the Company participation is on an excess basis, the following are the underlying deductibles applicable to the primary layer of insurance.

|                       |                           |
|-----------------------|---------------------------|
| Property Damage       | \$10,000,000              |
| Business Interruption | 60 Days waiting period    |
| Service Interruption  | 24 Hours qualifier period |

**Local Underlyers:**

N/A

**Policy Forms:**

|                     |  |
|---------------------|--|
| AGR-IL 8001 (07-14) | Policyholder Notice - All States                               |
| AGR-IL 8003 (01-05) | Policyholder Notice - OFAC                                     |
| AGR-CP 4005 (11-07) | Standard Fire Policy Provisions Endorsement                    |
| AGR-CP PA01 (10-07) | Pennsylvania Changes - Cancellation and Nonrenewal Endorsement |
| AGR-IL 5T44 (01-15) | Terrorism Endorsement: Certified Act of Terrorism Exclusion    |
| AGR-IL M003         | Allianz General Change Endorsement                             |

**Valuation:**

|                 |                       |
|-----------------|-----------------------|
| Property Damage | Replacement Cost      |
| Time Element    | Actual Loss Sustained |

**Houston Office**

2000 West Loop South  
Suite 1040  
Houston, Texas 77027-3206

Phone (713) 877-5560  
Fax (713) 877-5568

Binder For: PES Energy Inc., PES Ultimate Holdings, LLC

## Allianz Global Corporate & Specialty

|   | Property Damage<br>Linings  | Catalysts and Refractory                | Actual Cash Value |
|---|---|---|-------------------|
| <b>Total Insurable Values for Rating:</b> | \$7,305,924,953   | PD: \$6,746,650,922   BI: \$559,274,031 |                   |
| <b>Cancellation:</b>                      | 90 days notice of cancellation, except 10 days for non-payment of premium, or as required by statute.   |   |                   |
| <b>Engineering:</b>                       | up to 2.5%, as incurred, to be paid in proportion to participation premium, invoice required.<br>2018 Survey completed - No survey for this term.   |   |                   |
| <b>Premium:</b>                           | \$281,250   | \$7,500,000 (100%) All Risk Premium     |                   |
| <b>Commission:</b>                        | 10.000%   |   |                   |
| <b>Taxes/Fees:</b>                        | Responsibility of the Insured and in addition to the premium charged: \$0   |   |                   |
| <b>Notes:</b>                             | <ul style="list-style-type: none"> <li>I. Client signed Terrorism Disclosure Notice prior to policy issuance,</li> <li>II. Premium due within 30 days of binding,</li> <li>III. Policy Wording Amendments:               <ul style="list-style-type: none"> <li>1. Additional Property Exclusion (Treaty Requirements):                   <ul style="list-style-type: none"> <li>a. Water (unless for processing or fire fighting)</li> </ul> </li> <li>2. Business Interruption Adjustment Clause: Rate 0.2302%</li> </ul> </li> </ul> |   |                   |

Thank you for the order to bind this account.

With best regards,



Carol Martin  
Executive Underwriter  
US Energy Onshore



## POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

**Named Insured**

PES Energy Inc., PES Ultimate Holdings, LLC  
3144 West Passyunk Avenue  
Philadelphia, PA 19145

**Producer**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**Policy Term:** November 1, 2018 to November 1, 2019

**Date:** 10/31/2018

### OFFER OF COVERAGE

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, that you have a right to purchase insurance coverage for losses resulting from acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury in accordance with provisions of the federal Terrorism Risk Insurance Act, as amended, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES EIGHTY-FIVE PERCENT (85%) THROUGH 2015, 84% BEGINNING ON JANUARY 1, 2016, 83% BEGINNING ON JANUARY 1, 2017, 82% BEGINNING ON JANUARY 1, 2018, 81% ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

This Notice does not form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this notice and the policy (including its endorsements) the provisions of the policy (including its endorsements) apply.



**Named Insured:** PES Energy Inc., PES Ultimate Holdings, LLC

**SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**

IF YOU ELECT TO PURCHASE COVERAGE FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT, AND YOU FAIL TO PAY THE PREMIUM IN FULL STATED BELOW, YOUR POLICY WILL BE CANCELLED FOR NONPAYMENT OF PREMIUM IN ACCORDANCE WITH STATE LAW.

SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF YOUR POLICY, ANY COVERAGE MANDATED BY APPLICABLE STANDARD FIRE POLICY LAWS OR WORKERS COMPENSATION LAWS IN YOUR STATE WILL NOT BE AFFECTED BY YOUR REJECTION BELOW OF COVERAGE FOR TERRORIST ACTS, AS DEFINED IN THE ACT.

|                          |   |
|--------------------------|---|
| <input type="checkbox"/> | I hereby elect to purchase full coverage for acts of terrorism, as defined in the Act, (Certified Terrorism) for a term premium of <u>\$75,000.00</u> plus any applicable surcharges, taxes or fees. I acknowledge that my decision to accept and purchase full coverage for Certified Terrorism shall govern throughout the term of the policy.  |
| <input type="checkbox"/> | I hereby reject the offer to purchase coverage for acts of terrorism, as defined in the Act (Certified Terrorism), and I understand that an exclusion for Certified Terrorism will be included in my policy. I further understand I will have no coverage for losses arising from Certified Terrorism. In addition, I acknowledge that if I reject the offer to purchase this coverage at this time, I will not have another opportunity during the term of the policy to purchase full coverage for Certified Terrorism. |

\_\_\_\_\_  
Policyholder/Applicant's Signature

Allianz Global Risks US  
\_\_\_\_\_  
Insurance Company

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

**PLEASE RETURN THIS SIGNED DISCLOSURE NOTICE TO YOUR BROKER OR AGENT**

Nothing in this letter should be construed as legal advice to you. Consult your attorney and/or broker or agent to evaluate the terms of this offer.

# **Exhibit 4**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800253

**Renewing Policy  
Number:** ENAME1701023

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

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**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800253

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,


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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

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**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

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Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement - LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause - LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 5,648,387 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.

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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA

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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

} DIRECT CUSTOMERS  
& SUPPLIERS ONLY

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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products  |
|-------------------------------------|---|
| Amerigreen Energy Inc.              | Biodiesel   |
| Archer Daniels Midland Company      | Ethanol   |
| BNSF Railway Company                | RR Transport  |
| BP                                  | Iso Butane (International)  |
| BP North America Petroleum          | Gasoline Components   |
| BP Products (NA) (IL)               | Naphtha FBR   |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC               |   |
| Centennial Gas Liquids, LLC         |   |
| Citigroup Global Markets Inc.       |   |
| Colonial Energy, Inc.               |   |
| Colonial Pipeline Company           |   |
| Constellation New Energy Inc.       |   |
| Continental Resources, Inc.         |   |
| Crestwood Services, LLC             |   |
| Eco-Energy Fueling Solutions        |   |
| Eighty-Eight Oil LLC                |   |
| Freepoint Commodities LLC           | Crude   |
| Hartree Partners, LP                |   |
| Hess Corporation                    | Crude-Reduced (VGO)   |
| J J White Inc                       |   |
| J.P. Morgan Chase Bank              |   |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC       | Ethanol   |
| MacQuarie Bank Limited              |   |
| MacQuarie Bank Limited London       |   |
| Mark West Hydrocarbon Inc           |   |
| Merrill Lynch Commodities           |   |
| Nereus Shipping S.A.                |   |
| Noble Americas Corp.                |   |
| North Yard Logistics L.P.           |   |
| Oasis Petroleum Marketing LLC       |   |
| OSG Bulk Ships Inc.                 |   |
| PBF Holding Company                 | Iso Butane  |
| Petroleum Products Corporation      |   |
| Plains Midstream Canada ULC         |   |
| PNC Capital Markets, LLC            |   |
| Shell                               | Iso Butane (International)  |
| Sunoco LLC                          |   |
| Sunoco Partners Marketing           |   |
| Vane Line Bunkering Inc             |   |
| Vitol Inc.                          | Naphtha FBR   |
| WR Grace & Co-Conn                  |   |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |

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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E. WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMD DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows :

**SPECIAL CANCELLATION PROVISIONS**

- 1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

- 2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

Handwritten signature and date stamp: 23/10/18. Includes a blue circular stamp with the text 'Aon UK Limited' and 'UK Branch'.

Policy Number ENNMG1800253

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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Policy Number ENNMG1800253

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.17850 Annual Adjustment Rate per USD 100 of reported values.

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Policy Number ENNMG1800253

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

 23/10/18  
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Policy Number ENNMG1800253

**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

Policy Number ENNMG1800253

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: AXA CS, UK BRANCH

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

25 OCT 2018

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall

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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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25 OCT 2018



Handwritten notes: '23/10/18', 'RATL', 'SOLUTIONS', 'FINANCE', 'Branch'.

Policy Number ENNMG1800253

**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

60

days after expiry

*Handwritten signature*  
23/10/18  
CORPORATE SOLUTIONS  
INSURANCE  
UK Branch

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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23/10/18  
CORPORATE SOLUTIONS  
INSURANCE  
UK Branch

Policy Number ENNMG1800253

- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

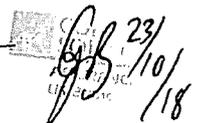
Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

 23/10/18

Policy Number ENNMG1800253

**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF - 100%

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

  
23/10/18  
A. BRUNCE,  
Branch

Policy Number ENNMG1800253

### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER COMMISSION:** Nil

**OTHER DEDUCTIONS FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip Leader, subject to invoice.

USD 35,000 (100%) Engineering Fee paid by Underwriters in proportion to participation premium, payable at inception in respect of 2019 survey. It is understood this USD 35,000 (100%) shall form part of the total 2.5% Engineering Fee Allowance afforded hereon, AXA CS to attend survey.

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**SECURITY DETAILS****(RE)INSURER'S LIABILITY:****(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

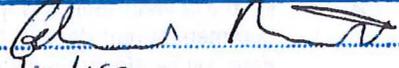
LMA3333 (amended)



Policy Number ENNMG1800253

SIGNED LINES:

WRITTEN LINES:

|   |  |                                 |               |
|---|--|---------------------------------|---------------|
|    |  | <b>X-Insurance</b>              | <b>4.25 %</b> |
|   |  | <b>of whole / order / limit</b> |               |
|   |  | <b>Line to stand</b>            |               |
|   |  | T B C                           |               |
| Signature:    |  |                                 |               |
| Date: 23/10/18  |  |                                 |               |
| For and on behalf of AXA Corporate Solutions Assurance, UK Branch   |  |                                 |               |
| Please email signed lines and closing to the following email address <a href="mailto:operations.fwtechnicians@axa.com">operations.fwtechnicians@axa.com</a> |  |                                 |               |

- NO COVER GIVEN - OPEN UNTIL 1/11/18
- SUBJECT NO DETERIORATION IN LOSS HISTORY AND NO MATERIAL CHANGE IN RISK
- WORDING TBA

*GB* 23/10/18

inter hannover 25 OCT 2018

1%

|       |   |   |   |     |   |   |   |   |   |   |  |
|-------|---|---|---|-----|---|---|---|---|---|---|--|
| E     | Y | 0 | 3 | 2   | 6 | 7 | 1 | 8 | 0 | 0 |  |
| H4707 |   |   |   | XIS |   |   |   |   |   |   |  |

International Insurance Co. of Hannover SE

*[Signature]*

Policy Number ENNMG1800253

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number ENNMG1800263

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**SIGNED LINES:**

**WRITTEN LINES:**

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# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800253

**Renewing Policy  
Number:** ENAME1701023

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



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SA 26/10.18

## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

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Policy Number: ENNMG1800253

**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800253

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,

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Policy Number: ENNMG1800253

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

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Policy Number: ENNMG1800253

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

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OPTIONAL  
G.B. 23/10/18

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Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 5,648,387 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.

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Handwritten signature and date: GB 23/10/18

Policy Number: ENNMG1800253

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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
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**SCHEDULE OF SUBLIMITS**

|     |             |  |  |
|-----|-------------|--|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |  |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |  |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |  |
| USD | 25,000,000  | Accounts Receivable  |  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |  |
| USD | 75,000,000  | Contingent Business Interruption, Named  | } DIRECT CUSTOMERS<br>& SUPPLIERS ONLY |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |  |
| USD | 10,000,000  | Contingent Extra Expense   | GB 23/10/18                            |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |  |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |  |
| USD | 10,000,000  | Demurrage  |  |
| USD | 10,000,000  | Electronic Data Processing Media   |  |
| USD | 10,000,000  | Errors and Omissions   |  |
| USD | 10,000,000  | Expediting Expense   |  |
| USD | 25,000,000  | Extra Expense  |  |
| USD | 5,000,000   | Fine Arts  |  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |  |
| USD | 5,000,000   | Leasehold Interest   |  |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |  |
| USD | 50,000,000  | Off Premises Service Interruption  |  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |  |
| USD | 50,000,000  | Port Blockage  |  |
| USD | 10,000,000  | Rental Value   |  |
| USD | 10,000,000  | Transit (inland)   |  |
| USD | 10,000,000  | Unscheduled Locations, except;   | Helvetia LI<br>S-W 20/10/18            |

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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products   |
|-------------------------------------|--|
| Amerigreen Energy Inc.              | Biodiesel  |
| Archer Daniels Midland Company      | Ethanol  |
| BNSF Railway Company                | RR Transport   |
| BP                                  | Iso Butane (International)                                     |
| BP North America Petroleum          | Gasoline Components  |
| BP Products (NA) (IL)               | Naphtha FBR  |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC               |  |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.       |  |
| Colonial Energy, Inc.               |  |
| Colonial Pipeline Company           |  |
| Constellation New Energy Inc.       |  |
| Continental Resources, Inc.         |  |
| Crestwood Services, LLC             |  |
| Eco-Energy Fueling Solutions        |  |
| Eighty-Eight Oil LLC                |  |
| Freeport Commodities LLC            | Crude  |
| Hartree Partners, LP                |  |
| Hess Corporation                    | Crude-Reduced (VGO)  |
| J J White Inc                       |  |
| J.P. Morgan Chase Bank              |  |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC       | Ethanol  |
| MacQuarie Bank Limited              |  |
| MacQuarie Bank Limited London       |  |
| Mark West Hydrocarbon Inc           |  |
| Merrill Lynch Commodities           |  |
| Nereus Shipping S.A.                |  |
| Noble Americas Corp.                |  |
| North Yard Logistics L.P.           |  |
| Oasis Petroleum Marketing LLC       |  |
| OSG Bulk Ships Inc.                 |  |
| PBF Holding Company                 | Iso Butane   |
| Petroleum Products Corporation      |  |
| Plains Midstream Canada ULC         |  |
| PNC Capital Markets, LLC            |  |
| Shell                               | Iso Butane (International)                                     |
| Sunoco LLC                          |  |
| Sunoco Partners Marketing           |  |
| Vane Line Bunkering Inc             |  |
| Vitol Inc.                          | Naphtha FBR  |
| WR Grace & Co-Conn                  |  |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |

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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PFL ENERGY PLUS RETAIL, LLC  
 PYRAMD DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

- 1. It is understood and agreed that if-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

- 2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

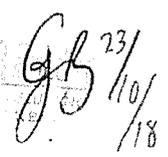
fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.17850 Annual Adjustment Rate per USD 100 of reported values.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

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**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: AXA CS, UK BRANCH

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In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall

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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

60 days after expiry *GB 23/10/18*

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

Helvetia  
S-10 26. 118

Handwritten signature and date: 23/10/18

Policy Number ENNMG1800253

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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING:** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

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**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER COMMISSION:** Nil

**OTHER DEDUCTIONS FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip Leader, subject to invoice.

USD 35,000 (100%) Engineering Fee paid by Underwriters in proportion to participation premium, payable at inception in respect of 2019 survey. It is understood this USD 35,000 (100%) shall form part of the total 2.5% Engineering Fee Allowance afforded hereon, AXA CS to attend survey.

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## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

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SIGNED LINES:

WRITTEN LINES:

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SIGNED LINES:

WRITTEN LINES:

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5/11/2018

# **Exhibit 5**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800253

**Renewing Policy  
Number:** ENAME1701023

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

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**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800253

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,

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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED (100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



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**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

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Non-Vitiating Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement - LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause - LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 5,648,387 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.

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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
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Aon UK  
Branch

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**SCHEDULE OF SUBLIMITS**

|     |             |  |   |
|-----|-------------|--|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |   |
| USD | 25,000,000  | Accounts Receivable  |   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |   |
| USD | 75,000,000  | Contingent Business Interruption, Named  | } DIRECT CUSTOMERS<br>& SUPPLIERS ONLY  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |   |
| USD | 10,000,000  | Contingent Extra Expense   |  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |   |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |   |
| USD | 10,000,000  | Demurrage  |   |
| USD | 10,000,000  | Electronic Data Processing Media   |   |
| USD | 10,000,000  | Errors and Omissions   |   |
| USD | 10,000,000  | Expediting Expense   |   |
| USD | 25,000,000  | Extra Expense  |   |
| USD | 5,000,000   | Fine Arts  |   |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |   |
| USD | 5,000,000   | Leasehold Interest   |   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |   |
| USD | 50,000,000  | Off Premises Service Interruption  |   |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |   |
| USD | 50,000,000  | Port Blockage  |   |
| USD | 10,000,000  | Rental Value   |   |
| USD | 10,000,000  | Transit (inland)   |   |
| USD | 10,000,000  | Unscheduled Locations, except;   |   |

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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>   |
|--|---|
| Amerigreen Energy Inc.                     | Biodiesel   |
| Archer Daniels Midland Company             | Ethanol   |
| BNSF Railway Company                       | RR Transport  |
| BP   | Iso Butane (International)  |
| BP North America Petroleum                 | Gasoline Components   |
| BP Products (NA) (IL)                      | Naphtha FBR   |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC                      |   |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.              |   |
| Colonial Energy, Inc.                      |   |
| Colonial Pipeline Company                  |   |
| Constellation New Energy Inc.              |   |
| Continental Resources, Inc.                |   |
| Crestwood Services, LLC                    |   |
| Eco-Energy Fueling Solutions               |   |
| Eighty-Eight Oil LLC                       |   |
| Freepoint Commodities LLC                  | Crude   |
| Hartree Partners, LP                       |   |
| Hess Corporation                           | Crude-Reduced (VGO)   |
| J J White Inc                              |   |
| J.P. Morgan Chase Bank                     |   |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC              | Ethanol   |
| MacQuarie Bank Limited                     |   |
| MacQuarie Bank Limited London              |   |
| Mark West Hydrocarbon Inc                  |   |
| Merrill Lynch Commodities                  |   |
| Nereus Shipping S.A.                       |   |
| Noble Americas Corp.                       |   |
| North Yard Logistics L.P.                  |   |
| Oasis Petroleum Marketing LLC              |   |
| OSG Bulk Ships Inc.                        |   |
| PBF Holding Company                        | Iso Butane  |
| Petroleum Products Corporation             |   |
| Plains Midstream Canada ULC                |   |
| PNC Capital Markets, LLC                   |   |
| Shell                                      | Iso Butane (International)  |
| Sunoco LLC                                 |   |
| Sunoco Partners Marketing                  |   |
| Vane Line Bunkering Inc                    |   |
| Vitol Inc.                                 | Naphtha FBR   |
| WR Grace & Co-Conn                         |   |

| <b>Customers with revenue above USD 25MM to<br/>PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                        | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                                 | MUSKET CORPORATION (BULK)       |
| Apex Oil Company  | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.                   | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                                   | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                                   | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                    | Papco, Inc                      |
| BP Products (NA)  | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                               | PennJ Petroleum LLC             |

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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J. Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E. WARREN CORPORATION  
 GLENORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGY PLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

- 1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

- 2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

Handwritten signature and date stamp: 23/10/18. The stamp includes the text 'Aon UK Limited' and 'UK Branch'.

Policy Number ENNMG1800253

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

Policy Number ENNMG1800253

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**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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Policy Number ENNMG1800253

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.17850 Annual Adjustment Rate per USD 100 of reported values.

Policy Number ENNMG1800253

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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 23/10/18  
Branch

Policy Number ENNMG1800253

**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

Policy Number ENNMG1800253

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**



**SLIP LEADER**

The Slip Leader is: AXA CS, UK BRANCH

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.



**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

25 OCT 2018

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

25 OCT 2018

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

60

days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

Policy Number ENNMG1800253

- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

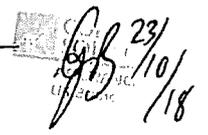
Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

 23/10/18

Policy Number ENNMG1800253

**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF - 100%

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

  
AON RISK SERVICES  
SWITCH

Policy Number ENNMG1800253

**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER COMMISSION:** Nil

**OTHER DEDUCTIONS FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip Leader, subject to invoice.

USD 35,000 (100%) Engineering Fee paid by Underwriters in proportion to participation premium, payable at inception in respect of 2019 survey. It is understood this USD 35,000 (100%) shall form part of the total 2.5% Engineering Fee Allowance afforded hereon, AXA CS to attend survey.

*GB* 23/10/18  
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INSURANCE  
UK Branch

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AXA  
INSURANCE  
UK Branch

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**SECURITY DETAILS****(RE)INSURER'S LIABILITY:****(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

Policy Number ENNMG1800253

**ORDER HEREON:** % of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS.**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;

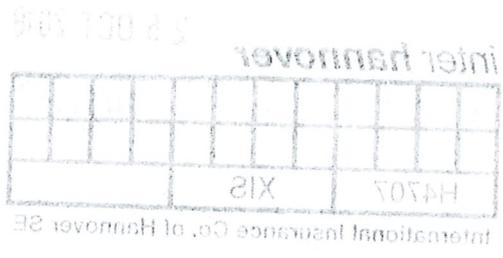
b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

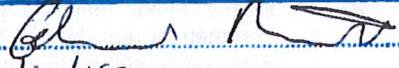
(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



Policy Number ENNMG1800253

SIGNED LINES:

WRITTEN LINES:

|   |  |                                 |               |
|---|--|---------------------------------|---------------|
|    |  | <b>X-Insurance</b>              | <b>4.25 %</b> |
|   |  | <b>of whole / order / limit</b> |               |
|   |  | <b>Line to stand</b>            |               |
|   |  | T B C                           |               |
| Signature:    |  |                                 |               |
| Date: 23/10/18  |  |                                 |               |
| For and on behalf of AXA Corporate Solutions Assurance, UK Branch   |  |                                 |               |
| Please email signed lines and closing to the following email address <a href="mailto:operations@wtechnicians@axa.com">operations@wtechnicians@axa.com</a> |  |                                 |               |

- NO COVER GIVEN - OPEN UNTIL 1/11/18
- SUBJECT NO DETERIORATION IN LOSS HISTORY AND NO MATERIAL CHANGE IN RISK
- WORDING TBA

*GB* 23/10/18

inter hannover 25 OCT 2018

1%

|       |   |   |   |     |   |   |   |   |   |   |
|-------|---|---|---|-----|---|---|---|---|---|---|
| E     | Y | 0 | 3 | 2   | 6 | 7 | 1 | 8 | 0 | 0 |
| H4707 |   |   |   | XIS |   |   |   |   |   |   |

International Insurance Co. of Hannover SE

*[Signature]*

Policy Number ENNMG1800253

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number ENNMG1800253

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**SIGNED LINES:**

**WRITTEN LINES:**

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# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800253

***Renewing Policy  
Number:*** ENAME1701023

***Period:*** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



Helvetia  
SP 26/10.18

## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

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**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800253

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,

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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

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**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

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Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 5,648,387 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.

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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
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**SCHEDULE OF SUBLIMITS**

|     |             |  |  |
|-----|-------------|--|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |  |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |  |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |  |
| USD | 25,000,000  | Accounts Receivable  |  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |  |
| USD | 75,000,000  | Contingent Business Interruption, Named  | } DIRECT CUSTOMERS<br>& SUPPLIERS ONLY |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |  |
| USD | 10,000,000  | Contingent Extra Expense   | GB 23/10/18                            |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |  |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |  |
| USD | 10,000,000  | Demurrage  |  |
| USD | 10,000,000  | Electronic Data Processing Media   |  |
| USD | 10,000,000  | Errors and Omissions   |  |
| USD | 10,000,000  | Expediting Expense   |  |
| USD | 25,000,000  | Extra Expense  |  |
| USD | 5,000,000   | Fine Arts  |  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |  |
| USD | 5,000,000   | Leasehold Interest   |  |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |  |
| USD | 50,000,000  | Off Premises Service Interruption  |  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |  |
| USD | 50,000,000  | Port Blockage  |  |
| USD | 10,000,000  | Rental Value   |  |
| USD | 10,000,000  | Transit (inland)   |  |
| USD | 10,000,000  | Unscheduled Locations, except;   | Helvetia LI<br>5-10-2018-18            |

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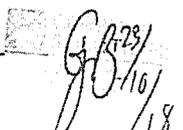
|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products   |
|-------------------------------------|--|
| Amerigreen Energy Inc.              | Biodiesel  |
| Archer Daniels Midland Company      | Ethanol  |
| BNSF Railway Company                | RR Transport   |
| BP                                  | Iso Butane (International)                                     |
| BP North America Petroleum          | Gasoline Components  |
| BP Products (NA) (IL)               | Naphtha FBR  |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC               |  |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.       |  |
| Colonial Energy, Inc.               |  |
| Colonial Pipeline Company           |  |
| Constellation New Energy Inc.       |  |
| Continental Resources, Inc.         |  |
| Crestwood Services, LLC             |  |
| Eco-Energy Fueling Solutions        |  |
| Eighty-Eight Oil LLC                |  |
| Freeport Commodities LLC            | Crude  |
| Hartree Partners, LP                |  |
| Hess Corporation                    | Crude-Reduced (VGO)  |
| J J White Inc                       |  |
| J.P. Morgan Chase Bank              |  |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC       | Ethanol  |
| MacQuarie Bank Limited              |  |
| MacQuarie Bank Limited London       |  |
| Mark West Hydrocarbon Inc           |  |
| Merrill Lynch Commodities           |  |
| Nereus Shipping S.A.                |  |
| Noble Americas Corp.                |  |
| North Yard Logistics L.P.           |  |
| Oasis Petroleum Marketing LLC       |  |
| OSG Bulk Ships Inc.                 |  |
| PBF Holding Company                 | Iso Butane   |
| Petroleum Products Corporation      |  |
| Plains Midstream Canada ULC         |  |
| PNC Capital Markets, LLC            |  |
| Shell                               | Iso Butane (International)                                     |
| Sunoco LLC                          |  |
| Sunoco Partners Marketing           |  |
| Vane Line Bunkering Inc             |  |
| Vitol Inc.                          | Naphtha FBR  |
| WR Grace & Co-Conn                  |  |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |

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|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Plot Travel Centers LLC                        |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PFL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMD DE LLC                                  |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREPOINT COMMODITIES LLC                    | Service Energy, LLC                            |
| GEORGE E WARREN CORPORATION                 | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shipley Fuels Marketing, LLC                   |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |

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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

- 1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisaton or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

- 2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,
 fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.17850 Annual Adjustment Rate per USD 100 of reported values.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

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**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: AXA CS, UK BRANCH

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In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall

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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

60 days after expiry *GB 23/10/18*

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

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**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER COMMISSION:** Nil

**OTHER DEDUCTIONS FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip Leader, subject to invoice.

USD 35,000 (100%) Engineering Fee paid by Underwriters in proportion to participation premium, payable at inception in respect of 2019 survey. It is understood this USD 35,000 (100%) shall form part of the total 2.5% Engineering Fee Allowance afforded hereon, AXA CS to attend survey.

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## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.  
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ORDER HEREON: % of 100%

BASIS OF WRITTEN LINES: Percentage of Whole

BASIS OF SIGNED LINES: Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers;

However:

|    |   |
|----|---|
| a) | in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;   |
| b) | the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers. |

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

WRITTEN LINES: As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

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**SIGNED LINES:**

**WRITTEN LINES:**

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SIGNED LINES:

WRITTEN LINES:

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# **Exhibit 6**

# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800279

***Renewing Policy  
Number:*** ENAME1701056

***Period:*** 1st November 2018 to 1st November 2019

**Aon UK Limited**

Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48

Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

**RISK DETAILS**

|                                |  |
|--------------------------------|--|
| <b>UNIQUE MARKET REFERENCE</b> | B1526ENNMG1800279  |
| <b>TYPE</b>                    | “All risks” of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.   |
| <b>INSURED</b>                 | <p>PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured’s interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:</p> <p style="padding-left: 40px;">North Yard Financing, LLC<br/> North Yard GP, LLC<br/> North Yard Logistics, L.P.<br/> PES Administrative Services, LLC<br/> PES Holdings, LLC<br/> PES Intermediate, LLC<br/> PES Inventory Company, LLC<br/> PES Logistics GP, LLC<br/> PES Logistics Partners, L.P.<br/> PESRM Holdings, LLC<br/> Philadelphia Energy Solutions Inc.<br/> Philadelphia Energy Solutions LLC<br/> Philadelphia Energy Solutions Refining and Marketing LLC</p> <p>all hereafter referred to as the “Insured”.</p> <p>Address: 3144 West Passyunk Avenue<br/> Philadelphia, PA 19145</p> <p>Additional Insured(s):<br/> As designated by the Named Insured or as endorsed hereon.</p> |
| <b>PERIOD</b>                  | <p>From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.</p>   |
| <b>INTEREST</b>                | <p><b>SECTION I: PHYSICAL DAMAGE COVERAGE</b></p> <p>This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:</p> <p>a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,</p>   |

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

## **SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

### **SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### **LIMITS/SUM INSURED (100%)**

### **SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

## NOTICES

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

## CHOICE OF LAW AND JURISDICTION

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

## ORDER HEREON

% of 100%.

## PREMIUM

USD 7,118,000 (100%) in full per annum and/or pro rata.

## PAYMENT TERMS

Premium Payment Condition LSW 3000 (90/15), as attached.

## TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS

None.

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-

Direct: JA

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>  |
|--|--|
| Amerigreen Energy Inc.                     | Biodiesel  |
| Archer Daniels Midland Company             | Ethanol  |
| BNSF Railway Company                       | RR Transport   |
| BP   | Iso Butane (International)                                     |
| BP North America Petroleum                 | Gasoline Components  |
| BP Products (NA) (IL)                      | Naphtha FBR  |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC                      |  |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.              |  |
| Colonial Energy, Inc.                      |  |
| Colonial Pipeline Company                  |  |
| Constellation New Energy Inc.              |  |
| Continental Resources, Inc.                |  |
| Crestwood Services, LLC                    |  |
| Eco-Energy Fueling Solutions               |  |
| Eighty-Eight Oil LLC                       |  |
| Freepoint Commodities LLC                  | Crude  |
| Hartree Partners, LP                       |  |
| Hess Corporation                           | Crude-Reduced (VGO)  |
| J J White Inc                              |  |
| J.P. Morgan Chase Bank                     |  |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC              | Ethanol  |
| MacQuarie Bank Limited                     |  |
| MacQuarie Bank Limited London              |  |
| Mark West Hydrocarbon Inc                  |  |
| Merrill Lynch Commodities                  |  |
| Nereus Shipping S.A.                       |  |
| Noble Americas Corp.                       |  |
| North Yard Logistics L.P.                  |  |
| Oasis Petroleum Marketing LLC              |  |
| OSG Bulk Ships Inc.                        |  |
| PBF Holding Company                        | Iso Butane   |
| Petroleum Products Corporation             |  |
| Plains Midstream Canada ULC                |  |
| PNC Capital Markets, LLC                   |  |
| Shell                                      | Iso Butane (International)                                     |
| Sunoco LLC                                 |  |
| Sunoco Partners Marketing                  |  |
| Vane Line Bunkering Inc                    |  |
| Vitol Inc.                                 | Naphtha FBR  |
| WR Grace & Co-Conn                         |  |

| <b>Customers with revenue above USD 25MM to PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                    | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                       | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                      | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                             | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                    | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.               | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                               | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                               | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                | Papco, Inc                      |
| BP Products (NA)                                    | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                           | PennJ Petroleum LLC             |

|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E. WARREN CORPORATION                | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shipleys Fuels Marketing, LLC                  |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows :

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

### **PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000

**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: \_\_\_\_\_ Annual Adjustment Rate per USD 100 of reported values.

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS****SUBSCRIPTION AGREEMENT**

|  |  |
|--|--|
| <b>SLIP LEADER</b>   | <p>The Slip Leader is: Lloyds Syndicate CSL 1084 (Chaucer)</p> <p>In respect of electronic lines, the Slip Leader is as defined in Security Details herein.</p>  |
| <b>BUREAU(X) LEADER(S)</b>   | <p>The Bureau(x) Leader(s) (where applicable) is: Lloyds Syndicate CSL 1084 (Chaucer)</p>  |
| <b>BASIS OF AGREEMENT TO CONTRACT CHANGES</b>                                      | <p>General Underwriting Agreement (February 2014) with:<br/>Marine Energy Schedule (June 2003) except as below:</p> <ul style="list-style-type: none"> <li>- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;</li> <li>- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;</li> <li>- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.</li> </ul> <p>Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:</p> <ol style="list-style-type: none"> <li>1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.</li> </ol> |
| <b>OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY</b> | <p>Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.</p>  |
| <b>AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY</b>           | <p>None.</p>   |
| <b>BASIS OF CLAIMS AGREEMENT</b>   | <p>As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:</p> <ol style="list-style-type: none"> <li>i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall</li> </ol>   |

apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

#### **CLAIMS AGREEMENT PARTIES**

##### A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

##### B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is .

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

#### **CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

|   |   |
|---|---|
| <b>RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY</b> | None, unless otherwise specified here by any of the claim agreement parties shown above.  |
| <b>EXPERT(S) FEES COLLECTION</b>                                | <p>Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.</p> <p>In the event of Aon UK Limited not collecting third party fees the following applies:</p> <p>Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.</p>   |
| <b>SETTLEMENT DUE DATE</b>                                      | <p>29th January 2019</p> <p>In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.</p>  |
| <b>INSTALMENT PREMIUM PERIOD OF CREDIT</b>                      | As per 1 <sup>st</sup> instalment   |
| <b>NOTICE OF CANCELLATION DELIVERY PROVISIONS</b>               | <p>Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to <a href="mailto:aon.gbc.noc@aon.co.uk">aon.gbc.noc@aon.co.uk</a>.</p> <p>Failure to comply with this delivery requirement will make the notice null and void.</p> <p>Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.</p>  |
| <b>BUREAUX ARRANGEMENTS</b>                                     | <p>Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.</p> <p>In respect of any PPW, PPC, PPD or SDD the following apply:</p> <ul style="list-style-type: none"> <li>- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;</li> <li>- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;</li> <li>- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;</li> <li>- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;</li> <li>- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be</li> </ul> |

deemed in compliance with the PPW,PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW,PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

## FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:**           Retail Brokerage:       10.00%  
  Wholesale Brokerage:  5.00%

**AON CARRIER  
COMMISSION:**                Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:**           2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
  Leader, subject to invoice.

## SECURITY DETAILS

### **(RE)INSURER'S LIABILITY:**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

**ORDER HEREON:** % of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

Policy Number: (UMR) B1526ENNMG1900279

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**SECURITY DETAILS****REFERENCES**

UMR (Unique Market Reference): B1526ENNMG1900279

Date contract printed to PDF: 16:32 31 October 2018

**SIGNED UNDERWRITERS**

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**Chaucer Syndicates Limited**

Laura McDonagh

|                     |                       |                    |      |
|---------------------|-----------------------|--------------------|------|
| <b>Written Line</b> | 2.5%                  | <b>Signed Line</b> | 2.5% |
| <b>Agreed on</b>    | 16:31 31 October 2018 |                    |      |

**For and on behalf of:**Lloyd's Underwriter Syndicate No. 1084 CSL,  
London, England

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 2.5%                | 2.5%               |

**Bound as Slip Leader, Lloyd's Leader**

|                       |            |
|-----------------------|------------|
| <i>Lloyd's Stamp:</i> | 1084       |
| <i>LORS Code:</i>     | L1084      |
| <i>Reference:</i>     | 48252T18AA |
| <i>Description:</i>   |            |
| <i>Risk Code(s):</i>  | EF         |

**Line Conditions**Subject to no known or reported losses

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**Argo Managing Agency Limited**

Jodi Davenport

|                     |                       |                    |      |
|---------------------|-----------------------|--------------------|------|
| <b>Written Line</b> | 1.8%                  | <b>Signed Line</b> | 1.8% |
| <b>Agreed on</b>    | 16:10 30 October 2018 |                    |      |

**For and on behalf of:**Lloyd's Underwriter Syndicate 1200 AMA,  
London, England

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 1.8%                | 1.8%               |

**Bound**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 1200         |
| <i>LORS Code:</i>     | L1200        |
| <i>Reference:</i>     | 2719818AR000 |
| <i>Description:</i>   |              |

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Policy Number: (UMR) B1526ENNMG1900279

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**Aon Underwriting Managers**

Nick Collins

|                     |                       |                    |        |
|---------------------|-----------------------|--------------------|--------|
| <b>Written Line</b> | 1.075%                | <b>Signed Line</b> | 1.075% |
| <b>Agreed on</b>    | 16:31 31 October 2018 |                    |        |

**For and on behalf of:**

ACT17 9551 B1526CBSPS1800002 Onshore  
 EnergyQPS5555 25%, XLC2003 25%, LIB4472  
 15%,AXS1686 10%, BAR1955 10%, CVS1919  
 6.25%,CNP4444 6.25%, AMA1200 2.50%

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 1.075%              | 1.075%             |

**Bound**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 9551         |
| <i>Reference:</i>     | ACT18EF04975 |
| <i>Description:</i>   |              |

**Line Conditions**

All endorsements to be provided to Aon Underwriting Managers

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Policy Number: (UMR) B1526ENNMG1900279

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## SETTLEMENT INFORMATION

### Allocation of Premium to Coding

EF at 100.00%

### Allocation of Premium to Year of Account

2018

### Terms of Settlement

Settlement Due Date: 01 January 2019

Instalment Premium Period of Credit: 0 day(s)

Adjustment Premium Period of Credit: 0 day(s)

Lloyd's Underwriter Syndicate No. 1084 CSL, London, England

**Bureau Leader and Lloyd's Leader**

Laura McDonagh

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# **Exhibit 7**

B080115631H18



# Lloyd's Certificate

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**This Insurance** is underwritten by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them are stated within this Certificate.

**This Certificate** is issued by the Coverholder identified within this Certificate in accordance with the authorisation granted to the Coverholder under the Binding Authority Agreement with the Unique Market Reference stated within this Certificate.

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LMA3136J (16/12/2015)

Lloyd's Managing Agents are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Their Firm Reference Number(s) and other details can be found on the Financial Services Register at [www.fca.org.uk](http://www.fca.org.uk).

**LLOYD'S**

One Lime Street London EC3M 7HA



**Binder No. EN100070-18**

**NON-ADMITTED PARTICIPATION**

This document confirms that the Carrier(s), as below, has(ve) bound coverage for the Entity(ies) or Individual(s) outlined below in accordance with the terms and conditions set out herein.

**DATE OF ISSUE:** November 1, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** **PES Energy Inc.; PES Ultimate Holdings, LLC**

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**

|                     |                                    |
|---------------------|------------------------------------|
| USD 96,000          | All Risk PD/TE (p/o USD 6,400,000) |
| USD excluded        | Certified Terrorism                |
| <u>USD excluded</u> | Non-certified Terrorism            |
| USD 96,000          | Total (p/o USD 6,400,000)          |

1.5% of limit



Policy Number

|   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|
| E | N | 1 | 0 | 0 | 0 | 7 | 0 | 1 | 8 |
|---|---|---|---|---|---|---|---|---|---|

Freberg Environmental Inc. underwriting on behalf of  
 Syndicate 1884: 75.00%  
 Syndicate 1458: 25.00%  
 This policy attaches to the following Binding Authority:  
**UMR: B080115631H18**

**COMMISSION:** 10.00%

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** USD 18,750,000 or 1.5000%<sup>1</sup>

**SECURITY/CARRIER:** Freberg Environmental, Inc. underwriting on behalf of:

- Syndicate 1884 (75.00%)
- Syndicate 1458 (25.00%)

By: on behalf of Craig Sutton \_\_\_\_\_ 11-1-18  
 Authorized Representative Date

**TERMS & CONDITIONS:** Per attached manuscript Coverage Details No. EN100070-18

**POLICY FORM:** As per manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

<sup>1</sup> Carrier's 1.5000% participation represents 100% of 100% of the Non-Admitted participation (1.5000%).

Subject to all terms and conditions of the policy to be issued, which, when delivered, replaces this Binder. However, where the policy does not reflect all terms and conditions of this Binder, this Binder shall remain in effect and govern coverage for any claim until such time as a correct policy is issued by the Insurer which reflects all the terms and conditions of this Binder.



## COVERAGE DETAILS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
 North Yard GP, LLC  
 North Yard Logistics, L.P.  
 PES Administrative Services, LLC  
 PES Holdings, LLC  
 PES Intermediate, LLC  
 PES Inventory Company, LLC  
 PES Logistics GP, LLC  
 PES Logistics Partners, L.P.  
 PESRM Holdings, LLC  
 Philadelphia Energy Solutions Inc.  
 Philadelphia Energy Solutions LLC  
 Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
 Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.



**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |



|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence



**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

USD 6,400,000 All Risk PD/TE  
 USD excluded Certified Terrorism  
USD excluded Non-certified Terrorism  
 USD 6,400,000 Total



**11. COMMISSION**

10.00%

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. SURPLUS LINES OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

**15. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers



in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

## 17. LMA3333 DATED 21 JUNE 2007

### **Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".



Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured’s books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.19640 Annual Adjustment Rate per \$100 of reported values.



**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS****Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP



Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipleigh Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC



SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |



**Suppliers**

Lansing Ethanol Services, LLC  
 MacQuarie Bank Limited  
 MacQuarie Bank Limited London  
 Mark West Hydrocarbon Inc  
 Merrill Lynch Commodities  
 Nereus Shipping S.A.  
 Noble Americas Corp.  
 North Yard Logistics L.P.  
 Oasis Petroleum Marketing LLC  
 OSG Bulk Ships Inc.  
 PBF Holding Company  
 Petroleum Products Corporation  
 Plains Midstream Canada ULC  
 PNC Capital Markets, LLC  
 Shell  
 Sunoco LLC  
 Sunoco Partners Marketing  
 Vane Line Bunkering Inc  
 Vitol Inc.  
 WR Grace & Co-Conn

**Products**

Ethanol  
  
  
  
  
  
  
  
  
  
 Iso Butane  
  
  
  
  
  
  
 Iso Butane (International)  
  
  
  
  
  
  
 Naphtha FBR



**USA Policyholders Complaints Handling Procedures Clause  
(no authority to handle complaints)**

1. Other than as set out in the sections below, the Coverholder does not have authority to handle complaints against Underwriters.
2. The Coverholder shall, in accordance with section 3, send to the Underwriters details of all complaints received by the Coverholder together with all documents relevant to the complaint. For these purposes, a complaint means any written communication where there is an expression of dissatisfaction with an insurance product or service. Complaints may be received directly from a complainant ("Direct Complaints") or through a state Department of Insurance (or equivalent agency) ("DOI Complaints").
3. The details and relevant documents referred to in section 2 shall be sent to the Underwriters no later than the end of the next business day after the day that the complaint is received.
4. Thereafter, the Coverholder shall continue to provide promptly to the Underwriters any further details or documents received relevant to the complaint.
5. The Coverholder shall maintain a register of all complaints received and shall provide a copy of the same to the Underwriters upon request.
6. For all Direct Complaints only, the Coverholder shall send an acknowledgement to the complainant promptly and where possible within three business days of receipt of the complaint. The acknowledgement shall be in a form agreed with the Underwriters and shall comply with any laws or regulations that apply to the handling of complaints.

LMA5268  
08 September 2016

**SEVERAL LIABILITY NOTICE**

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

08/94  
LSW1001 (Insurance)

# **Exhibit 8**



# HDI GLOBAL INSURANCE COMPANY

AN ILLINOIS CORPORATION  
161 NORTH CLARK STREET, 48<sup>th</sup> Floor  
CHICAGO, IL 60601  
312-580-1900

## COMMERCIAL LINES POLICY

### FOR

## PES Energy Inc.; PES Ultimate Holdings, LLC

OGD1368503

11/01/2018 to 11/01/2019

**Underwriting Team:**

Tamisika K. Smith - Manager, Onshore Energy  
Geoffrey Brodhead - National / Multinational Accounts Manager  
Lorraine Hicks - Underwriting Assistant  
Jim Clark - Chief Underwriting Officer

**Loss Notification**

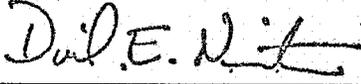
To report a claim 24 hours a day, 7 days a week, please contact us as soon as practicable for further assistance:

Telephone: 1-866-484-2053  
Fax: 1-866-477-8502  
Email: [newclaims@us.hdi.global](mailto:newclaims@us.hdi.global)

**POLICY JACKET, DECLARATIONS PAGE, FORMS AND ENDORSEMENTS COMPLETE THIS POLICY**

IL SU 4003 (01 16)

In Witness Whereof, we have caused this policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



Corporate Secretary  
David Neumeister



President & CEO  
Dr. Lothar Becker

**COMMERCIAL LINES POLICY**

**COMMON POLICY  
DECLARATIONS**

**HDI GLOBAL INSURANCE  
COMPANY**  
161 North Clark Street -- 48th Floor  
Chicago, IL 60601

Renewal of Number: OGD1368502

**Policy No.: OGD1368503**

Named Insured and Mailing Address  
(No., Street, Town or City, County, State, Zip Code)

PES Energy Inc.; PES Ultimate Holdings, LLC  
3144 West Passyunk Avenue  
Philadelphia, PA 19145

Name Broker and Mailing Address

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

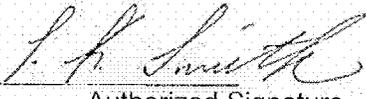
Policy Period: From 11/01/2018 to 11/01/2019 at 12:01 a.m. Standard Time at your mailing address shown above.

Business Description: Crude Oil Refinery Complex producing various Petroleum Products

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

|   |                       |
|---|-----------------------|
| THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT. |                       |
|   | PREMIUM               |
| Commercial Property Coverage Part   | \$ _____              |
| Boiler and Machinery Coverage Part  | \$ <u>COVERED</u>     |
| Ocean Marine Coverage Part  | \$ <u>NOT COVERED</u> |
| Inland Marine Coverage Part   | \$ <u>COVERED</u>     |
| Terrorism Coverage  | \$ <u>NOT COVERED</u> |
| State Fees and Surcharges   | \$ _____              |
|   | TOTAL \$ _____        |
| Premium shown is payable at inception   |                       |
| Form(s) and Endorsement(s) made part of this policy at time of issue*: Manuscript wording attached.                               |                       |

\* Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

Countersigned: \_\_\_\_\_ By: 1/15/19   
Countersignature Date Authorized Signature

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

**Policy No. OGD1368503**

**ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** December 10, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**

|              |                         |
|--------------|-------------------------|
| USD 278,000  | All Risk PD/TE          |
| USD excluded | Certified Terrorism     |
| USD excluded | Non-certified Terrorism |
| USD 278,000  | Total                   |

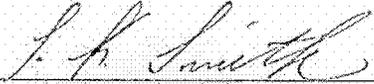
**SURCHARGES / FEES:** USD

**COMMISSION:**

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** USD 50,000,000 or 4.0000%

**SECURITY/CARRIER:** HDI Global Insurance Company

By:  1/15/19  
Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:

- manuscript Declarations No. OGD1368503
- manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, *except*;

USD Excluded any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Flood

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm

USD 25,000,000 Accounts Receivable

USD 2,500,000 Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)

USD 75,000,000 Contingent Business Interruption, Named

USD 25,000,000 Contingent Business Interruption, Unnamed

USD 10,000,000 Contingent Extra Expense

USD 50,000,000 Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits

USD 25,000,000 or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal

USD 25,000,000 Demolition and Increased Cost of Construction due to Law or Ordinance

USD 10,000,000 Demurrage

USD 10,000,000 Electronic Data Processing Media

USD 10,000,000 Errors and Omissions

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

All Risk PD/TE  
 Certified Terrorism  
 Non-certified Terrorism  
 Total

**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

**16. LMA3333 DATED 21 JUNE 2007**

**Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 17. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.21330 Annual Adjustment Rate per \$100 of reported values.

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipley Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
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 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers****Products**

|                                |                            |
|--------------------------------|----------------------------|
| Lansing Ethanol Services, LLC  | Ethanol                    |
| MacQuarie Bank Limited         |                            |
| MacQuarie Bank Limited London  |                            |
| Mark West Hydrocarbon Inc      |                            |
| Merrill Lynch Commodities      |                            |
| Nereus Shipping S.A.           |                            |
| Noble Americas Corp.           |                            |
| North Yard Logistics L.P.      |                            |
| Oasis Petroleum Marketing LLC  |                            |
| OSG Bulk Ships Inc.            |                            |
| PBF Holding Company            | Iso Butane                 |
| Petroleum Products Corporation |                            |
| Plains Midstream Canada ULC    |                            |
| PNC Capital Markets, LLC       |                            |
| Shell                          | Iso Butane (International) |
| Sunoco LLC                     |                            |
| Sunoco Partners Marketing      |                            |
| Vane Line Bunkering Inc        |                            |
| Vitol Inc.                     | Naphtha FBR                |
| WR Grace & Co-Conn             |                            |

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

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## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
  - (3) making use of Merchandise at the locations described herein or elsewhere, or
  - (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,
- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

**11. EXCLUSIONS**

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

**17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

**18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

**19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

**5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

**6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

**7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

**8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

**9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiation Clause herein.

## 19. APPLICATION OF SALVAGE RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## 20. CARRIERS OR OTHER BAILEES

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## 21. NO CONTROL

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## 22. APPRAISAL

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

**34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

**35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

**36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

**37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)****a) Electronic Data Exclusion**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

IL AM 4002 (10 11)

## **HDI GLOBAL INSURANCE COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### **ECONOMIC OR TRADE SANCTIONS**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused or contributed to by or arising from any term or condition that violates the laws, regulations or resolutions of the United Nations, the European Union, any member of its member states or the United States, concerning economic and trade embargoes.

All other terms and conditions of this policy remain unchanged.

## U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



HDI Global Insurance Company  
HDI Specialty Insurance Company

### Privacy Policy

We value your business and your trust in HDI. The privacy and confidentiality of your personal information is among our top priorities. This explains our practices and procedures for securing your personal information before, during and after your relationship with us. We will provide one copy of this Privacy Statement with each policy we issue. Additional copies of this statement are available upon request. Thank you for choosing HDI for your insurance needs.

#### **How We Protect Your Information**

We understand the importance of securing your personal information. We have physical, electronic and procedural safeguards in place to protect your nonpublic personal data in compliance with applicable state federal laws. We restrict employee access to customer information only to those who have a business reason to know, in order to provide our products and services to you.

#### **What Personal Information We Collect About You**

We collect nonpublic personal information about you from the following sources, only as our business needs require:

- Information received on applications and other forms – whether in writing, in person, by phone, electronically or by other means -such as names, addresses and employment information.
- Information about your transactions with us, our affiliates, or others associated with our business relationship, and information we receive from insurance agents, consumer reporting agencies, investigators connected with claims adjusting, state motor vehicle departments, inspection services, insurance support organizations or other sources as permitted or required by law.
- Information we receive in medical records or from medical professionals.
- Information otherwise obtained in the claims adjustment process, including litigation.

#### **What Personal Information We Disclose About You**

We do not disclose any of our customers' or other persons' nonpublic personal information to anyone, except as permitted or required by law. Permitted disclosures include information to process transactions on your behalf, and information about you or about participants, beneficiaries or claimants under your insurance policy in the normal course of business.

# **Exhibit 9**

**RISK DETAILS**

**UNIQUE MARKET REFERENCE** B1526ENNMG1800262

**TYPE** "All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED** PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**  
From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.  
To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED (100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.



Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

*tba.* % of 100%.

**PREMIUM**

USD 6,250,000 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.



**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>   |
|--|---|
| Amerigreen Energy Inc.                     | Biodiesel   |
| Archer Daniels Midland Company             | Ethanol   |
| BNSF Railway Company                       | RR Transport  |
| BP   | Iso Butane (International)  |
| BP North America Petroleum                 | Gasoline Components   |
| BP Products (NA) (IL)                      | Naphtha FBR   |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC                      |   |
| Centennial Gas Liquids, LLC                |   |
| Citigroup Global Markets Inc.              |   |
| Colonial Energy, Inc.                      |   |
| Colonial Pipeline Company                  |   |
| Constellation New Energy Inc.              |   |
| Continental Resources, Inc.                |   |
| Crestwood Services, LLC                    |   |
| Eco-Energy Fueling Solutions               |   |
| Eighty-Eight Oil LLC                       |   |
| Freeport Commodities LLC                   | Crude   |
| Hartree Partners, LP                       |   |
| Hess Corporation                           | Crude-Reduced (VGO)   |
| J J White Inc                              |   |
| J.P. Morgan Chase Bank                     |   |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC              | Ethanol   |
| MacQuarie Bank Limited                     |   |
| MacQuarie Bank Limited London              |   |
| Mark West Hydrocarbon Inc                  |   |
| Merrill Lynch Commodities                  |   |
| Nereus Shipping S.A.                       |   |
| Noble Americas Corp.                       |   |
| North Yard Logistics L.P.                  |   |
| Oasis Petroleum Marketing LLC              |   |
| OSG Bulk Ships Inc.                        |   |
| PBF Holding Company                        | Iso Butane  |
| Petroleum Products Corporation             |   |
| Plains Midstream Canada ULC                |   |
| PNC Capital Markets, LLC                   |   |
| Shell                                      |   |
| Sunoco LLC                                 | Iso Butane (International)  |
| Sunoco Partners Marketing                  |   |
| Vane Line Bunkering Inc                    |   |
| Vitol Inc.                                 | Naphtha FBR   |
| WR Grace & Co-Conn                         |   |

| <b>Customers with revenue above USD 25MM to<br/>PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                        | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                                 | MUSKET CORPORATION (BULK)       |
| Apex Oil Company  | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.                   | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                                   | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                                   | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                    | Papco, Inc                      |
| BP Products (NA)  | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                               | PennJ Petroleum LLC             |



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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC



**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA



Cancellation by Aon to be agreed by Lancashire for its own share.



**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130



**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000



**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: \_\_\_\_\_ Annual Adjustment Rate per ~~USD 100~~ of reported values.

*to be agreed - est 0.00315*



**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100



## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**



**SLIP LEADER**

The Slip Leader is: *Lancashire (full name per stamp)*  
 In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with:  
 Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

*As per 1<sup>st</sup> instalment - depending upon availability of official BI figures days after expiry*



**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;



- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

**NON BUREAUX  
ARRANGEMENTS**



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**FISCAL AND REGULATORY**

**TAX PAYABLE BY  
(RE)INSURER(S):**

None

**COUNTRY OF ORIGIN:**

United States of America

**OVERSEAS BROKER:**

Aon Risk Services Southwest Inc (Formerly Known As Aon Risk  
Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:**

Aon Risk Services Southwest Inc (Formerly Known As Aon Risk  
Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING**

Pennsylvania

**US CLASSIFICATION:**

Surplus Lines

**ALLOCATION OF  
PREMIUM TO CODING:**

EF – 100%

In respect of electronic lines, please refer to the Settlement  
Information shown under Security Details herein.

**REGULATORY CLIENT  
CLASSIFICATION:**

Large Risk



### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:**

Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:**

Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:**

2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



**SECURITY DETAILS****(RE)INSURER'S LIABILITY:****(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



Policy Number ENNMG1800262

ORDER HEREON: *100%* % of 100%

BASIS OF WRITTEN LINES: Percentage of Whole

BASIS OF SIGNED LINES: Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



**lancashire** 22% X LIMIT *26/10/18*  
INSURANCE COMPANY (UK) LIMITED

|       |   |   |   |   |   |     |   |   |   |   |   |
|-------|---|---|---|---|---|-----|---|---|---|---|---|
| L     | A | 6 | 6 | 9 | 8 | 0   | N | P | L | I | 8 |
| L0205 |   |   |   |   |   | XIS |   |   |   |   |   |

LINE TO STAND

- offer open until 1/11/18
- no cover given until confirmation signed share.
- based on loss record presented - if deterioration in loss/claims record prior to inception, terms/conditions of offer may be reviewed/amended by Lancashire

Policy Number ENNMG1800262

**SIGNED LINES:**

**WRITTEN LINES:**

Policy Number ENNMG1800262

**SIGNED LINES:**

**WRITTEN LINES:**

Policy Number ENNMG1800262

**SIGNED LINES:**

**WRITTEN LINES:**

# **Exhibit 10**

LIBERTY MUTUAL INSURANCE COMPANY  
(A Massachusetts Stock Insurance Company, hereinafter the "[Insurer/Company"])  
175 Berkeley Street, Boston, MA 02116  
Toll-free number: 1-800-677-9163



**PENNSYLVANIA LARGE COMMERCIAL RISK DISCLOSURE NOTICE**  
FORMS AND RATES FOR LARGE COMMERCIAL RISKS ARE EXEMPT FROM  
FILING REQUIREMENTS.

ISSUED: Dallas, TX

INSURED: **PES Energy Inc.; PES Ultimate Holdings, LLC**

MAILING ADDRESS: 3144 West Passyunk Avenue, Philadelphia, PA 19145

BROKER: Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500, Houston, TX 77056

POLICY NUMBER: 1000233255-03

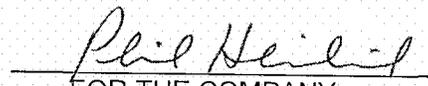
POLICY PERIOD: This Insurance shall be effective November 01, 2018 at 12:01 am, standard time, to November 01, 2019 at 12:01 am, standard time at the above mailing address.

LIMIT OF LIABILITY: This Company shall not be liable for more than \$46,875,000 per occurrence being 3.75% part of \$1,250,000,000 any one occurrence, excess deductibles as more fully described under the attached forms.

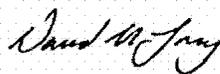
The sub-limits of liability shown under the attached policy form and endorsements are part of and not in addition to the limit of liability.

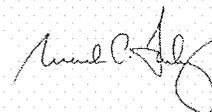
ANNUAL POLICY PREMIUM: TRIA REJECTED

DEDUCTIBLE AMOUNT: As per the attached Property Form 2018PESPROP

  
FOR THE COMPANY  
12/21/2019

In witness whereof, the company has caused this policy to be signed by its President and its Secretary at Boston, Massachusetts, and countersigned by a duly authorized representative of the company.

  
PRESIDENT  
David M. Long

  
VICE PRESIDENT AND SECRETARY  
Mark C. Touhey



## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, *except*;

USD Excluded any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Flood

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm

USD 25,000,000 Accounts Receivable

USD 2,500,000 Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)

USD 75,000,000 Contingent Business Interruption, Named

USD 25,000,000 Contingent Business Interruption, Unnamed

USD 10,000,000 Contingent Extra Expense

USD 50,000,000 Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits

USD 25,000,000 or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal

USD 25,000,000 Demolition and Increased Cost of Construction due to Law or Ordinance

USD 10,000,000 Demurrage

USD 10,000,000 Electronic Data Processing Media

USD 10,000,000 Errors and Omissions

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

|                        |                                |
|------------------------|--------------------------------|
| USD 6,678,578,378      | Physical Damage                |
| USD 68,072,544         | Inventory                      |
| <u>USD 559,274,031</u> | Business Interruption (Annual) |
| USD 7,305,924,953      | Total Insured Value            |

**10. ANNUAL PREMIUM (100%)**

|                         |
|-------------------------|
| All Risk PD/TE          |
| Certified Terrorism     |
| Non-certified Terrorism |
| Total                   |

**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

**16. LMA3333 DATED 21 JUNE 2007**

**Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 17. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.23020 Annual Adjustment Rate per \$100 of reported values.

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipleys Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

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| <u>Suppliers</u>               | <u>Products</u>            |
|--------------------------------|----------------------------|
| Lansing Ethanol Services, LLC  | Ethanol                    |
| MacQuarie Bank Limited         |                            |
| MacQuarie Bank Limited London  |                            |
| Mark West Hydrocarbon Inc      |                            |
| Merrill Lynch Commodities      |                            |
| Nereus Shipping S.A.           |                            |
| Noble Americas Corp.           |                            |
| North Yard Logistics L.P.      |                            |
| Oasis Petroleum Marketing LLC  |                            |
| OSG Bulk Ships Inc.            |                            |
| PBF Holding Company            | Iso Butane                 |
| Petroleum Products Corporation |                            |
| Plains Midstream Canada ULC    |                            |
| PNC Capital Markets, LLC       |                            |
| Shell                          | Iso Butane (International) |
| Sunoco LLC                     |                            |
| Sunoco Partners Marketing      |                            |
| Vane Line Bunkering Inc        |                            |
| Vitol Inc.                     | Naphtha FBR                |
| WR Grace & Co-Conn             |                            |

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

#### **6. INGRESS/EGRESS**

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS**

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

#### **8. BASIS OF RECOVERY**

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
  - (3) making use of Merchandise at the locations described herein or elsewhere, or
  - (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,
- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

**17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

**18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

**19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

**5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

**6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

**7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

**8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

**9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

#### **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

#### **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

#### **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

#### **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

**30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**

a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

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All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

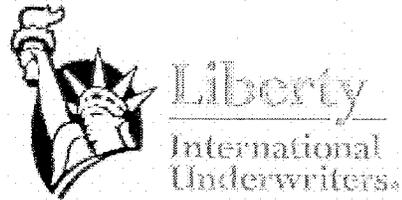
It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE



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**LIBERTY MUTUAL INSURANCE COMPANY**

(A member of Liberty Mutual Group and hereinafter "the Company")

ENDORSEMENT NO.: 1

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Effective Date: November 01, 2018

Expiration Date: November 01, 2019

Policy Number: 1000233255-03

Issued To: PES Energy Inc., PES Ultimate Holdings, LLC

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NOTICE OF MEMBERSHIP IN LIBERTY MUTUAL HOLDING COMPANY, INC  
AND  
NOTICE OF ANNUAL MEETING**

Liberty Mutual Insurance Company is a Massachusetts stock insurance company subsidiary of Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company. Insurance is provided by Liberty Mutual Insurance Company. The named insured first named in the declarations is a member of Liberty Mutual Holding Company Inc.

As a member of Liberty Mutual Holding Company Inc., the named insured first named is entitled, among other things, to vote either in person or by proxy at the annual meeting or special meetings of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is at its offices located at 175 Berkeley Street, Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

Members of Liberty Mutual Holding Company Inc. may request a copy of the company's annual financial statement, which are posted on Liberty Mutual's website at [www.libertymutual.com](http://www.libertymutual.com), by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts 02117, Attention: Corporate Secretary.



LIBERTY MUTUAL INSURANCE COMPANY

ENDORSEMENT NO. 2

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

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Named Insured: PES Energy Inc., PES Ultimate Holdings, LLC

Policy Number: 1000233255-03

Effective Date: November 01, 2018

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**U.S. ECONOMIC AND TRADE SANCTIONS ENDORSEMENT**

Whenever coverage provided by this policy would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void. Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.



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## LIBERTY MUTUAL INSURANCE COMPANY

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

### ENDORSEMENT NO. 3

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**Effective Date:** November 01, 2018  
**Policy Number:** 1000233255-03  
**Issued To:** PES Energy Inc., PES Ultimate Holdings, LLC

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

#### ENERGY PROPERTY POLICY

#### SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

**CA, CT, GA, HI, IL, IA, MA, ME, MO, NC, NY, NJ, OR, RI, WA, WI, WV, VA, VI**

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

#### CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. **Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.



If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



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**LIBERTY MUTUAL INSURANCE COMPANY**

(A Massachusetts Stock Insurance Company, hereinafter the "Company")

ENDORSEMENT NO. 4

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**Effective Date:** November 01, 2018  
**Policy Number:** 1000233255-03  
**Issued To:** PES Energy Inc., PES Ultimate Holdings, LLC

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION OF TERRORISM**

Notwithstanding any provision to the contrary within this policy or any endorsement thereto, it is agreed that this policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of *Terrorism* regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of *Terrorism*.

For the purpose of this endorsement an act of *Terrorism* means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Multiple occurrences of *terrorism* that occur within a seventy-two (72) hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one (1) occurrence, for the purpose of determining whether the threshold is exceeded.

Application Of Other Exclusions

The terms and limitations of any *Terrorism* exclusion, or the inapplicability or omission of a *Terrorism* exclusion, do not serve to create coverage for any loss or damage that would otherwise be excluded by this policy.

**Important Notice to Our Insureds/Brokers/Agents**

**NOTIFICATION OF CLAIMS**

**Upon knowledge of any occurrence likely to give rise to a claim hereunder, “you” must give immediate notice to:**

**Marc Giovannetti  
Senior Claims Manager  
Liberty International Underwriters  
US Energy & Construction Claims  
55 Water Street, 23<sup>rd</sup> Floor  
New York, NY 10041**

**Direct Line: 212-208-4231**

**Email: [FirstPartyClaims@LibertyIU.com](mailto:FirstPartyClaims@LibertyIU.com)**

# **Exhibit 11**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800181

**Renewing Policy  
Number:** ENAME1700971

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.



**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800181

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED (100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.



Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

TBC % of 100%. *[Handwritten signature]* 23/10/18

**PREMIUM**

USD 6,700,000 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.



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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |           |   |
|-----|-----------|---|
| USD | 2,500,000 | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 5,000,000 | Valuable Papers and Records   |
|     | 30 days   | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days   | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products   |
|-------------------------------------|--|
| Amerigreen Energy Inc.              | Biodiesel  |
| Archer Daniels Midland Company      | Ethanol  |
| BNSF Railway Company                | RR Transport   |
| BP                                  | Iso Butane (International)                                     |
| BP North America Petroleum          | Gasoline Components  |
| BP Products (NA) (IL)               | Naphtha FBR  |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC               |  |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.       |  |
| Colonial Energy, Inc.               |  |
| Colonial Pipeline Company           |  |
| Constellation New Energy Inc.       |  |
| Continental Resources, Inc.         |  |
| Crestwood Services, LLC             |  |
| Eco-Energy Fueling Solutions        |  |
| Eighty-Eight Oil LLC                |  |
| Freeport Commodities LLC            | Crude  |
| Hartree Partners, LP                |  |
| Hess Corporation                    | Crude-Reduced (VGO)  |
| J J White Inc                       |  |
| J.P. Morgan Chase Bank              |  |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC       | Ethanol  |
| MacQuarie Bank Limited              |  |
| MacQuarie Bank Limited London       |  |
| Mark West Hydrocarbon Inc           |  |
| Merrill Lynch Commodities           |  |
| Nereus Shipping S.A.                |  |
| Noble Americas Corp.                |  |
| North Yard Logistics L.P.           |  |
| Oasis Petroleum Marketing LLC       |  |
| OSG Bulk Ships Inc.                 |  |
| PBF Holding Company                 | Iso Butane   |
| Petroleum Products Corporation      |  |
| Plains Midstream Canada ULC         |  |
| PNC Capital Markets, LLC            |  |
| Shell                               | Iso Butane (International)                                     |
| Sunoco LLC                          |  |
| Sunoco Partners Marketing           |  |
| Vane Line Bunkering Inc             |  |
| Vitol Inc.                          | Naphtha FBR  |
| WR Grace & Co-Conn                  |  |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |



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|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              |  |
| CITGO PETROLEUM CORPORATION                 | PPL ENERGYPLUS RETAIL, LLC                     |
| Colonial Oil Industries, Inc.               | PYRAMID DE LLC                                 |
| DSST Corporation                            | QT FUELS INCORPORATED                          |
| Edw. J Sweeney & Sons, Inc                  | REPSOL TRADING USA CORPORATION                 |
| ENI TRADING & SHIPPING INC.                 | Riggins, Inc                                   |
| ENTERPRISE PRODUCTS OPERATING               | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| EXXONMOBIL OIL CORPORATION                  | Ross Fogg Fuel Oil Co.                         |
| FREEPOINT COMMODITIES LLC                   | Sat Raj Inc                                    |
| GEORGE E. WARREN CORPORATION                | Service Energy, LLC                            |
| GLENCORE LTD.                               | SHEETZ INC.                                    |
| GLOBAL COMPANIES LLC                        | SHELL TRADING US CO. (PRODUCTS)                |
| GULF OIL LIMITED PARTNERSHIP                | Shipleys Fuels Marketing, LLC                  |
| GUTTMAN ENERGY, INC.                        | SJ Fuel South Co Inc.                          |
| GUTTMAN OIL CO. (BULK)                      | SPEEDWAY LLC                                   |
| HARTREE PARTNERS, LP                        | SPRAGUE OPERATING RESOURCES LLC                |
| HESS ENERGY TRADING CO., LLC                | Sunoco Partners Marketing and Terminals LP     |
| HONEYWELL INTERNATIONAL INC                 | SUNOCO, LLC                                    |
| JP MORGAN VENTURES ENERGY CORP              | SUPERIOR PLUS ENERGY SERV LLC                  |
| KOCH SUPPLY & TRADING LP                    | TA Operating LLC                               |
| Long Island Lighting Company dba LIPA       | TRAFIGURA AG                                   |
| Lukoil North America LLC                    | TRAFIGURA TRADING LLC                          |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| Mansfield Oil Company                       | UNITED ENERGY PLUS TERMINALS, LLC              |
| MARATHON PETROLEUM CO. LP                   |  |
| MERCURIA ENERGY TRADING INC                 | US VENTURE INC                                 |
| Merrill Lynch Commodities, Inc.             | VALERO MARKETING AND SUPPLY CO                 |
| MIECO INC.                                  | VITOL INC.                                     |
| Mirabito Holdings Inc.                      | WAWA INC.                                      |
| MONROE ENERGY, LLC                          | WORLD FUEL SERVICES, INC.                      |
|   | WOROCO MANAGEMENT LLC                          |



**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA



**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130



**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000



**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.20980 Annual Adjustment Rate per USD 100 of reported values.



**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100



## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER** The Slip Leader is: Mapfre Global Risks Compania Internacional De Seguros Y Reaseguros Sa  
In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)** The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES** General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:  
- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;  
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;  
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

PR1ldac to be agreement party



Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

- 1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
- 2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
- 3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY** Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY** None.

**BASIS OF CLAIMS AGREEMENT** As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

PRIIIdac to be agreement party



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.qbc.noc@aon.co.uk](mailto:aon.qbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;



- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



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### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER COMMISSION:** Nil

**OTHER DEDUCTIONS FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip Leader, subject to invoice.



### SECURITY DETAILS

**(RE)INSURER'S LIABILITY:**

**(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



Policy Number ENNMG1800181

ORDER HEREON: TBC % of 100%

Handwritten notes: 23, .0, 1.8

BASIS OF WRITTEN LINES: Percentage of Whole

BASIS OF SIGNED LINES: Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



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SIGNED LINES:

WRITTEN LINES:

4%

of limit.

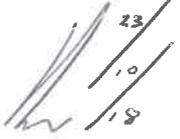
 **MAPFRE | GLOBAL RISKS**

**COMPANÍA INTERNACIONAL DE SEGUROS Y REASEGUROS**

Ctra. de Pozuelo, 52 Edificio 2 - 2ª Planta  
28222 MAJADAHONDA (MADRID)

T + 34.915.81.51.12

F + 34.915.81.51.46

  
23/10/18

Sub no deterioration in  
loss history or terms to be  
reviewed. NCG, open until inception.

Policy Number ENNMG1800181

SIGNED LINES:

WRITTEN LINES:

2.5000 % of layer

Our Ref. F590236

Date 31-Oct-18

**PartnerRe Ireland Insurance dac**  
5th Floor, Block 1, The Oval,  
160 Shelbourne Road, Dublin 4, Ireland

Aoife O'Shaughnessy



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**SIGNED LINES:**

**WRITTEN LINES:**

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# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800181

**Renewing Policy  
Number:** ENAME1700971

**Period:** 1st November 2018 to 1st November 2019

**Aon UK Limited**  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority

**AON**  
Empower Results<sup>®</sup>



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.



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**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800181

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 1,250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



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**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to: \*

\* 2017 PESPROP wording to remain in place until agreed.

*Handwritten signature and date: 23/10/18*

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

~~Lenders Loss Payable Clause, as per wording.~~

Loss Payee Clause

*Handwritten signature and date: 23/10/18*



Policy Number: ENNMG1800181

Handwritten initials and dates: 23/10/18

~~Non-Vitiation Clause, as per wording.~~

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States, of America.

**ORDER HEREON**

TBC % of 100%. Handwritten initials and dates: 23/10/18

**PREMIUM**

USD 6,700,000 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.



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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |           |   |
|-----|-----------|---|
| USD | 2,500,000 | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 5,000,000 | Valuable Papers and Records   |
|     | 30 days   | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days   | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>  |
|--|--|
| Amerigreen Energy Inc.                     | Biodiesel  |
| Archer Daniels Midland Company             | Ethanol  |
| BNSF Railway Company                       | RR Transport   |
| BP   | Iso Butane (International)                                     |
| BP North America Petroleum                 | Gasoline Components  |
| BP Products (NA) (IL)                      | Naphtha FBR  |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC                      |  |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.              |  |
| Colonial Energy, Inc.                      |  |
| Colonial Pipeline Company                  |  |
| Constellation New Energy Inc.              |  |
| Continental Resources, Inc.                |  |
| Crestwood Services, LLC                    |  |
| Eco-Energy Fueling Solutions               |  |
| Eighty-Eight Oil LLC                       |  |
| Freeport Commodities LLC                   | Crude  |
| Hartree Partners, LP                       |  |
| Hess Corporation                           | Crude-Reduced (VGO)  |
| J J White Inc                              |  |
| J.P. Morgan Chase Bank                     |  |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC              | Ethanol  |
| MacQuarie Bank Limited                     |  |
| MacQuarie Bank Limited London              |  |
| Mark West Hydrocarbon Inc                  |  |
| Merrill Lynch Commodities                  |  |
| Nereus Shipping S.A.                       |  |
| Noble Americas Corp.                       |  |
| North Yard Logistics L.P.                  |  |
| Oasis Petroleum Marketing LLC              |  |
| OSG Bulk Ships Inc.                        |  |
| PBF Holding Company                        | Iso Butane   |
| Petroleum Products Corporation             |  |
| Plains Midstream Canada ULC                |  |
| PNC Capital Markets, LLC                   |  |
| Shell                                      | Iso Butane (International)                                     |
| Sunoco LLC                                 |  |
| Sunoco Partners Marketing                  |  |
| Vane Line Bunkering Inc                    |  |
| Vitol Inc.                                 | Naphtha FBR  |
| WR Grace & Co-Conn                         |  |

| <b>Customers with revenue above USD 25MM to PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                    | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                       | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                      | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                             | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                    | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.               | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                               | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                               | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                | Papco, Inc                      |
| BP Products (NA)                                    | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                           | PennJ Petroleum LLC             |



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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E. WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC



**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,
 fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA



Policy Number ENNMG1800181

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### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130



**PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000



**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.20980 Annual Adjustment Rate per USD 100 of reported values.



**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100



## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |               |                                |
|-----|---------------|--------------------------------|
| USD | 6,678,578,378 | Physical Damage                |
| USD | 68,072,544    | Inventory                      |
| USD | 559,274,031   | Business Interruption (Annual) |
| USD | 7,305,924,953 | Total Insured Values           |



**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER** The Slip Leader is: Mapfre Global Risks Compania Internacional De Seguros Y Reaseguros Sa  
In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)** The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES** General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:  
- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;  
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;  
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY** Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY** None.

**BASIS OF CLAIMS AGREEMENT** As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

☉ days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;



- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING:** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



Policy Number ENNMG1800181

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### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



Policy Number ENNMG1800181

**ORDER HEREON:** TBC % of 100%

Handwritten scribbles and numbers: 23, .0, .8

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



Policy Number ENNMG1800181

SIGNED LINES:

WRITTEN LINES:

4 0/5

of limit.



**MAPFRE | GLOBAL RISKS**

**COMPANÍA INTERNACIONAL DE SEGUROS Y REASEGUROS**

Ctra. de Pozuelo, 52 Edificio 2 - 2ª Planta  
28222 MAJADAHONDA (MADRID)  
T + 34.915.81.51.12  
F + 34.915.81.51.46

23  
10  
18

Copy of programme lead wording  
please. Sub no deterioration in  
loss history or terms to be  
reviewed. NCG, open until inception.

Policy Number ENNMG1800181

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number ENNMG1800181

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number: (UMR) B1526ENNMG1800181

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## SECURITY DETAILS

### REFERENCES

UMR (Unique Market Reference): B1526ENNMG1800181

Date contract printed to PDF: 16:03 31 October 2018

## SIGNED UNDERWRITERS

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### Pioneer Underwriting Limited

Shoni Noschis

|                     |      |                    |      |
|---------------------|------|--------------------|------|
| <b>Written Line</b> | 2.5% | <b>Signed Line</b> | 2.5% |
|---------------------|------|--------------------|------|

|                  |                       |
|------------------|-----------------------|
| <b>Agreed on</b> | 10:50 31 October 2018 |
|------------------|-----------------------|

#### For and on behalf of:

Pioneer Natural Resources - Onshore - PNR  
9094

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
|---------------------|--------------------|

|      |      |
|------|------|
| 2.5% | 2.5% |
|------|------|

#### Bound as Lloyd's Leader

|                       |             |
|-----------------------|-------------|
| <i>Lloyd's Stamp:</i> | 9094        |
| <i>LORS Code:</i>     | L9094       |
| <i>Reference:</i>     | ANA159C18AA |
| <i>Description:</i>   |             |

#### Subjectivities

PNR 9094 to be contract agreement party for own proportion only.

|                 |     |               |                                 |
|-----------------|-----|---------------|---------------------------------|
| <b>Deadline</b> | N/A | <b>Status</b> | Subjectivity has been satisfied |
|-----------------|-----|---------------|---------------------------------|

---

### Aggregated Offline Market - Line To Stand

Non PPL Underwriter

|                     |       |                    |       |
|---------------------|-------|--------------------|-------|
| <b>Written Line</b> | 4.00% | <b>Signed Line</b> | 4.00% |
|---------------------|-------|--------------------|-------|

#### For and on behalf of:

Aggregated Offline Market - Line To Stand

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
|---------------------|--------------------|

|       |       |
|-------|-------|
| 4.00% | 4.00% |
|-------|-------|

#### Bound Offline as Slip Leader - Evidence held on file

|                     |        |
|---------------------|--------|
| <i>Reference:</i>   | PES QS |
| <i>Description:</i> |        |

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Policy Number: (UMR) B1526ENNMG1800181

---

**Aggregated Offline Market - Proportional Signing**

Non PPL Underwriter

| <b>Written Line</b>                              |      | <b>Signed Line</b>  |                    |
|--|------|---------------------|--------------------|
|  | 2.5% |                     | 2.5%               |
| <b>For and on behalf of:</b>                     |      | <b>Written Line</b> | <b>Signed Line</b> |
| Aggregated Offline Market - Proportional Signing |      | 2.5%                | 2.5%               |

**Bound Offline - Evidence held on file**

*Reference:* F590236  
*Description:*

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Policy Number: (UMR) B1526ENNMG1800181

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## SETTLEMENT INFORMATION

### Allocation of Premium to Coding

EF at 100.00%

### Allocation of Premium to Year of Account

2018

### Terms of Settlement

Settlement Due Date: 29 January 2019

Instalment Premium Period of Credit: 90 day(s)

Adjustment Premium Period of Credit: 0 day(s)

Pioneer Natural Resources - Onshore - PNR 9094

**Bureau Leader and Lloyd's Leader**

Shoni Noschis

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**LPSO Reference: 9094**

**(2018 Year of Account )**

**Pioneer Natural Resources Onshore PNR**

| <b>SIGNED LINE</b> | <b>SYND</b> | <b>PSEUD</b> | <b>REFERENCE</b> |
|--------------------|-------------|--------------|------------------|
| 48.78000           | 1980        | PIO          | TO BE ENTERED    |
| 19.51000           | 4444        | CNP          | 920278CAA        |
| 9.76000            | 1729        | DUW          | 000765C18AA      |
| 2.44000            | 727         | SAM          | 5N180C2063NC     |
| 19.51000           | 2468        | NEO          | KCD18669971X     |

# **Exhibit 12**



**HDI GLOBAL INSURANCE COMPANY**

161 North Clark Street, 48<sup>th</sup> Floor · Chicago, IL 60601 · Phone: (312) 580-1900 · Fax: (312) 580-0700

**BINDER**

Heather Hanchey  
Aon Risk Solutions, Aon Energy  
5555 San Felipe, Suite 1500  
Houston, TX 77056  
PH #: 832-476-5826

Date: October 31, 2018

Dear Heather:

**HDI Global Insurance Company** (admitted) is pleased to provide this binder as per the attached coverage specifications for

**NAME INSURED:** Philadelphia Energy Solutions LLC

**MAILING ADDRESS:** 3144 West Passyunk Avenue  
Philadelphia, PA 19145

**POLICY NUMBER:** OGD1432102

**POLICY PERIOD:** This policy shall be effective on 11/1/18 and shall expire on 11/1/19 both at 12:01 A.M. standard time.

**ISSUING COMPANY:** HDI Global Insurance Company

**HDI GLOBAL PARTICIPATION:** 1.50% po \$1,250,000,000 x ded

**ANNUAL PREMIUM:** \$5,648,000 (excl TRIA, taxes, surcharges)

**ANNUAL TRIA PREMIUM:** REJECTED

**HDI GLOBAL SHARE:** \$84,720 (excl TRIA, taxes, surcharges)

**COMMISSION:** 10%

Please call with any questions you may have or if you need further clarification of any information presented in this document.

Regards,

**Tamisika Smith**  
**HDI Global Insurance Company**  
Direct: 281-788-2208  
Email: [tamisika.smith@us.hdi.global](mailto:tamisika.smith@us.hdi.global)



## HDI GLOBAL INSURANCE COMPANY

161 North Clark Street, 48<sup>th</sup> Floor · Chicago, IL 60601 · Phone: (312) 580-1900 · Fax: (312) 580-0700

### 1. NAMED INSURED AND ADDRESS

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
 North Yard GP, LLC  
 North Yard Logistics, L.P.  
 PES Administrative Services, LLC  
 PES Holdings, LLC  
 PES Intermediate, LLC  
 PES Inventory Company, LLC  
 PES Logistics GP, LLC  
 PES Logistics Partners, L.P.  
 PESRM Holdings, LLC  
 Philadelphia Energy Solutions Inc.  
 Philadelphia Energy Solutions LLC  
 Philadelphia Energy Solutions Refining and Marketing LLC  
 all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
 Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

### 4. TERM OF INSURANCE

Twelve (12) months from November 1, 2018 to November 1, 2019, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

### 5. LIMIT OF LIABILITY (100%)

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

Subject to the following Program Sublimits (100%)

|                 |   |
|-----------------|---|
| USD 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, except;   |
| USD Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake |
| USD 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                 |
| USD 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm       |
| USD 25,000,000  | Accounts Receivable   |
| USD 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                |
| USD 75,000,000  | Contingent Business Interruption, Named   |
| USD 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD 10,000,000  | Contingent Extra Expense  |
| USD 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                  |
| USD 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal               |
| USD 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance                                     |
| USD 10,000,000  | Demurrage   |
| USD 10,000,000  | Electronic Data Processing Media  |



## HDI GLOBAL INSURANCE COMPANY

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|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Errors and Omissions  |
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, except;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

### 6. RETENTIONS

#### Physical Damage

USD 10,000,000 any one Occurrence

#### Time Element

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

### 7. TERRITORIAL LIMITS

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### 8. CHOICE OF LAW AND JURISDICTION

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

### 9. TOTAL INSURED VALUES

|     |               |                                |
|-----|---------------|--------------------------------|
| USD | 6,678,578,378 | Physical Damage                |
| USD | 68,072,544    | Inventory                      |
| USD | 559,274,031   | Business Interruption (Annual) |
| USD | 7,305,924,953 | Total Insured Value            |



## HDI GLOBAL INSURANCE COMPANY

161 North Clark Street, 48<sup>th</sup> Floor · Chicago, IL 60601 · Phone: (312) 580-1900 · Fax: (312) 580-0700

### 10. ANNUAL PREMIUM (100%)

Per Cover Page

### 11. COMMISSION

10.00%

### 12. DEDUCTIONS

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

### 13. MARKETING OFFICE

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

### 14. SURPLUS LINES OFFICE

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056  
Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

### 15. NOTICE OF CLAIM

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

### 16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30th) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

### 17. LMA3333 DATED 21 JUNE 2007

Insurer's liability several not joint

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract. The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to



## HDI GLOBAL INSURANCE COMPANY

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the provision concerning “signing” below. In the case of a Lloyd’s syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member’s proportion. A member is not jointly liable for any other member’s proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd’s, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd’s syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd’s, at the above address.

### Proportion of liability

Unless there is “signing” (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its “written line”.

Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

### 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured’s books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: .2205 Annual Adjustment Rate per \$100 of reported values.

### 2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS

Customers w/revenue above USD 25MM to PES

121 POINT BREEZE MANAGEMENT CORP

AdvanSix Inc.

AHOLD FUEL LLC

AOT Energy Americas LLC

Apex Oil Company

APPROVED OIL COMPANY OF BROOKLYN INC.

Arfa Enterprises Inc.

ASTRA OIL COMPANY LLC

Atlantic Trading and Marketing, Inc.

BP Products (NA)

BP Products NA Inc. (Jet)

BP Products NA Inc. (Products)



## HDI GLOBAL INSURANCE COMPANY

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BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP  
Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION



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Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

Suppliers w/spend above USD 25MM

| Suppliers                            | Products   |
|--------------------------------------|--|
| Amerigreen Energy Inc.               | Biodiesel  |
| Archer Daniels Midland Company       | Ethanol  |
| BNSF Railway Company                 | RR Transport   |
| BP                                   | Iso Butane (International)                                     |
| BP North America Petroleum           | Gasoline Components  |
| BP Products (NA) (IL)                | Naphtha FBR  |
| BP Products NA Inc. (Products)       | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC                |  |
| Centennial Gas Liquids, LLC          | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.        |  |
| Colonial Energy, Inc.                |  |
| Colonial Pipeline Company            |  |
| Constellation New Energy Inc.        |  |
| Continental Resources, Inc.          |  |
| Crestwood Services, LLC              |  |
| Eco-Energy Fueling Solutions         |  |
| Eighty-Eight Oil LLC                 |  |
| Freepoint Commodities LLC            | Crude  |
| Hartree Partners, LP                 |  |
| Hess Corporation Crude-Reduced (VGO) |  |
| J J White Inc                        |  |
| J.P. Morgan Chase Bank               |  |
| Koch Supply & Trading, LP            | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC        | Ethanol  |
| MacQuarie Bank Limited               |  |
| MacQuarie Bank Limited London        |  |
| Mark West Hydrocarbon Inc            |  |
| Merrill Lynch Commodities            |  |



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Nereus Shipping S.A.  
Noble Americas Corp.  
North Yard Logistics L.P.  
Oasis Petroleum Marketing LLC  
OSG Bulk Ships Inc.  
PBF Holding Company Iso Butane  
Petroleum Products Corporation  
Plains Midstream Canada ULC  
PNC Capital Markets, LLC  
Shell Iso Butane (International)  
Sunoco LLC  
Sunoco Partners Marketing  
Vane Line Bunkering Inc  
Vitol Inc. Naphtha FBR  
WR Grace & Co-Conn

# **Exhibit 13**



# General Security Indemnity Company of Arizona (THE "COMPANY")

**HOME OFFICES**  
2338 W. ROYAL PALM ROAD,  
SUITE J  
Phoenix, AZ 85021

**ADMINISTRATIVE OFFICES**  
One Seaport Plaza  
199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

## PROPERTY DECLARATIONS

### NOTICES

- 1) Duty to Defend or Investigate: The Company shall have no duty to defend or investigate any claim or suit unless and until all limits of all underlying insurance policies have been exhausted by payment of judgments, claims or settlements.
- 2) Duty to Pay Claims: If any underlying insurance policy has no duty to pay a claim for injury or damage for a reason other than exhaustion of an aggregate limit of insurance, then Company shall have no obligation to make any payment under this policy.
- 3) Coverage is excluded in any country and for any transaction where such coverage is unlawful as determined by the Government of the United States of America or its agencies.
- 4) Assignment of the Policy shall not be valid except with the written consent of the Company.

POLICY NUMBER: 10F152096-2018-1

RENEWAL OF POLICY NUMBER: 10F152096-2017-1

ITEM 1 NAMES AND ADDRESSES

Insured's Name: PES Energy Inc.; PES Ultimate Holdings, LLC

Insured's Address: Street: 3144 West Passyunk Avenue  
 City, State, Zip: Philadelphia, PA 19145  
 Country: U.S.A.

Broker's Name: Aon Risk Services Southwest, Inc.

Broker's Address: Street: 5555 San Felipe Street, Suite 1500  
 City, State, Zip: Houston, TX 77056  
 Country: U.S.A.

ITEM 2 POLICY PERIOD From November 1, 2018 To November 1, 2019 at 12:01 AM standard time at the address of the Insured





**General Security Indemnity Company of Arizona**  
(THE "COMPANY")

**HOME OFFICES**  
2338 W. ROYAL PALM ROAD,  
SUITE J  
Phoenix, AZ 85021

**ADMINISTRATIVE OFFICES**  
One Seaport Plaza  
199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

ITEM 3 COVERAGES

| COVERAGES  | LIMIT OF INSURANCE  | PREMIUM FOR COVERAGE PROVIDED BY COMPANY                                     |
|--|---|--|
| See Reference Numbers:<br><u>10F152096-2018-1</u><br>&<br><u>2018PESPROP</u> | USD 125,000,000 being 10% part of USD 1,250,000,000 <input checked="" type="checkbox"/> each and every occurrence<br><br>Deductibles, attachment points and sublimits as per attached Reference Numbers: <u>10F152096-2018-1</u> & <u>2018PESPROP</u> | See Reference Numbers:<br><u>10F152096-2018-1</u><br>&<br><u>2018PESPROP</u> |

Conformity to Statute. Any provision or stipulation of the Policy which is in conflict with the statutes of the state(s) wherein the property covered hereunder is located is hereby amended to conform to such statutes. The Policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of the Policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in the Policy.

ITEM 4 PREMIUM FOR COVERAGE PROVIDED BY COMPANY

Coverage  
TRIA  
(TRIA Premium must be entered. If TRIA is declined, enter "no coverage").

**NO COVERAGE**

Total \_\_\_\_\_

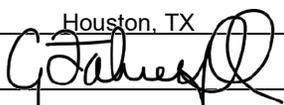
ITEM 5 CLAIMS NOTIFICATION

Any notification under this policy should be made to the following:

CLAIMS DEPARTMENT  
GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA  
ONE SEAPORT PLAZA  
199 WATER STREET, SUITE 2100  
NEW YORK, NEW YORK 10038-3526 - USA  
[SBSAmericasClaims@Scor.com](mailto:SBSAmericasClaims@Scor.com)

IN WITNESS WHEREOF, General Security Indemnity Company of Arizona has caused the Policy to be executed by its duly authorized representative:

Signed at: \_\_\_\_\_ Houston, TX \_\_\_\_\_ Date: \_\_\_\_\_ December 14, 2018 \_\_\_\_\_

Signature: \_\_\_\_\_  \_\_\_\_\_ Print Name & Title: \_\_\_\_\_ Gerry Fahrenthold \_\_\_\_\_  
Regional Line Manager | Onshore Energy

JB ~ 12/13/2018





**General Security Indemnity Company of Arizona**  
(THE "COMPANY")

**HOME OFFICES**  
2338 W. ROYAL PALM ROAD,  
SUITE J  
Phoenix, AZ 85021

**ADMINISTRATIVE OFFICES**  
One Seaport Plaza  
199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

**Please be advised that this Policy will be issued through a surplus lines insurer on whose behalf we are authorized to act. Compliance with applicable laws and payment of taxes is the responsibility of the Insured, the insurance agent or insurance broker.**



# General Security Indemnity Company of Arizona

## HOME OFFICES

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## ADMINISTRATIVE OFFICES

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### POLICYHOLDER NOTICE TERRORISM RISK INSURANCE ACT

This Notice addresses requirements of the Terrorism Risk Insurance Act of 2002, and any amendments or extensions thereto, including the Terrorism Risk Insurance Program Reauthorization Act of 2015 (hereinafter "Act").

#### Definition

Act of Terrorism means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be an act of terrorism; to be an act that is violent or dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside of the United States in the case of United States missions or certain air carriers or vessels; to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Insured terrorism loss means any loss resulting from an act of terrorism including an act of war, in the case of workers compensation that is covered by primary or excess or umbrella property and casualty insurance issued by an insurer if the loss occurs in the United States or at United States missions or to certain air carriers or vessels.

Insurer deductible means the amount established in the Act that must be paid by the insurer issuing your policy before the federal government can pay its share of the compensation for insured terrorism losses.

#### Notice of Federal Source Limit, Preference, and Penalties in Coverage Under your Policy

YOU SHOULD KNOW THAT COVERAGE WHICH MAY BE PROVIDED BY THIS POLICY FOR INSURED TERRORISM LOSSES IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR, BIOLOGICAL OR CHEMICAL EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF INSURED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A 100



# General Security Indemnity Company of Arizona

## HOME OFFICES

2338 W. ROYAL PALM ROAD,  
SUITE J  
Phoenix, AZ 85021

## ADMINISTRATIVE OFFICES

One Seaport Plaza  
199 Water Street, 21<sup>st</sup> Floor  
New York, New York 10038-3526  
Telephone No. 212-480-1900  
U.S. Toll-free Outside NY 800-326-3299

**ONE HUNDRED MILLION DOLLAR CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 MILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 MILLION, YOUR COVERAGE MAY BE REDUCED.**

If you elected to purchase coverage for insured terrorism losses, the premium charge for this coverage is shown in the Declarations or an endorsement to the Declarations.

If you rejected this offer of coverage, coverage for statutorily mandated fire coverage resulting from such acts, if applicable to your coverage, is provided at no additional premium charge.



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U.S. Toll-Free (outside NY) 800-326-3299

# EXCLUSION OF CERTIFIED AND OTHER ACTS OF TERRORISM

### I. Definitions

"We, "us," "our" and "insurer" means General Security Indemnity Company of Arizona.

"You" means the insured listed in the declarations to this policy.

"Certified act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism according to the U.S. federal Terrorism Risk Insurance Act ("TRIA") and any subsequent federal law modifying TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

- a. The act resulted in insured losses in excess of \$5 million in the aggregate, that are attributable to all types of insurance that is subject to the TRIA; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure (including the use or operation, as a means of inflicting harm, of any computer, computer system, computer software program, malicious or improperly written code, computer virus or trojan, or any other electronic, photonic or optoelectronic system) that is committed by or for any individual, individuals, corporation, partnership or any entity and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to TRIA or any subsequent federal law modifying TRIA.

### II. Exclusion of Certified Act of Terrorism and Other Act of Terrorism

The provisions of this endorsement shall control over any other conflicting provisions in the policy. Except as required by Section IV, this policy does not apply to any bodily injury, property damage, personal injury, advertising injury, loss, damage, cost, claim or suit, expense, punitive damages, exemplary damages, or any other demand for money under the policy to which this endorsement is attached, or any underlying insurance, that is caused by, exacerbated by or which arises, directly or indirectly, out of a "certified act of terrorism" or an "other act of terrorism."

### III. Exclusion of Actions in Relation to a Certified Act of Terrorism and an Other Act of Terrorism

This policy does not apply to loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, retaliating against, suppressing or in any way relating to a "certified act of terrorism" or an "other act of terrorism."



**IV. Non-applicability of Exclusion to Certain Fire Losses**

If a "certified act of terrorism" or an "other act of terrorism" results in fire, and the direct physical loss or damage to property insured under this policy is located in any state which, at the time of such fire, has certain mandatory fire following coverage requirements following a "certified act of terrorism" or an "other act of terrorism," this policy will cover such loss or damage caused by that fire, subject however to all the terms and conditions of this policy as modified by application of all of the following provisions:

1. Coverage for fire following a "certified act of terrorism" or an "other act of terrorism" applies, where permitted, only to direct loss or damage to property insured under this policy, excluding time element coverage, where permitted.
2. Coverage for fire following a "certified act of terrorism" or an "other act of terrorism" is limited to the lesser amount of either
  - a) The actual cash value of the property at the time of the loss, or
  - b) The amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repaid, and without compensation for loss resulting from interruption of business or manufacture

**V. Minimum Requirements of Coverage**

Notwithstanding any other provisions of this policy, this policy will pay only for the amount of damages required to comply with the minimum requirements to be covered under statutes, regulations and judicial decisions applicable to this policy. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone within the state insurance department to grant us or any other insurer approval to vary the terms and conditions of the standard fire policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by such person of authority.

In the event that any portion of this exclusion or clause thereof is found to be invalid or unenforceable, the remainder shall remain in full force and effect

Certified  
Property  
Form C-NC-EXC-12/07-P

and

Non-Certified





**General Security Indemnity Company of Arizona**  
(THE "COMPANY")

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One Seaport Plaza  
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New York, New York 10038-3526  
Telephone No: +(1) 212-480-1900  
U.S. Toll-Free (outside NY) 800-326-3299

Insured: PES Energy Inc.; PES Ultimate Holdings, LLC

Effective: November 1, 2018

It is understood and agreed that the following Clause is hereby made part of this policy:

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA 3100

All other terms and conditions remain unchanged.

Attaching to and forming part of General Security Indemnity Company of Arizona (GSINDA)  
Policy No. 10F152096-2018-1

Authorized Representative

Gerry Fahrenthold, Regional Line Manager | Onshore Energy  
General Security Indemnity Company of Arizona





## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.



**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |



|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence



**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

All Risk PD/TE  
 Certified Terrorism  
 Non-certified Terrorism  
 Total



**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. SURPLUS LINES OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

**15. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers



in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

## 17. LMA3333 DATED 21 JUNE 2007

### Insurer's liability several not joint

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".



Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured’s books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.19950 Annual Adjustment Rate per \$100 of reported values.



**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP



Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
ShipleY Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC



SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |



**Suppliers**

Lansing Ethanol Services, LLC  
 MacQuarie Bank Limited  
 MacQuarie Bank Limited London  
 Mark West Hydrocarbon Inc  
 Merrill Lynch Commodities  
 Nereus Shipping S.A.  
 Noble Americas Corp.  
 North Yard Logistics L.P.  
 Oasis Petroleum Marketing LLC  
 OSG Bulk Ships Inc.  
 PBF Holding Company  
 Petroleum Products Corporation  
 Plains Midstream Canada ULC  
 PNC Capital Markets, LLC  
 Shell  
 Sunoco LLC  
 Sunoco Partners Marketing  
 Vane Line Bunkering Inc  
 Vitol Inc.  
 WR Grace & Co-Conn

**Products**

Ethanol  
  
 Iso Butane  
  
 Iso Butane (International)  
  
 Naphtha FBR



**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;



- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.



- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;



- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such



property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) Actual Cash Value

The Replacement Cost less deduction for physical depreciation.

b) Finished Stock

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) Mechanical and Electrical Breakdown

That form of Occurrence that is an Accident to an Object, further defined below



## (1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

## (2) Object

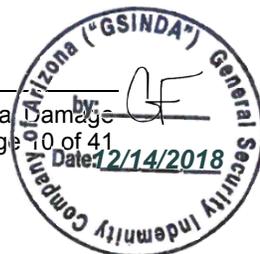
The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.



**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.



## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss.



under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere.



Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:



- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;



- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.



## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.



In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### 4. CLAIM PREPARATION EXPENSE

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### 5. COURSE OF CONSTRUCTION

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.



**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.



**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.



**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.



If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### 17. OFF PREMISES SERVICE INTERRUPTION

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### 18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### 19. PORT BLOCKAGE

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;



- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.



**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.



**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.



## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather



disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

#### 5. ADDITIONAL INSURED(S)

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

#### 6. CURRENCY CLAUSE

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

#### 7. LOSS CLAUSE

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

#### 8. ERRORS AND OMISSIONS

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

#### 9. CONTROL OF DAMAGED PROPERTY

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.



**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.



**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and



- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## 19. APPLICATION OF SALVAGE RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## 20. CARRIERS OR OTHER BAILEES

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## 21. NO CONTROL

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## 22. APPRAISAL

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.



**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action



United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## 29. ASSISTANCE AND CO-OPERATION

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## 30. NON-VITIATION

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.



**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding



herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.



- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

### 34. INSPECTION AND AUDIT

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

### 35. PERMISSION

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

### 36. DUE DILIGENCE

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

### 37. ABANDONMENT

There shall be no abandonment to the Insurers of any property.



**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.



and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or



similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### 44. LAW PRACTICE AND JURISDICTION

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### 45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.



**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.



## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.



All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

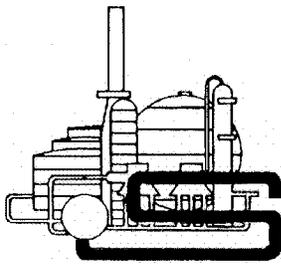
**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE



# **Exhibit 14**



Reggie T. Dent  
Regional Manager  
713 470-1478

**STARR TECHNICAL RISKS AGENCY, INC.**

5151 San Felipe, Suite 200  
Houston, TX 77056-3638

Binder

**Named Insured: PES Energy Inc.; PES Ultimate Holdings, LLC**

**Page 1 of 5**

Insurance applies only to those perils and/or coverages named and is subject to the terms and conditions of the Policy (ies) normally issued for the indicated perils and/or coverages.

**POLICY NUMBER:** EPRN14327186

**MAILING ADDRESS OF INSURED:** 3144 West Passyunk Avenue  
Philadelphia, PA 19145

**DESCRIPTION AND LOCATION OF PROPERTY INSURED:** Refinery

**VALUES:**

|                             |                        |
|-----------------------------|------------------------|
| Property Damage:            | \$6,678,578,378        |
| Inventory:                  | \$ 68,072,544          |
| Business Interruption:      | <u>\$ 559,274,031</u>  |
| <b>Total Insured Value:</b> | <b>\$7,305,924,953</b> |

**TERRITORY:** United States of America except worldwide in respects to Transit

**POLICY TERM:** Effective: November 1, 2018 at 12:01 A.M.  
Expiration: November 1, 2019 at 12:01 A.M.

**FORM:** Per submitted manuscript policy 2018-2019 No. 2018PESPROP policy submitted and returned with redline changes and comments stipulated in "Additional Terms and Conditions".

**COVERAGE:** All Risks of direct physical loss or damage, covering Property Damage, Business Interruption, Extra Expense and Boiler & Machinery.

**VALUATION:** As described in submitted policy

Time Element Coverages: Actual Loss Sustained.

**POLICY LIMIT OF LIABILITY:** \$1,250,000,000 any one occurrence.

**STARR TECH PARTICIPATION:** 4.9%, that being \$61,250,000 part of \$1,250,000,000

**SUBLIMITS:** Sublimits are per occurrence unless shown otherwise.  
The sublimits below are part of and not in addition to the Policy Limit of Liability.  
Sublimits are 100% and are subject to Starr Tech percentage participation.

Named Insured: PES Energy Inc.; PES Ultimate Holdings, LLC  
 Date of Binder: October 31, 2018

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|   |  |                  |
|---|--|------------------|
| EARTHQUAKE/EARTH MOVEMENT, Except:  | \$500,000,000  | Annual Aggregate |
| CALIFORNIA EARTHQUAKE/EARTH MOVEMENT:   | NO COVERAGE  |                  |
| FLOOD:  | \$500,000,000  | Annual Aggregate |
| NAMED WINDSTORM:  | \$500,000,000  | Annual Aggregate |
| ACCOUNTS RECEIVABLE:  | \$25,000,000   |                  |
| CIVIL/MILITARY AUTHORITY:   | 30 DAYS  |                  |
| CLAIMS PREPARATION  | \$2,500,000  |                  |
| CONTINGENT BUSINESS INTERRUPTION<br>(Named):  | \$75,000,000   |                  |
| CONTINGENT BUSINESS INTERRUPTION:<br>(Unnamed):   | \$25,000,000   |                  |
| CONTINGENT EXTRA EXPENSE:   | \$10,000,000   |                  |
| COURSE OF CONSTRUCTION  | \$50,000,000   |                  |
| DEBRIS REMOVAL:   | THE GREATER OF 25% OF ADJUSTED DIRECT<br>PROPERTY LOSS OR \$25,000,000 |                  |
| DEMOLITION & INCREASED COST<br>OF CONSTRUCTION:   | \$25,000,000   |                  |
| DEMURAGE:   | \$10,000,000   |                  |
| EDP MEDIA:  | \$10,000,000   |                  |
| ERRORS AND OMISSIONS:   | \$10,000,000   |                  |
| EXPEDITING EXPENSE:   | \$10,000,000   |                  |
| EXTRA EXPENSE:  | \$25,000,000   |                  |
| FINE ARTS:  | \$5,000,000  |                  |
| FIRE FIGHTING FEES:   | \$5,000,000  |                  |
| INGRESS/EGRESS:   | 30 DAYS  |                  |
| LEASEHOLD INTEREST:   | \$5,000,000  |                  |
| MISCELLANEOUS UNNAMED<br>LOCATIONS:   | \$10,000,000   |                  |
| MISCELANEOUS UNNAMEDLOCATIONS<br>as respects; flood, earthquake and<br>named windstorm: | \$2,500,000  |                  |
| NEWLY ACQUIRED PROPERTY:  | \$50,000,000   |                  |
| POLLUTION CLEANUP:  | \$5,000,000  | Annual Aggregate |
| PORT BLOCKAGE:  | \$50,000,000   |                  |
| RENTAL VALUE:   | \$10,000,000   |                  |
| SERVICE INTERRUPTION/(Off Premises<br>Power):   | \$50,000,000   |                  |
| TRANSIT INLAND:   | \$10,000,000   |                  |
| VALUABLE PAPERS AND RECORDS:  | \$25,000,000   |                  |

**DEDUCTIBLES:** All deductibles listed below are per occurrence except with respect to coverage provided under the Boiler & Machinery Endorsement (if provided) which shall be any One Accident.

PROPERTY DAMAGE: \$10,000,000

TIME ELEMENT: 1,440 Hour time element retention per occurrence

24 hour qualifier in respects to Off Premises service Interruption and then the above retentions would apply.

Named Insured: PES Energy Inc.; PES Ultimate Holdings, LLC  
 Date of Binder: October 31, 2018

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If number of hours applies as a Time Element Retention, then the specific numbers of hours are to be applied immediately following the occurrence.

As respects real and personal property, all claims for loss, damage or expense arising out of any one occurrence shall be adjusted as one claim and from the amount of each such adjusted claim there shall be deducted the sum stated on the Declarations Page.

Deductibles for Property Damage and Time Element shall be applied separately.

**ADDITIONAL TERMS AND CONDITIONS:**

1. As coverage is written on a manuscript form the applicable state amendatory endorsements will be added when issued.
2. Premium to be paid in full within 30 days of inception.
3. 72 Hour Occurrence Definition applies to Wind, Flood, & Earthquake.
4. Boiler & Machinery coverage does not include Jurisdictional Inspections. Jurisdictional Inspections available for an additional engineering fee.
5. Transmission and Distribution lines, line transformers, towers and poles, equipment or apparatus connected therewith, located beyond 1,000 ft. from any insured premises are excluded.
6. Civil and Military Limit and Egress/Ingress limit will have a 1 mile limitation.
7. The business interruption premium is adjustable. The premium is based on the rate of .1850 and the submitted gross earnings figure of \$559,274,031.
8. Unscheduled Locations to include \$2,500,000 limit as respects perils of Earthquake, Flood, and Named Windstorm.
9. Engineering Fee of 2.5% agreed.
10. Notice: U.S. Foreign Account Tax Compliance Act ("FATCA")

The following Endorsements/Additional Endorsements will attach to the **Manuscript Form**:

- |    |   |                         |            |
|----|---|-------------------------|------------|
| a. | Authorities Endorsement.  |                         |            |
| b. | Bridge Wording  |                         |            |
| c. | Terrorism Exclusions Form No. 71330/71331   |                         | (1/08)     |
| d. | Trade or Economic Sanctions Endorsement   |                         |            |
| e. | Biological or Nuclear Exclusion Endorsement                                       |                         |            |
| f. | ACE USA Property Declarations   | Form No: UW6033B        |            |
| g. | ISO-Common Policy Conditions  | Form No: IL 00 17 11 98 | 1998       |
| h. | ISO-Commercial Property Conditions  | Form No: CP 00 90 07 88 | 1983, 1987 |
| i. | ISO-Office of Foreign Assets Control ("OFAC")<br>Advisory Notice to Policyholders | Form No: IL P 001 01 04 | 2004       |

**STARR TECH PREMIUM:**

\$367,500 (plus applicable State or Local Surcharges, Taxes and Fees, Countersignature Fees) that being 4.9%, part of 100% policy premium of \$7,500,000 (excluding Acts of Terrorism).

*\*Premium does not include surcharges, taxes and countersignature fees\**

**STARR TECH CERTIFIED  
TERRORISM PREMIUM:**

**Rejected**

Named Insured: PES Energy Inc.; PES Ultimate Holdings, LLC  
 Date of Binder: October 31, 2018

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**STARR TECH NON-CERTIFIED  
 TERRORISM PREMIUM:**

**Rejected**

**SECURITY:**

ACE American Insurance Company

**CANCELLATION:**

90 days except 10 days for nonpayment of premium.

**PRODUCER & ADDRESS:**

Aon Risk Services Southwest, Inc.  
 5555 San Felipe Street, Suite 1500  
 Houston, TX 77056

**Attn:**

Kurt Tentinger/Tim Hanlon

**FEIN NUMBER:**

751317377

**COMMISSION:**

10%

The Insurance Company (Security) named above, represented by Starr Technical Risks Agency, Inc., each for itself, severally but not jointly are hereby bound by an insurance undertaking for the account of the Insured named herein, effective at the exact hour and date shown below and expiring at the exact hour and date shown below or upon issuance of the policy, whichever shall first occur and insures the property above described for the amount set opposite its name. The effective hour of commencement of this binder shall supersede any commencement hour provisions contained in the policy.

This binder contains a broad outline of coverage and does not include all the terms, conditions and exclusions of the policy (or policies) that may be issued to you. The policy (or policies) contain the full and complete agreement with regard to coverage. Please review the policy (or policies) thoroughly with your broker upon receipt and notify us promptly in writing if you have any questions. In the event of any inconsistency between the binder and the policy, the policy language shall control unless the parties agree to an amendment

|  |   |
|--|---|
| <p><b>DATE ISSUED:</b> <u>10/31/2018</u></p> <p><b>AUTHORIZED REPRESENTATIVE:</b></p> <p>_____</p> <p>Underwriter,</p> | <p>Subject to the conditions above, the COMPANY hereby binds the insurance applied for, to become effective as of:</p> <p><u>11/1/2018</u></p> <p>This Binder Expires on:</p> <p><u>11/1/2019</u></p> |
|--|---|

Starr Technical Risks Agency, Inc.

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Named Insured: PES Energy Inc.; PES Ultimate Holdings, LLC  
Date of Binder: October 31, 2018

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**CHUBB®**

**U.S. FOREIGN ACCOUNT  
TAX COMPLIANCE ACT (“FATCA”)**

The U.S. Foreign Account Tax Compliance Act, commonly known as “FATCA”, became the law in the U.S. in March of 2010 and becomes effective July 1, 2014. Pursuant to FATCA, brokers, producers, agents and/or clients may need to obtain withholding certificates from insurance companies. For information on how to obtain the applicable withholding certificate from CHUBB U.S. insurance companies, please go to the following web site:

<http://www.acegroup.com/us-en/businesses/foreign-account-tax-compliance-act-fatca.aspx>

# **Exhibit 15**



**SP 53690514**

Insurance Products underwritten by Westport Insurance Corporation, First Specialty Insurance Corporation, North American Capacity Insurance Company, North American Specialty Insurance Company, North American Elite Insurance Company, Washington International Insurance Company, or Swiss Re International S.E.

Swiss Re Corporate Solutions offers innovative, high-quality insurance capacity for single and multi-line programmes worldwide, either on a standalone basis or as part of structured and tailor-made solutions. In addition, it provides customised risk transfer solutions to mid-sized and large, multinational corporations across the globe to assist in mitigating their risk exposure. Swiss Re Corporate Solutions serves more than 50000 customers across nearly 40 offices worldwide and is backed by the financial strength of the Swiss Re Group. For more information about Swiss Re Corporate Solutions, please visit: [www.swissre.com/corporatesolutions](http://www.swissre.com/corporatesolutions)

***Westport Insurance Corporation***

**Property Insurance Policy  
Prepared for:**

**PES ENERGY INC.; PES ULTIMATE HOLDINGS, LLC**

## **Westport Insurance Corporation**

### **PREMIUM PAYMENT NOTICE TO INSUREDS AND PRODUCERS**

This policy has been specifically prepared for you. A separate premium invoice has been prepared and forwarded as appropriate. Payment of premium to Westport Insurance Corporation is expected within 30 days of the invoice date for Domestic premium and within 60 days of the invoice date for Foreign premium. Failure to pay the premium by the due date shall be considered nonpayment of premium.

Premium will be billed in U. S. dollars, and is payable in U. S. dollars. Premium for locations outside the U. S. may, if you elect, be paid in the currency of the country within which the risk is located. Conversion of the U. S. dollar amount due into foreign currency shall be at the exchange rate as of the effective date of the coverage being invoiced.

NOTICE: Payment for Canadian location(s) premium is expected to be paid to Westport Insurance Corporation, 150 King Street West, Suite 1000, Toronto, Ontario M5H 1J9. Refer to the invoice for bankwire instructions.

Payment to Westport Insurance Corporation may be accomplished by either mail, or bankwire, to the following addresses:

#### **Checks by mail**

##### **Payable to:**

Westport Insurance Corporation  
PO Box 74008043  
Chicago, IL 60674-8043

##### **Overnight Address**

Bank of America Lockbox Services  
Westport Insurance Corporation 74008043  
540 W. Madison, 4th Floor  
Chicago, IL 60661

##### **Correspondence Only Address**

Westport Insurance Corporation  
2 Waterside Crossing, Suite 200  
Windsor, CT 06095

#### **\$USD Bankwires**

##### **Payable to:**

Westport Insurance Corporation  
Bank of America  
655 Grant Street  
Concord, CA 94520  
Acct No. 1291367629  
WIRE ABA No. 026009593  
WIRE ACH No: 122000030  
SwiftCode: BOFAUS3N (\$USD Only)

Include copy of invoice or backup with check. Email copy of invoice or backup to Marilyn\_Page@SwissRe.com.  
Fax copy of invoice or backup to: 913-676-3300.

Call 913-676-3226 for bankwire instructions on all foreign currency payments.

## **Westport Insurance Corporation**

### **POLICY NOTICE**

#### **THIS POLICY PROVIDES NO COVERAGE FOR LOSS DUE TO TERRORISM**

In accordance with the instructions received by Westport Insurance Corporation (the "Company"), this policy DOES NOT provide coverage for "Insured Loss" due to a act of terrorism that is certified ("Certified Act of Terrorism") pursuant to the Terrorism Risk Insurance Act or for any other loss due to terrorism.

#### **APPLIES TO U.S. LOCATIONS AND LOCATIONS OUTSIDE THE U.S. IN THE CASE OF AIR CARRIERS, VESSELS, AND THE PREMISES OF U.S. MISSIONS**

By accepting this Policy, the Insured and its authorized representatives acknowledge and confirm that: (1) coverage for "Insured Loss" due to a "Certified Act of Terrorism," was offered to the Insured by the Company in writing (the "Coverage"); (2) the offer of Coverage included a clear and conspicuous statement of the proposed premium charge for the Coverage, written advice concerning the United States Government, Department of the Treasury's program for reimbursing a portion of such Insured Loss and written advice concerning the cap on insurer participation in the payment of terrorism losses; (3) the Insured does not desire to purchase the Coverage and has declined the offer; (4) no part of any premium paid to the "Company" by or on behalf of the Insured is for the Coverage; and (5) the "Company" is under no obligation to offer this coverage to the Insured again during the policy period to which this Policy applies.

#### **THE EFFECT OF THIS NOTICE**

This notice does not constitute any part of the policy's terms and conditions for the purpose of determining coverage, and it does not alter, limit or waive any of the terms and conditions of the policy. If there is any discrepancy between this notice and the terms and conditions of the policy, the policy terms and conditions shall be controlling.

***Westport Insurance Corporation***

**PENNSYLVANIA COMMERCIAL DEREGULATION**

Forms used and rates charged are exempt from filing and approval requirements.

## ***Westport Insurance Corporation***

### **LOSS REPORTING PROCEDURES**

Welcome to Westport Insurance Corporation, a member company of Swiss Re Corporate Solutions. We would like to take this opportunity to share our loss-reporting procedures. In the event of a loss or potential loss, please immediately complete and forward a First Notice of Loss on an ACORD Loss Form. If you do not use the ACORD Loss Form please otherwise provide the following information:

- Your Name and Contact Information (including e-mail address)
- Name of Insured/Policy Holder and/or Policy Number
- Contact Details of Insured Representative and Preferred Method of Contact
- Date of Loss
- Location of Loss
- Brief Summary of the Loss
- Contact Name(s) and e-Mail Address(es) for New Loss Acknowledgement Letter

Forward the New Loss Details by one of the following methods:

By e-mail: [ClaimsNAProperty\\_CorporateSolutions@swissre.com](mailto:ClaimsNAProperty_CorporateSolutions@swissre.com)

By Fax: Send to the attention of "Corporate Solutions Claims" at (860) 902-7149

By Mail: Westport Insurance Corporation  
Attention: Corporate Solutions Claims  
1200 Main Street, Suite 800  
Kansas City, MO 64105

Please visit us on our website: [www.swissre.com/corporatesolutions](http://www.swissre.com/corporatesolutions)

This notice is for information only and does not become a part or condition of the policy.

## Westport Insurance Corporation

No. OMP 2000020 04

**Insured's Name and Mailing Address**

PES ENERGY INC.; PES ULTIMATE HOLDINGS, LLC  
 (See Form For Locations Covered)

Inception November 1, 2018                      Expiration November 1, 2019                      Years 1

INSURANCE IS PROVIDED AGAINST ONLY THOSE PERILS AND FOR ONLY THOSE COVERAGES INDICATED BELOW BY A PREMIUM CHARGE AND AGAINST OTHER PERILS AND FOR OTHER COVERAGES ONLY WHEN ENDORSED HEREON OR ADDED HERETO.

**Forms used and rates charged are exempt from filing and approval requirements.**

| AMOUNT              | RATE FOR FIRE, LIGHTNING AND OTHER PERILS INSURED AGAINST |             | PREPAID TERM PREMIUM DUE AT INCEPTION | ANNUAL PAYMENT DUE UNDER ANNUAL PREM. PAYMENT PLAN | COVERAGES         |
|---------------------|---|-------------|---------------------------------------|--|-------------------|
|                     | PREPAID   | APPP ANNUAL |                                       |  |                   |
| \$See Form Attached | \$Various   |             | \$As Invoiced                         |  | See Form Attached |

TOTAL DUE AT INCEPTION    \$As Invoiced

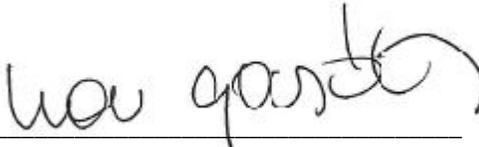
**CALCULATION OF PREMIUM:** If this Policy is issued for a period in excess of one year and a premium is payable at each anniversary, such premium shall be determined annually on the basis of the rates in effect at the anniversary date.

**IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO** AND OF the premium above specified, Westport Insurance Corporation, for the term of *years specified above from inception date shown above* At Noon (Standard Time) to *expiration date shown above* At Noon (Standard Time) at location of property involved, to an amount not exceeding the amount(s) above specified, do insure the *insured named above* and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all **DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED**, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of Westport Insurance Corporation.

Conformity to Statute. Any provision or stipulation of this policy which is in conflict with the statutes of the state(s) wherein the property covered hereunder is located is hereby amended to conform to such statutes. This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

**Claims Notification for Westport Insurance Corporation:** To report a claim under this policy: Claim Department E-Mail Address is: ClaimsNAProperty\_CorporateSolutions@swissre.com or FAX No. is: (860) 902-7149

By:   
 President

Countersignature Date: December 12, 2018

## **Westport Insurance Corporation**

Reference herein to "Companies", "Insurer(s)", "Assurer(s)" or "Underwriter(s)", shall be held to mean "Company".  
Reference herein to "Assured" shall be held to mean "Insured".

### **SCHEDULE OF PARTS INCLUDED**

The following Parts all attach to and form a part of Westport Insurance Corporation Policy No. OMP 2000020 04.

| <u>Form Number</u> | <u>Form Name</u>  | <u>Endorsement No</u> |
|--------------------|---|-----------------------|
| SP 4 785 1013      | Policyface  |                       |
| SP 5 181 0611      | Schedule of Parts Included  |                       |
| MFBROKER1<br>0112  | Swiss Re OMP200002004 Policy Property 18-19 PES                                     |                       |
| SP 6 398 0115      | Excl-Loss Due to an Act of Terrorism;Loss from Chem, Biol,<br>Radiological Exposure | 5                     |
| SP 5 571 0612      | Economic or Trade Sanctions or United Nations Resolutions                           | 6                     |
| SP 4 836 1111      | Pennsylvania Amendatory Endorsement   | 7                     |

#### **State Amendatory Endorsement Notification**

If this policy covers locations situated in the United States:

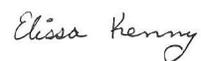
Westport Insurance Corporation will provide to the Insured the applicable state amendatory endorsement. This endorsement may modify the Policy.

**In Witness Whereof**, the issuing Company has caused this policy to be signed officially below.



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President



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Secretary

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**Westport Insurance Corporation**

**Policy No. OMP 200020-04**

**ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** December 10, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**  
USD 249,375 All Risk PD/TE  
USD excluded Certified Terrorism  
USD excluded Non-certified Terrorism  
USD 249,375 Total

**SURCHARGES / FEES:**

**COMMISSION:**

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred during policy period and subject to sight of report

**ORDER:** USD 43,750,000 or 3.5000%

**SECURITY/CARRIER:** Westport Insurance Corporation

By:  12/13/18  
Authorized Representative (Swiss Re Corporate Solutions) Date

**TERMS & CONDITIONS:** Per attached:  
• manuscript Declarations No. OMP 200020-04  
• manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

|                        |                                |
|------------------------|--------------------------------|
| USD 6,678,578,378      | Physical Damage                |
| USD 68,072,544         | Inventory                      |
| <u>USD 559,274,031</u> | Business Interruption (Annual) |
| USD 7,305,924,953      | Total Insured Value            |

**10. ANNUAL PREMIUM (100%)**

|                         |
|-------------------------|
| All Risk PD/TE          |
| Certified Terrorism     |
| Non-certified Terrorism |
| Total                   |

---

**11. COMMISSION****12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis during the policy period and subject to sight of report.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

## 16. LMA3333 DATED 21 JUNE 2007

### **Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 17. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.21870 Annual Adjustment Rate per \$100 of reported values.

---

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS****Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
ShipleY Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers**

Lansing Ethanol Services, LLC  
MacQuarie Bank Limited  
MacQuarie Bank Limited London  
Mark West Hydrocarbon Inc  
Merrill Lynch Commodities  
Nereus Shipping S.A.  
Noble Americas Corp.  
North Yard Logistics L.P.  
Oasis Petroleum Marketing LLC  
OSG Bulk Ships Inc.  
PBF Holding Company  
Petroleum Products Corporation  
Plains Midstream Canada ULC  
PNC Capital Markets, LLC  
Shell  
Sunoco LLC  
Sunoco Partners Marketing  
Vane Line Bunkering Inc  
Vitol Inc.  
WR Grace & Co-Conn

**Products**

Ethanol  
  
  
  
  
  
  
  
  
Iso Butane  
  
  
  
  
  
  
Iso Butane (International)  
  
  
  
  
  
  
Naphtha FBR

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### **3. PERILS INSURED**

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### **4. PERILS EXCLUDED**

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) **Repairs Performed by Owned Facilities:** It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) **Brands and Labels:** In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) **Pair and Set:** For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) **Valuable Papers and Records:** Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

## (1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

## (2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

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## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

## 6. DEBRIS REMOVAL

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

## 7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

## 8. DEMURRAGE

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

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**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### **17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### **18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### **19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

#### **5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

#### **6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

#### **7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

#### **8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

#### **9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**

a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

## Westport Insurance Corporation

Attaches to Policy Number: OMP 2000020 04

Endorsement Number: 5

Insured: PES Energy Inc.; PES Ultimate Holdings, LLC

Policy Term: November 1, 2018 to November 1, 2019

Effective Date This Endorsement: November 1, 2018

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### EXCLUSIONS – LOSS DUE TO AN ACT OF TERRORISM; LOSS FROM CHEMICAL, BIOLOGICAL & RADIOLOGICAL EXPOSURE

#### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

A. Notwithstanding any provision in this Policy or any endorsement thereto to the contrary, this policy does not insure against any loss, damage, cost or expense caused by or resulting from any of the following, regardless of any other cause or event contributing concurrently or in any other sequence thereto:

- (1) **Terrorism**, or any action in hindering, combating or defending against the same, regardless of who commits or threatens the commission of the act or acts, and regardless of any other cause or event contributing concurrently or in any other sequence thereto. As used in the foregoing sentence, "**Terrorism**" shall mean any act or threatened act of unlawful force or violence including, but not limited to, property destruction, murder, kidnapping, hostage-taking, hijacking, piracy or any other unlawful conduct which is dangerous to or destructive of human life, property or commerce, by any person or group of persons, whether acting alone or in concert with others, when such act reasonably appears to have been done or threatened for political, religious, ideological or similar purposes including, but not limited to: the desire to protest the actions, laws, policies or decisions of any government or sovereign power (de jure or de facto); the desire to destabilize, overthrow, coerce, intimidate, alter or eliminate any government or sovereign power (de facto or de jure); the desire to incite, intimidate or coerce a civilian population or any segment thereof; the desire to inflict economic loss upon, or disrupt any segment of one or more national or regional economies.

#### Exception Covering Certain Fire Losses

If direct physical loss or damage by fire results from a "certified act of terrorism" (unless committed by or on behalf of the Insured) to property insured by this policy that is located in a jurisdiction whose statutory law requires such resulting direct physical loss or damage to be covered by a standard fire policy, the "Company" will pay for the loss or damage caused by that fire, but only to the extent of the Actual Cash Value of the resulting direct physical loss or damage by fire to insured property, subject to all applicable policy provisions including the Limit of Liability on the affected property. Such coverage for fire applies only to direct loss or damage by fire to covered property. Therefore, for example, the coverage does not apply to insurance provided under Time Element, Business Interruption and/or Extra Expense coverage parts or endorsements that apply to those coverage parts, or to Leasehold Interest Coverage.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the "Company" has met its insurer deductible under the Terrorism Risk Insurance Act, the "Company" shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

- (2) The unlawful possession, use, release, discharge, dispersal or disposal of any **chemical, bacteriological, viral, radioactive or similar agents or matter** regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- (3) The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a **nuclear reaction or the spread of radioactivity**, regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause

or event contributing concurrently or in any other sequence thereto.

- B.** In any action, suit or other proceeding where the "Company" alleges that, by reason of any provision in this endorsement, some or all loss or damage is not insured by this policy, the burden of proving that such loss or damage is not excluded shall be upon the Insured.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

## ***Westport Insurance Corporation***

**Attaches to Policy Number:** OMP 2000020 04

**Endorsement Number:** 6

**Insured:** PES Energy Inc.; PES Ultimate Holdings, LLC

**Policy Term:** November 1, 2018 to November 1, 2019

**Effective Date This Endorsement:** November 1, 2018

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### **ECONOMIC OR TRADE SANCTIONS OR UNITED NATIONS RESOLUTIONS**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

The following provision is hereby attached to and made a part of this policy.

#### **Economic or Trade Sanctions or United Nations Resolutions**

The "Company" will not be deemed to have provided coverage and will not be liable to pay any claim or provide any benefit to the extent that payment of such claim or provision of such benefit would expose the "Company" to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any jurisdiction applicable to the "Company."

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

## **Westport Insurance Corporation**

**Attaches to Policy Number:** OMP 2000020 04

**Endorsement Number:** 7

**Insured:** PES Energy Inc.; PES Ultimate Holdings, LLC

**Policy Term:** November 1, 2018 to November 1, 2019

**Effective Date This Endorsement:** November 1, 2018

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### **PENNSYLVANIA AMENDATORY ENDORSEMENT (Applicable only to locations situated within Pennsylvania)**

#### **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

Subject to all terms, conditions and stipulations of the policy to which this endorsement is attached, and providing that this endorsement does not result in terms less favorable to the Insured, this endorsement modifies coverage under this policy as follows.

**A.** The Cancellation condition in this policy is amended by the following:

#### **Cancellation**

- 1.** The Insured shown in the Declarations may cancel this policy by writing or giving notice of cancellation.
- 2. Cancellation of Policies in Effect For Less Than 60 Days**

The "Company" may cancel this policy by mailing or delivering to the Insured written notice of cancellation at least 30 days before the effective date of cancellation.

- 3. Cancellation of Policies in Effect For 60 Days or More**

If this policy has been in effect for 60 days or more or if this policy is a renewal of a policy the "Company" issued, the "Company" may cancel this policy only for one or more of the following reasons:

- a.** The Insured has made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation.
- b.** The Insured has failed to pay a premium when due, whether the premium is payable directly to the "Company" or its agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.
- c.** A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- d.** Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- e.** Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- f.** Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This policy may also be cancelled from inception upon discovery that the policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by the "Company".

4. The "Company" will mail or deliver its notice to the Insured's last mailing address known to the "Company". Notice of cancellation will state the specific reasons for cancellation.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, the "Company" will send the Insured any premium refund due. If the "Company" cancels, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if the "Company" has not made or offered a refund.
7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

**B.** The following provisions are added to this policy and supersede any provisions to the contrary:

**1. Nonrenewal**

If the "Company" decides not to renew this policy, the "Company" will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the Insured at least 60 days before the expiration date of the policy.

**2. Increase of Premium**

If the "Company" increases the Insured's renewal premium, the "Company" will mail or deliver to the Insured written notice of the "Company's" intent to increase the premium at least 30 days before the effective date of the premium increase.

3. Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

**C.** The following provision is added to this policy:

**Pennsylvania Notice**

The "Company", its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. surveys;
2. consultation or advice; or
3. inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the "Company", its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. if the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the "Company", its agents, employees or service contractors;
2. to consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. if any acts or omissions of the "Company", its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

- D.** The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

- E.** The following is added to the loss payment loss condition of this policy and supersedes any provision to the contrary:

**NOTICE OF ACCEPTANCE OR DENIAL OF CLAIM**

1. Except as provided in E.3. below, the "Company" will give the Insured notice, within 15 working days after the "Company" receives a properly executed proof of loss, that the "Company":
  - a. Accepts the Insured's claim;
  - b. Denies the Insured's claim; or
  - c. Needs more time to determine whether the Insured's claim should be accepted or denied.

If the "Company" denies the Insured's claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If the "Company" needs more time to determine whether the Insured's claim should be accepted or denied, the written notice will state the reason why more time is required.

2. If the "Company" has not completed its investigation, the "Company" will notify the Insured again in writing, within 30 days after the date of the initial notice as provided in E.1.c. above, and thereafter every 45 days. The written notice will state why more time is needed to investigate the Insured's claim and when the Insured may expect the "Company" to reach a decision on the Insured's claim.
3. The notice procedures in E.1. and E.2. above do not apply if the "Company" has a reasonable basis, supported by specific information, to suspect that the Insured has fraudulently caused or contributed to the loss by arson or other illegal activity. Under such circumstances, the "Company" will notify the Insured of the disposition of the Insured's claim within a period of time reasonable to allow full investigation of the claim, after the "Company" receives a properly executed proof of loss.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

# **Exhibit 16**

Validus Specialty Underwriting Services, Inc.  
 4 World Trade Center  
 150 Greenwich Street, 47th floor  
 New York, New York 10007

**VALIDUS  
SPECIALTY**  
 An  company

### Evidence of Cover

We are pleased to confirm that we have bound the following risk with the insurer(s) listed herein. Notwithstanding that the insurance will be subject to the terms, conditions and exclusions of the policy wording, as applicable, the terms and conditions stated in this Evidence of Cover shall supersede the terms and conditions of the policy wording.

|   |   |
|---|---|
| <b>EVIDENCE OF COVER NUMBER:</b>  | AJK148822G18  |
| <b>UNIQUE MARKET REFERENCE:</b>   | B6044000RURS05018   |
| <b>NAMED INSURED:</b>   | PES Energy Inc.; PES Ultimate Holdings, LLC   |
| <b>INSURED MAILING ADDRESS:</b>   | 3144 West Passyunk Avenue<br>Philadelphia, PA 19145<br><b>Home State: Pennsylvania</b>  |
| <b>LLOYD'S RISK CODE:</b>   | EF  |
| <b>U.S. CLASSIFICATION CODE:</b>  | U.S. Surplus Lines  |
| <b>COVERAGE:</b>  | All Risks of Direct Physical Loss or Damage to Real and/or Personal Property, and Business Interruption, including Boiler and Machinery   |
| <b>POLICY:</b>  | As per attached policy form and endorsements. Any and all changes made to this contract require prior agreement by Insurer hereon   |
| <b>PERIOD OF INSURANCE:</b>   | 12 months from 01 November 2018 to 01 November 2019, both days at 00:01 a.m. Local Standard Time at the address of the Named Insured.   |
| <b>VALUES:</b>  | As per on file with the Company   |
| <b>DEDUCTIBLES:</b>   | As per attached policy form and endorsements. Any and all changes made to this contract require prior agreement by Insurer hereon   |
| <b>TERRITORIAL LIMITS:</b>  | As per attached policy form and endorsements. Any and all changes made to this contract require prior agreement by Insurer hereon   |
| <b>POLICY LIMIT OF LIABILITY:</b>   | being 2.7250% part of USD 1,250,000,000 per occurrence excess of underlying deductibles   |
| <b>INSURER:</b>   | Certain Underwriters at Lloyd's – Syndicate 1183  |
| <b>COMMISSION:</b>  |   |
| <b>CLAIMS:</b>  | The Insurer shall be the sole decision maker for its share regarding any and all claims settlements whatsoever made under this contract of insurance                                    |
| <b>JURISDICTION:</b>  | This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (USA) |
| <b>APPLICABLE LAW (USA):</b>  | As stated in the policy.  |
| <b>CANCELLATION:</b>  | As per attached policy except for non-payment of premium  |
| <b>PRODUCER:</b>  | Aon Risk Services Southwest, Inc.<br>Houston, TX  |
| The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations |   |

*DM*

Validus Specialty Underwriting Services, Inc.  
4 World Trade Center  
150 Greenwich Street, 47th floor  
New York, New York 10007

**VALIDUS  
SPECIALTY**  
An AIG company

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Evidence of Cover

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**ADDITIONAL TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF THE WORDING:**

1. Mandatory Endorsements attached:

Coverage Territory Endorsement ("OFAC")

Authorities Endorsement

War and Terrorism Exclusion Endorsement

Sanction Limitation and Exclusion Clause

Following additional Endorsements are attached: None

**PREMIUM:**

(Excluding acts of terrorism as defined in the Terrorism Risk Insurance of 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005 and by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and by the Terrorism Risk Insurance Program Reauthorization Act of 2015).

As respects acts of terrorism as defined in the Terrorism Risk Insurance Act of 2002, as amended by the Terrorism Risk Insurance Extension Act of 2005 and by the Terrorism Risk Insurance Program Reauthorization Act of 2007 and by the Terrorism Risk Insurance Program Reauthorization Act of 2015:

- The Insured has selected to accept coverage for the premium amount stated above.  
 The Insured has selected to decline the coverage.

Above premiums are exclusive of all taxes, state surcharges, fees and commissions except they do include brokerage commission if any amount is stated on Page 1.

OK

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150 Greenwich Street, 47th floor  
New York, New York 10007

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**Evidence of Cover**

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**CLAIMS NOTIFICATION PROCEDURE:**

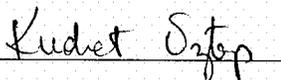
All claims to be notified in accordance with the terms and conditions of the Policy form on file with the Company and applicable statutes and may be notified by email to: [NYclaims@talbotuw.com](mailto:NYclaims@talbotuw.com)

**Or by letter to the following address:**

Validus Specialty Underwriting Services, Inc.  
4 World Trade Center  
150 Greenwich Street, 47<sup>th</sup> Floor  
New York, NY 10007

In issuing this Evidence of Cover, Validus Specialty Underwriting Services, Inc is acting only on behalf of the Insurer named herein, and does not represent the Insured. The Producer named in this Evidence of Cover shall bear all responsibility for compliance with laws applicable to non-admitted insurance in the various U.S. jurisdictions relevant to the risk insured herein, or shall work with another appropriately licensed producer to do so. Where applicable, such compliance shall specifically include, but shall not be limited to: all filings with state insurance departments or stamping offices related to surplus lines insurance; the collection and payment of surplus lines premium tax and other applicable local fees; and affixing to the policy wording all notices to insureds as may be required by applicable state laws.

This evidence of cover is not valid unless signed by the licensee below.



Kudret Oztap, EVP  
Licensee

Dated in New York: 12/13/18

Signed for and behalf of Validus Specialty Underwriting Services, Inc., 4 World Trade Center, 150 Greenwich Street, 47<sup>th</sup> Floor, New York, NY 10007

**COMPLAINTS PROCEDURE:**

If you have any questions or concerns about this placement or the handling of a claim you should contact us at: 4 World Trade Center, 150 Greenwich Street, 47<sup>th</sup> Floor, New York, NY 10007. Tel: (212) 785-2000, Fax: (212) 785-2001

If you are unable to resolve the situation and wish to make a complaint you can do so at any time by referring the matter to the Policyholder & Market Assistance Department at Lloyd's at any time. Their address is:

Complaints  
Lloyd's  
One Lime Street  
London EC3M 7HA  
Tel +44 (0) 207 327 5693 | Fax +44 (0) 207 327 5225 | Email: [complaints@lloyds.com](mailto:complaints@lloyds.com)

**Invoice is attached.**



**Validus Specialty Underwriting Services, Inc.**  
4 World Trade Center  
150 Greenwich Street, 47th floor  
New York, New York 10007

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**COVERAGE TERRITORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

Payment of loss under this policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's office of Foreign Assets Control ("OFAC").

**Validus Specialty Underwriting Services, Inc.**  
4 World Trade Center  
150 Greenwich Street, 47th floor  
New York, New York 10007

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**AUTHORITIES ENDORSEMENT**

Except as specifically stated in this policy or endorsement attached thereto, the company shall not be liable for loss, damage, costs, expenses, fines, or penalties incurred, sustained by or imposed on the Insured at the order of any Government Agency, Court, or other Authority arising from any cause whatsoever.

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150 Greenwich Street, 47th floor  
New York, New York 10007

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**WAR AND TERRORISM EXCLUSION ENDORSEMENT**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

(1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**Validus Specialty Underwriting Services, Inc.**  
4 World Trade Center  
150 Greenwich Street, 47th floor  
New York, New York 10007

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA 3100

**Policy No. AJK148822G18**

**NON-ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** December 10, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**

All Risk PD/TE  
Certified Terrorism  
Non-certified Terrorism  
Total

**COMMISSION:**

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** or 2.7250%<sup>1</sup>

**SECURITY/CARRIER:** Validus Specialty Underwriting Services, Inc.  
on behalf of Lloyd's Syndicate TAL 1183

By: Kudret Oztop 12/13/18  
Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:

- manuscript Declarations No. AJK148822G18
- manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

<sup>1</sup> Carrier's 2.7250% participation represents 100% of 100% of the Non-Admitted participation (2.7250%).

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
 USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

All Risk PD/TE  
 Certified Terrorism  
 Non-certified Terrorism  
 Total

**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. SURPLUS LINES OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

**15. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers

in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

**17. LMA3333 DATED 21 JUNE 2007**

**Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.22870 Annual Adjustment Rate per \$100 of reported values.

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipley Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers****Products**

|                                |                            |
|--------------------------------|----------------------------|
| Lansing Ethanol Services, LLC  | Ethanol                    |
| MacQuarie Bank Limited         |                            |
| MacQuarie Bank Limited London  |                            |
| Mark West Hydrocarbon Inc      |                            |
| Merrill Lynch Commodities      |                            |
| Nereus Shipping S.A.           |                            |
| Noble Americas Corp.           |                            |
| North Yard Logistics L.P.      |                            |
| Oasis Petroleum Marketing LLC  |                            |
| OSG Bulk Ships Inc.            |                            |
| PBF Holding Company            | Iso Butane                 |
| Petroleum Products Corporation |                            |
| Plains Midstream Canada ULC    |                            |
| PNC Capital Markets, LLC       |                            |
| Shell                          | Iso Butane (International) |
| Sunoco LLC                     |                            |
| Sunoco Partners Marketing      |                            |
| Vane Line Bunkering Inc        |                            |
| Vitol Inc.                     | Naphtha FBR                |
| WR Grace & Co-Conn             |                            |

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

---

## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
  - (3) making use of Merchandise at the locations described herein or elsewhere, or
  - (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,
- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
- b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;

subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### **17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### **18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### **19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

**5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

**6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

**7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

**8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

**9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiation Clause herein.

## 19. APPLICATION OF SALVAGE RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## 20. CARRIERS OR OTHER BAILEES

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## 21. NO CONTROL

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## 22. APPRAISAL

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

**30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

**34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

**35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

**36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

**37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**

a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### 44. LAW PRACTICE AND JURISDICTION

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### 45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

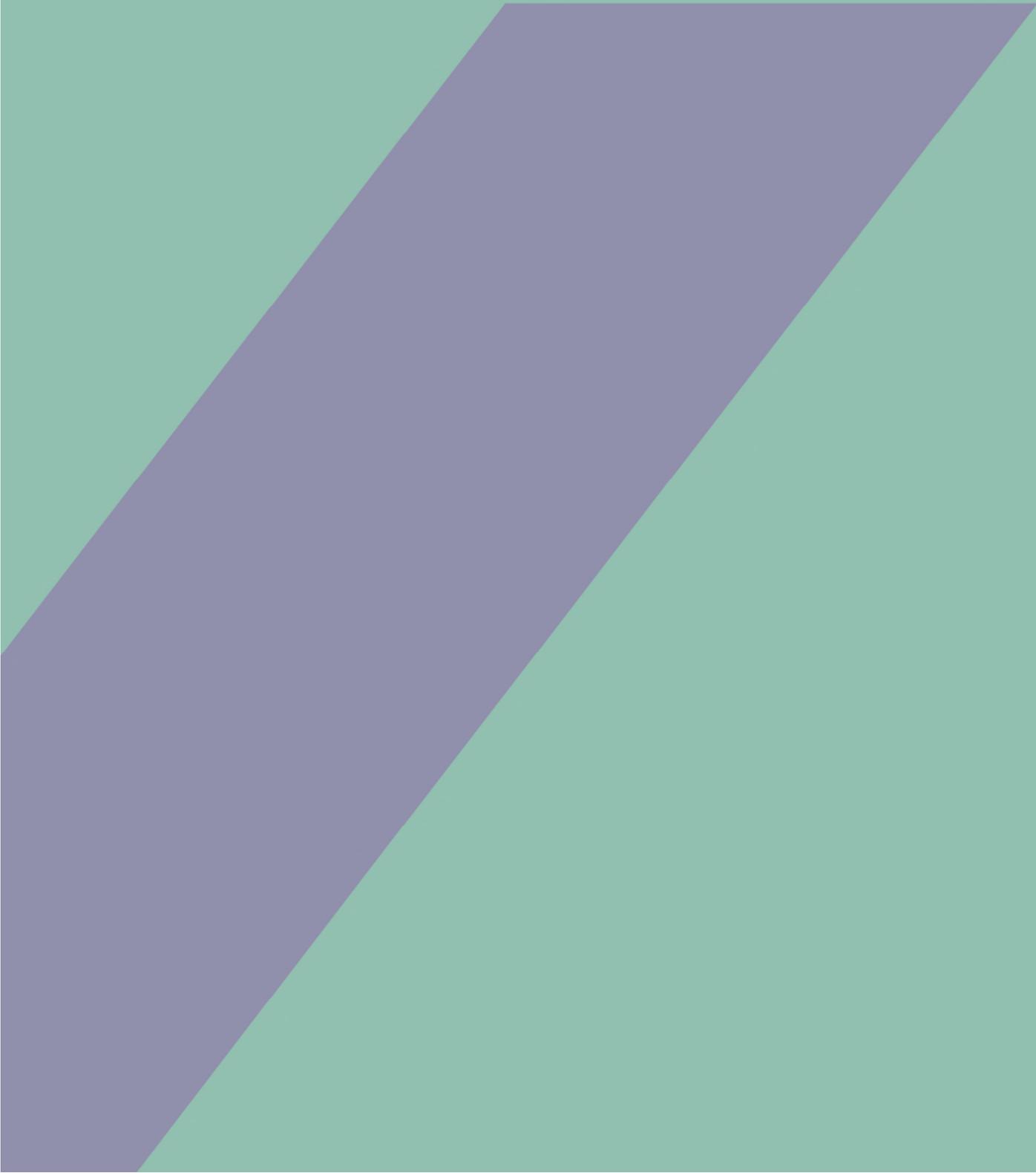
It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

# **Exhibit 17**



X<sup>L</sup> Insurance



## NOTICE TO POLICYHOLDERS

### FRAUD NOTICE

|                             |  |
|-----------------------------|--|
| <b>Arkansas</b>             | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.   |
| <b>Colorado</b>             | <b>It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.</b>   |
| <b>District of Columbia</b> | <b>WARNING:</b> It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.   |
| <b>Florida</b>              | Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.  |
| <b>Kansas</b>               | A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto. |
| <b>Kentucky</b>             | Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.  |
| <b>Louisiana</b>            | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.   |
| <b>Maine</b>                | It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.  |
| <b>Maryland</b>             | Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.   |
| <b>New Jersey</b>           | Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.  |
| <b>New Mexico</b>           | <b>ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.</b>   |

## NOTICE TO POLICYHOLDERS

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| <b>New York</b>     | <p><b>General: All applications for commercial insurance, other than automobile insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p><b>All applications for automobile insurance and all claim forms:</b> Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p><b>Fire:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.</p> <p>The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p> |
| <b>Ohio</b>         | Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.   |
| <b>Oklahoma</b>     | <b>WARNING:</b> Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.  |
| <b>Pennsylvania</b> | <p><b>All Commercial Insurance, Except As Provided for Automobile Insurance:</b> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p><b>Automobile Insurance:</b> Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>   |
| <b>Puerto Rico</b>  | <b>Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.</b>  |

## NOTICE TO POLICYHOLDERS

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| <b>Rhode Island</b>     | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.  |
| <b>Tennessee</b>        | <p><b>All Commercial Insurance, Except As Provided for Workers' Compensation</b> It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p><b>Workers' Compensation:</b> It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p> |
| <b>Utah</b>             | <b>Workers' Compensation:</b> Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.   |
| <b>Virginia</b>         | It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.   |
| <b>Washington</b>       | It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.   |
| <b>West Virginia</b>    | Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.  |
| <b>All Other States</b> | Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison. (In Oregon, the aforementioned actions may constitute a fraudulent insurance act which may be a crime and may subject the person to penalties).  |

## NOTICE TO POLICYHOLDERS

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### PRIVACY POLICY

The XL Catlin insurance group (the “Companies”), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as “customers”) must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act (“GLBA”), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term “personal information” includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

#### **Our Privacy Promise**

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the XL Catlin insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

#### **Collection and Sources of Information**

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

## NOTICE TO POLICYHOLDERS

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- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

### Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

### Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

### Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

### Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

## NOTICE TO POLICYHOLDERS

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### Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

### Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

## NOTICE TO POLICYHOLDERS

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### **U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Policyholder Notice provides information concerning possible impact on your insurance coverage due to the impact of U.S. Trade Sanctions<sup>1</sup>. Please read this Policyholder Notice carefully.

In accordance with the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") regulations, or any other U.S. Trade Sanctions applied by any regulatory body, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law, is a Specially Designated National and Blocked Person ("SDN"), or is owned or controlled by an SDN, this insurance will be considered a blocked or frozen contract. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

<sup>1</sup> "U.S Trade Sanctions" may be promulgated by Executive Order, act of Congress, regulations from the U.S. Departments of State, Treasury, or Commerce, regulations from the State Insurance Departments, etc.

## NOTICE TO POLICYHOLDERS

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### **PENNSYLVANIA “INSURANCE CONSULTATION SERVICES EXEMPTION ACT” NOTICE**

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

**Carefully read this notice, your policy, and endorsements attached to your policy.**

An insurance company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for issuance, renewal or continuation of a policy of insurance:

1. Surveys; or
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, are not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors which was a proximate cause of the injury, death or loss; or
2. To consultation services required to be performed under the provisions of a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

## NOTICE TO POLICYHOLDER

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### REQUEST TO OPT-OUT OF COVERAGE FOR CERTIFIED ACTS OF TERRORISM

**Please keep this notice with the policy.**

This Policy excludes coverage for Certified Acts of Terrorism.

The Terrorism Risk Insurance Act requires the Company to make available coverage for Certified Acts of Terrorism as defined in the Act.

The Company, as directed by the Insured or the Insured's Broker at the time of offer or renewal, was instructed NOT to make coverage available for Certified Acts of Terrorism and, in respecting the Insured's decision to opt-out of such available coverage, the Company did not make an offer for such coverage.

Any request by the Insured during the Policy term to be provided with a Quotation for Certified Acts of Terrorism coverage may result in cancellation by the Company.



## PROPERTY CLAIMS LOSS NOTIFICATION

XL Catlin has built a reputation for resolving property claims efficiently and fairly. To deliver our world-class service and respond to our clients business needs in a timely manner, our claims specialists are accessible 24/7.

To expedite your loss notification – and allow us to immediately begin addressing your claim -- please contact our property claims staff at the phone numbers and email address below.

**For immediate service in the event of a loss, call:**

Your personal claims contact:

**XL Catlin**

1 World Financial Center  
200 Liberty Street, 21st Floor  
New York, NY 10281  
Attention: Maureen Myre  
Large Loss Claims Specialist  
(860) 904-1114  
**maureen.myre@xlcatlin.com**

**Or call:**

Toll Free Phone: **800-688-1840** (During and after business hours)

For a centralized loss notification use our toll free fax at 866-740-6067 or email [napropcasclaimnewnotices@xlcatlin.com](mailto:napropcasclaimnewnotices@xlcatlin.com).

We hope you never have to use these numbers. In the event you do, however, you can expect XL Catlin's exceptional claims specialists to be ready for your call.



**COMMON POLICY DECLARATIONS**

DATE OF ISSUE: January 18, 2019

|  |   |   |
|--|---|---|
| <u>COMPANY PROVIDING COVERAGE</u><br><b>XL Insurance America, Inc.</b><br>(hereinafter referred to as "the Company")   | <u>REGULATORY OFFICE</u><br>Dept: Regulatory<br>505 Eagleview Blvd., Suite 100<br>Exton, PA 19341-0636<br>Telephone: 800-688-1840 | <u>UNDERWRITING OFFICE</u><br>200 Liberty Street, 25 <sup>th</sup> Floor<br>New York, NY 10281<br>Scott Dalton<br>Telephone: 212-915-6341 |
| POLICY NO.: <b>US00064117PR18A</b> RENEWAL OF: US00064117PR17A   |   |   |
| POLICY TERM: FROM : November 1, 2018 TO: November 1, 2019 at the time specified in the policy wording  |   |   |
| IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL TERMS OF THIS POLICY, THE COMPANY AGREES TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY TO:                          |   |   |
| NAMED INSURED AND MAILING ADDRESS: <b>PES Energy Inc.; PES Ultimate Holdings, LLC</b><br>(refer to policy for complete title)<br>3144 West Passyunk Avenue<br>Philadelphia, PA 19145 |   |   |
| PRODUCER AND MAILING ADDRESS: AON Risk Services Southwest<br>5555 San Felipe, Suite 1500<br>Houston, TX 77056  |   |   |

This policy is issued in consideration of the following initial premium, inclusive of any premium shown on endorsements which are a part of the policy at the time of issue.

|   |  |  |
|---|--|--|
| <b>Commercial Property Coverage</b>                               | Premium Total:   |  |
| <i>Inclusive of Certified Acts of Terrorism Coverage Premium:</i> | \$ coverage declined   |  |
| <i>Inclusive of Brokerage Commission of 10%:</i>                  |  |  |
| <b>Surcharges</b>   | Surcharge Total (as detailed in the State Surcharges table): |  |
| <b>Total Premium and Surcharges (payable at inception):</b>       |  |  |

THESE DECLARATIONS TOGETHER WITH THE COVERAGE FORM DECLARATIONS, COVERAGE FORM AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART HEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Form(s) and Endorsement(s) made a part of this policy at time of issue:

Coverage Form: PES Energy Inc. 2019 Policy Wording including endorsements 1-4  
Endorsement 5: Terrorism Exclusion [Form: HFP-144 (01-08)]

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.

Scott Dalton,  
Vice President

Joseph A. Tocco, President

Toni Ann Perkins, Secretary

COUNTERSIGNED (if required):  
Date: \_\_\_\_\_

\_\_\_\_\_  
Authorized Representative

**State Surcharges**

The above shown Surcharges Total is comprised of the following amounts:

|                         |   |
|-------------------------|---|
| None                    | : |
| <b>Surcharge Total:</b> |   |

**Disclosures related to the Terrorism Risk Insurance Act (hereinafter "TRIA")**

**Disclosure of Federal Participation in Payment of Terrorism Loss**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals (see table below) of that portion of the amount of such insured losses that exceeds the Company's applicable retention. However, if aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

|               |      |                      |     |
|---------------|------|----------------------|-----|
| Calendar Year | 2015 | federal share equals | 85% |
| Calendar Year | 2016 | federal share equals | 84% |
| Calendar Year | 2017 | federal share equals | 83% |
| Calendar Year | 2018 | federal share equals | 82% |
| Calendar Year | 2019 | federal share equals | 81% |
| Calendar Year | 2020 | federal share equals | 80% |

**Disclosure of Cap on Company Participation in Payment of Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a calendar year and the Company has met its deductible under TRIA, the Company shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Disclosure of Premium for Certified Act(s) of Terrorism Coverage**

The premium charged for Certified Act(s) of Terrorism, if purchased, is shown in the above premium summary table, and does not include any charges for the portion of loss covered by the U.S. Federal Government as set forth in the federal Terrorism Risk Insurance Program established by TRIA.

**Policy No. US00064117PR18A**

**ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** January 14, 2019

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:** All Risk PD/TE  
Certified Terrorism  
Non-certified Terrorism  
Total

**SURCHARGES / FEES:**

**COMMISSION:**

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** USD 62,500,000 or 5.0000%

**SECURITY/CARRIER:** XL Insurance America, Inc.

By:  \_\_\_\_\_ January 18, 2019

Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:

- manuscript Declarations No. US00064117PR18A
- manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

|                        |                                |
|------------------------|--------------------------------|
| USD 6,678,578,378      | Physical Damage                |
| USD 68,072,544         | Inventory                      |
| <u>USD 559,274,031</u> | Business Interruption (Annual) |
| USD 7,305,924,953      | Total Insured Value            |

**10. ANNUAL PREMIUM (100%)**

|                         |
|-------------------------|
| All Risk PD/TE          |
| Certified Terrorism     |
| Non-certified Terrorism |
| Total                   |

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**11. COMMISSION****12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

**16. LMA3333 DATED 21 JUNE 2007**

**Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 17. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.30000 Annual Adjustment Rate per \$100 of reported values.

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**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
ShipleY Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers**

Lansing Ethanol Services, LLC  
MacQuarie Bank Limited  
MacQuarie Bank Limited London  
Mark West Hydrocarbon Inc  
Merrill Lynch Commodities  
Nereus Shipping S.A.  
Noble Americas Corp.  
North Yard Logistics L.P.  
Oasis Petroleum Marketing LLC  
OSG Bulk Ships Inc.  
PBF Holding Company  
Petroleum Products Corporation  
Plains Midstream Canada ULC  
PNC Capital Markets, LLC  
Shell  
Sunoco LLC  
Sunoco Partners Marketing  
Vane Line Bunkering Inc  
Vitol Inc.  
WR Grace & Co-Conn

**Products**

Ethanol  
  
  
  
  
  
  
  
  
Iso Butane  
  
  
  
  
  
  
Iso Butane (International)  
  
  
  
  
  
  
  
  
Naphtha FBR

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) Actual Cash Value

The Replacement Cost less deduction for physical depreciation.

b) Finished Stock

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) Mechanical and Electrical Breakdown

That form of Occurrence that is an Accident to an Object, further defined below as:

## (1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

## (2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

---

## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## **11. EXCLUSIONS**

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

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**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### **17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### **18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### **19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## **20. PROFESSIONAL AND OTHER FEES**

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## **21. RENTAL VALUE**

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

#### **5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

#### **6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

#### **7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

#### **8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

#### **9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

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**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

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**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**

a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

## Terrorism Exclusion Endorsement

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*This endorsement changes the policy. Please read it carefully.*

Applicable to the coverage territory outside the United States, its territories and possessions and Puerto Rico.

Notwithstanding any provision to the contrary within this policy or any endorsement attached thereto it is agreed that this policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means the intentional conduct by any person(s) or group(s) causing loss or damage and/or the threat thereof, in order to induce fear, submission or otherwise influence people or government(s), or to promote, publicize or advance any ideological, religious, social or political cause.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance, the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall continue in full force and effect.

All other terms and conditions remain unchanged.

Endorsement Number: 5

Effective Date: November 1, 2018

Policy Number: US00064117PR18A

XL Insurance America, Inc.

# **Exhibit 18**

## Property Insurance Policy



## **PES Energy Inc.; PES Ultimate Holdings, LLC**

**2018**

Zurich in North America  
Customer Inquiry Center  
1299 Zurich Way  
Schaumburg, Illinois 60196-1056  
**1-800-382-2150** (Business Hours: 8am - 4pm [CT])  
Email: [info.source@zurichna.com](mailto:info.source@zurichna.com)

## Disclosure Statement



It is our pleasure to present the enclosed policy to you  
for presentation to your customer.

### **INSTRUCTION TO AGENT OR BROKER:**

**WE REQUIRE THAT YOU TRANSMIT THE ATTACHED/ENCLOSED DISCLOSURE STATEMENT TO THE CUSTOMER  
WITH THE POLICY.**

Once again, thank you for your interest, and we look forward to meeting your needs and those of your customers.

## Disclosure Statement



### NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

If you want to learn more about the compensation Zurich pays agents and brokers visit:

<http://www.zurichnaproducercompensation.com>

or call the following toll-free number: (866) 903-1192.

This Notice is provided on behalf of Zurich American Insurance Company  
and its underwriting subsidiaries.

## Declarations



**Policy Number**  
OGR 3227382-00

**Named Insured and Mailing Address**  
PES Energy Inc.; PES Ultimate Holdings, LLC  
3144 West Passyunk Ave  
Philadelphia, PA 19145

and

Any affiliated or subsidiary companies or corporations owned, controlled or coming under the Named Insured's active management and their interest in partnerships or joint ventures as now exist or may hereafter be constituted or acquired during the policy period.

The inclusion of more than one (1) Insured under this Policy will not operate to increase the total limit of insurance beyond the total limit of insurance stated in this Policy.

**The Stock Company (providing insurance)**  
ZURICH AMERICAN INSURANCE COMPANY  
SCHLAUMBURG, ILLINOIS

**Producer**  
Aon Risk Services Southwest  
5555 San Felipe St Ste 1500  
Houston, TX 77056-2739

**Policy Period**  
Coverage begins November 1, 2018 at 12:01 AM. Coverage ends November 1, 2019 at 12:01 AM.

### Insuring Agreement

In consideration for the premium charged and subject to all the terms and conditions, this Policy insures the Named Insured (hereinafter called the Insured) during the Policy Period and for an amount not exceeding its proportionate share of the Limit(s) of insurance specified in the forms and endorsements attached.

Insurance provided under this policy applies to loss or damage caused by or resulting from risks of direct physical loss of or damage from any external cause to covered property occurring at a premises described within the Territory of the policy, unless excluded.

### Proportionate Share

This Policy's proportionate share for loss or damage after the application of any deductible is:

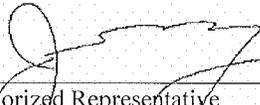
4 % Quota Share; Being \$ 50,000,000 part of a \$ 1,250,000,000 primary loss layer excess deductibles

**Premium**

|  |  |   |
|--|--|---|
| <b>Annual US Policy Premium</b><br>\$238,000 | <b>Surcharges, Taxes &amp; Fees</b><br>N/A | <b>Total US Policy Premium</b><br>\$238,000 |
|--|--|---|

**Forms Applicable to This Policy**

| Form Name   | Form Number          | Edition Date |
|---|----------------------|--------------|
| Cover Page  | U-MAN-A              | 06/04        |
| Disclosure Statement  | U-GU-873-A           | 06/11        |
| Disclosure Statement  | U-GU-874-A           | 06/11        |
| Declarations  | U-MAN-A              | 06/04        |
| Important Notice – In Witness Clause                                    | U-GU-319-F           | 01/09        |
| Manuscript  | NA                   | NA           |
| Disclosure Relating to TRIA   | U-GU-630-D           | 01/15        |
| Endorsement Z1- Exclusion of Certified Acts of Terrorism<br>Endorsement | U-GU-681-C           | 01/15        |
| Endorsement Z2- Sanctions Exclusion Endorsement                         | U-GU-1191            | 03/15        |
| Endorsement Z3- Policy Changes Endorsement Notice of Loss               | EDGE 303-A           | 08/16        |
| Endorsement Z4 - Electric Data Exclusion Endorsement                    | NMA2914<br>(Amended) | N/A          |

  
 \_\_\_\_\_  
 Authorized Representative  
 Jonathan McCoy  
 Zurich American Insurance Company

\_\_\_\_\_  
 January 29, 2019  
 Date



ZURICH®

## Important Notice – In Witness Clause

In return for the payment of premium, and subject to the terms of this policy, coverage is provided as stated in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents and, where required by law, has caused this policy to be countersigned by its duly Authorized Representative(s).

President

Corporate Secretary

**QUESTIONS ABOUT YOUR INSURANCE?** Your agent or broker is best equipped to provide information about your insurance. Should you require additional information or assistance in resolving a complaint, call or write to the following (please have your policy or claim number ready):

Zurich in North America  
Customer Inquiry Center  
1299 Zurich Way  
Schaumburg, Illinois 60196-1056  
**1-800-382-2150** (Business Hours: 8am - 4pm [CT])  
Email: [info.source@zurichna.com](mailto:info.source@zurichna.com)

**Policy No. OGR 3227382-00**

**ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** January 29, 2019

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 1,250,000,000 Quota Share

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**  
 USD 238,000 All Risk PD/TE (p/o USD 5,950,000)  
 USD excluded Certified Terrorism  
 USD excluded Non-certified Terrorism  
 USD 238,000 Total (p/o USD 5,950,000)

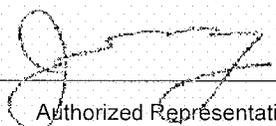
**SURCHARGES / FEES:** USD 0.00 payable to Zurich

**COMMISSION:** 10.00%

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** USD 50,000,000 or 4.0000%

**SECURITY/CARRIER:** Zurich American Insurance Company

By:  \_\_\_\_\_ 1/29/2019  
 Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:  
 • manuscript Declarations No. OGR 3227382-00  
 • manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 1,250,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

|     |             |   |
|-----|-------------|---|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, <i>except</i> ; |
| USD | Excluded    | any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood                       |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm             |
| USD | 25,000,000  | Accounts Receivable   |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)                                      |
| USD | 75,000,000  | Contingent Business Interruption, Named   |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed   |
| USD | 10,000,000  | Contingent Extra Expense  |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits                        |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal                     |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance   |
| USD | 10,000,000  | Demurrage   |
| USD | 10,000,000  | Electronic Data Processing Media  |
| USD | 10,000,000  | Errors and Omissions  |

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

USD 5,950,000 All Risk PD/TE  
 USD excluded Certified Terrorism  
USD excluded Non-certified Terrorism  
 USD 5,950,000 Total

**11. COMMISSION**

10.00%

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

**16. LMA3333 DATED 21 JUNE 2007**

**Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

**Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 17. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.18260 Annual Adjustment Rate per \$100 of reported values.

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipleys Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers****Products**

|                                |                            |
|--------------------------------|----------------------------|
| Lansing Ethanol Services, LLC  | Ethanol                    |
| MacQuarie Bank Limited         |                            |
| MacQuarie Bank Limited London  |                            |
| Mark West Hydrocarbon Inc      |                            |
| Merrill Lynch Commodities      |                            |
| Nereus Shipping S.A.           |                            |
| Noble Americas Corp.           |                            |
| North Yard Logistics L.P.      |                            |
| Oasis Petroleum Marketing LLC  |                            |
| OSG Bulk Ships Inc.            |                            |
| PBF Holding Company            | Iso Butane                 |
| Petroleum Products Corporation |                            |
| Plains Midstream Canada ULC    |                            |
| PNC Capital Markets, LLC       |                            |
| Shell                          | Iso Butane (International) |
| Sunoco LLC                     |                            |
| Sunoco Partners Marketing      |                            |
| Vane Line Bunkering Inc        |                            |
| Vitol Inc.                     | Naphtha FBR                |
| WR Grace & Co-Conn             |                            |

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
  - (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

#### 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

#### 8. BASIS OF RECOVERY

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
  - (3) making use of Merchandise at the locations described herein or elsewhere, or
  - (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,
- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

**17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

**18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

**19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

**5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

**6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

**7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

**8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

**9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiation Clause herein.

## **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

- herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.
- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)**

a) Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

---

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE



**THIS DISCLOSURE IS ATTACHED TO AND MADE PART OF YOUR POLICY.**

**DISCLOSURE OF IMPORTANT INFORMATION**

**RELATING TO TERRORISM RISK INSURANCE ACT**

**SCHEDULE\***

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:

N/A – Terrorism Excluded

\*Any information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A. Disclosure of Premium**

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

**B. Disclosure of Federal Participation in Payment of Terrorism Losses**

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share will decrease by 5% from 85% to 80% over a five year period while the insurer share increases by the same amount during the same period. The schedule below illustrates the decrease in the federal share:

January 1, 2015 – December 31, 2015 federal share: 85%

January 1, 2016 – December 31, 2016 federal share: 84%

January 1, 2017 – December 31, 2017 federal share: 83%

January 1, 2018 – December 31, 2018 federal share: 82%

January 1, 2019 – December 31, 2019 federal share: 81%

January 1, 2020 – December 31, 2020 federal share: 80%

**C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations**

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a calendar year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

**D. Availability**

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

**E. Definition of Act of Terrorism under TRIA**

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act ("TRIA"), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;

3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. To have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.


**ZURICH**

## Exclusion of Certified Acts of Terrorism

|  |                       |                  |                    |
|--|-----------------------|------------------|--------------------|
| Insureds Name                                      | Policy Number         | Effective Date   | Endorsement Number |
| <b>PES Energy Inc.; PES Ultimate Holdings, LLC</b> | <b>OGR 3227382-00</b> | <b>11/1/2018</b> | <b>Z1</b>          |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies your insurance:

### Manuscript Policy

#### SCHEDULE\*

The exception relating to certain fire losses applies to property located in the following state(s), if covered by this insurance:

| State(s)  |
|---|
| California, Georgia, Hawaii, Illinois, Iowa, Maine,                   |
| Missouri, New Jersey, New York, North Carolina, Oregon,               |
| Rhode Island (except as to commercial special risks), Virgin Islands, |
| Washington, West Virginia, and Wisconsin.                             |
|   |

\*Information required to complete the Schedule, if not shown above, will be shown in the Declarations.

#### A. Exclusion of Certified Acts of Terrorism

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism", including action in hindering or defending against an actual or expected "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### B. Exception Relating to Fire Losses Applicable to Property Located in Certain States

If the "certified act of terrorism" results in fire, we will pay for the direct physical loss or damage to Covered Property caused by that fire. This exception does not apply to any other loss or damage including but not limited to business income, extra expense, any additional coverage and any coverage extension.

#### C. Definition

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act ("TRIA"), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. To have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

**D. Application of Other Exclusions**

The terms and limitations of a terrorism exclusion or any other exclusion, or the inapplicability or omission of a terrorism exclusion or any other exclusion, do not serve to create coverage which would otherwise be excluded, limited or restricted under this policy.

**E. Cap on Losses From Certified Acts of Terrorism**

If aggregate insured losses attributable to one or more "certified acts of terrorism" exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

All other terms and conditions of this policy remain unchanged.



**ZURICH**

**SANCTIONS EXCLUSION  
ENDORSEMENT**

| Insureds Name                                      | Policy Number         | Effective Date   | Endorsement Number |
|--|-----------------------|------------------|--------------------|
| <b>PES Energy Inc.; PES Ultimate Holdings, LLC</b> | <b>OGR 3227382-00</b> | <b>11/1/2018</b> | <b>Z2</b>          |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

The following exclusion is added to the policy to which it is attached and supersedes any existing sanctions language in the policy, whether included in an Exclusion Section or otherwise:

**SANCTIONS EXCLUSION**

Notwithstanding any other terms under this policy, we shall not provide coverage nor will we make any payments or provide any service or benefit to any insured, beneficiary, or third party who may have any rights under this policy to the extent that such cover, payment, service, benefit, or any business or activity of the insured would violate any applicable trade or economic sanctions law or regulation.

The term policy may be comprised of common policy terms and conditions, the declarations, notices, schedule, coverage parts, insuring agreement, application, enrollment form, and endorsements or riders, if any, for each coverage provided. Policy may also be referred to as contract or agreement.

We may be referred to as insurer, underwriter, we, us, and our, or as otherwise defined in the policy, and shall mean the company providing the coverage.

Insured may be referred to as policyholder, named insured, covered person, additional insured or claimant, or as otherwise defined in the policy, and shall mean the party, person or entity having defined rights under the policy.

These definitions may be found in various parts of the policy and any applicable riders or endorsements.

**ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED**



## Policy Changes Endorsement

|   |                |                |                    |
|---|----------------|----------------|--------------------|
| Insureds Name                               | Policy Number  | Effective Date | Endorsement Number |
| PES Energy Inc.; PES Ultimate Holdings, LLC | OGR 3227382-00 | 11/1/2018      | Z3                 |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under your policy as indicated below. The modification(s) may result in a change in the premium as indicated above.

| Type(s) of Change(s)     |                                       |                                     |   |
|--------------------------|---------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | Name of Insured                       | <input type="checkbox"/>            | Mailing Address of Insured                  |
| <input type="checkbox"/> | Policy Number                         | <input type="checkbox"/>            | Company                                     |
| <input type="checkbox"/> | Effective/Expiration Date             | <input type="checkbox"/>            | Legal Status of Insured/Business of Insured |
| <input type="checkbox"/> | Payment Plan                          | <input type="checkbox"/>            | Premium Determination                       |
| <input type="checkbox"/> | Additional Interested Parties         | <input checked="" type="checkbox"/> | Coverage Forms and Endorsements             |
| <input type="checkbox"/> | Limits/Exposures                      | <input type="checkbox"/>            | Deductibles                                 |
| <input type="checkbox"/> | Covered Property/Location Description | <input type="checkbox"/>            | Classification/Class Codes                  |
| <input type="checkbox"/> | Rates                                 | <input type="checkbox"/>            | Underlying Insurance                        |

CHANGE(S)

### Notice of Loss

#### To Our Brokers/Agents-To Be Kept With Policy

#### What to do When a Loss Occurs:

1. Report as soon as practicable every incident, loss or damage which may become a claim to:

Mr. Jose Mogartoff  
 Zurich Insurance Company, Ltd.  
 Director of Global Energy Claims – The Americas  
 165 Broadway, 32<sup>nd</sup> Floor  
 New York, NY 10006  
 T (917) 534-4804  
 C (646) 401-3963  
 Email: Jose.Mogartoff@ZurichNA.com

(And)

Jonathan McCoy, PE  
 Regional Onshore Property Manager  
 Zurich Energy & Marine  
 2000 West Sam Houston Pkwy S., Suite 900  
 Houston, Texas 77042  
 direct: 713-787-7810  
 cell: 281-731-9180  
 jonathan.mccoy@zurich.com

2. Zurich North America Energy claims **cannot** be processed through any other facility and must be reported as indicated.
3. Adjusters can be assigned **only** by Zurich North America.

**All other terms, conditions and limitations of this Policy remain unchanged.**


**ZURICH**

## Policy Changes Endorsement

|   |  |                                    |                                 |
|---|--|------------------------------------|---------------------------------|
| Insureds Name<br><b>PES Energy Inc.; PES Ultimate Holdings, LLC</b> | Policy Number<br><b>OGR 3227382-00</b> | Effective Date<br><b>11/1/2018</b> | Endorsement Number<br><b>Z4</b> |
|---|--|------------------------------------|---------------------------------|

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under your policy as indicated below. The modification(s) may result in a change in the premium as indicated above.

| Type(s) of Change(s)     |                                       |                                     |   |
|--------------------------|---------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | Name of Insured                       | <input type="checkbox"/>            | Mailing Address of Insured                  |
| <input type="checkbox"/> | Policy Number                         | <input type="checkbox"/>            | Company                                     |
| <input type="checkbox"/> | Effective/Expiration Date             | <input type="checkbox"/>            | Legal Status of Insured/Business of Insured |
| <input type="checkbox"/> | Payment Plan                          | <input type="checkbox"/>            | Premium Determination                       |
| <input type="checkbox"/> | Additional Interested Parties         | <input checked="" type="checkbox"/> | Coverage Forms and Endorsements             |
| <input type="checkbox"/> | Limits/Exposures                      | <input type="checkbox"/>            | Deductibles                                 |
| <input type="checkbox"/> | Covered Property/Location Description | <input type="checkbox"/>            | Classification/Class Codes                  |
| <input type="checkbox"/> | Rates                                 | <input type="checkbox"/>            | Underlying Insurance                        |

CHANGE(S)

### ELECTRONIC DATA EXCLUSION ENDORSEMENT – ENSUING PERILS

#### 1. Electronic Data Exclusion

Notwithstanding any other terms or provisions contrary within this policy or any endorsements thereto, the following is added to the policy to which it is attached and shall supersede and replace any contrary policy provisions providing coverage for or related to ELECTRONIC DATA, media, cyber, COMPUTER VIRUS or similar provisions:

a) This Policy does not insure, loss, damage, destruction, distortion, erasure, corruption, alteration, or failure of ELECTRONIC DATA, including the inability or reduced ability to access ELECTRONIC DATA, from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost or expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to Trojan Horses, worms and time or logic bombs.

b) However, in the event that a peril covered by the policy results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions will cover

physical damage occurring during the Policy period to property insured by this Policy directly caused by such peril.

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:-

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed \_\_\$10,000,000\_\_ any one loss, incurred by the Assured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**All other terms, conditions and limitations of this Policy remain unchanged.**

# **Exhibit 19**

# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800285

***Period:*** 1st November 2018 to 1st November 2019

**Aon UK Limited**

Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48

Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

**RISK DETAILS****UNIQUE MARKET  
REFERENCE**

B1526ENNMG1800285

**TYPE**

“All risks” of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
 North Yard GP, LLC  
 North Yard Logistics, L.P.  
 PES Administrative Services, LLC  
 PES Holdings, LLC  
 PES Intermediate, LLC  
 PES Inventory Company, LLC  
 PES Logistics GP, LLC  
 PES Logistics Partners, L.P.  
 PESRM Holdings, LLC  
 Philadelphia Energy Solutions Inc.  
 Philadelphia Energy Solutions LLC  
 Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the “Insured”.

Address: 3144 West Passyunk Avenue  
 Philadelphia, PA 19145

Additional Insured(s):

As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST****SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

## **SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

### **SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### **LIMITS/SUM INSURED (100%)**

### **SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**WHICH IN TURN EXCESS OF:**

USD 1,000,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:****DEDUCTIBLES/  
RETENTION (100%)****SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP as agreed Lloyds Syndicate XLC 2003 only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

## **NOTICES**

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

## **CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

## **ORDER HEREON**

2% of 100%.

## **PREMIUM**

USD 475,000 (100%) in full per annum and/or pro rata.

## **PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

## **TAXES PAYABLE BY**

None.

**THE REINSURED AND  
ADMINISTERED BY  
THE INSURERS**

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

Wording and/or Wording Addenda as per Aon Policy No. ENNMG1800280.

In the event a formal policy is required, the following shall apply:-  
Direct: JA

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>   |
|--|---|
| Amerigreen Energy Inc.                     | Biodiesel   |
| Archer Daniels Midland Company             | Ethanol   |
| BNSF Railway Company                       | RR Transport  |
| BP   | Iso Butane (International)  |
| BP North America Petroleum                 | Gasoline Components   |
| BP Products (NA) (IL)                      | Naphtha FBR   |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC                      |   |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.              |   |
| Colonial Energy, Inc.                      |   |
| Colonial Pipeline Company                  |   |
| Constellation New Energy Inc.              |   |
| Continental Resources, Inc.                |   |
| Crestwood Services, LLC                    |   |
| Eco-Energy Fueling Solutions               |   |
| Eighty-Eight Oil LLC                       |   |
| Freepoint Commodities LLC                  | Crude   |
| Hartree Partners, LP                       |   |
| Hess Corporation                           | Crude-Reduced (VGO)   |
| J J White Inc                              |   |
| J.P. Morgan Chase Bank                     |   |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC              | Ethanol   |
| MacQuarie Bank Limited                     |   |
| MacQuarie Bank Limited London              |   |
| Mark West Hydrocarbon Inc                  |   |
| Merrill Lynch Commodities                  |   |
| Nereus Shipping S.A.                       |   |
| Noble Americas Corp.                       |   |
| North Yard Logistics L.P.                  |   |
| Oasis Petroleum Marketing LLC              |   |
| OSG Bulk Ships Inc.                        |   |
| PBF Holding Company                        | Iso Butane  |
| Petroleum Products Corporation             |   |
| Plains Midstream Canada ULC                |   |
| PNC Capital Markets, LLC                   |   |
| Shell                                      | Iso Butane (International)  |
| Sunoco LLC                                 |   |
| Sunoco Partners Marketing                  |   |
| Vane Line Bunkering Inc                    |   |
| Vitol Inc.                                 | Naphtha FBR   |
| WR Grace & Co-Conn                         |   |

| <b>Customers with revenue above USD 25MM to<br/>PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                        | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                                 | MUSKET CORPORATION (BULK)       |
| Apex Oil Company  | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.                   | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                                   | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                                   | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                    | Papco, Inc                      |
| BP Products (NA)  | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                               | PennJ Petroleum LLC             |

BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E. WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGY PLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

### **PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS****SUBSCRIPTION AGREEMENT**

|  |  |
|--|--|
| <b>SLIP LEADER</b>   | The Slip Leader is: Lloyds Syndicate NOA 3902<br><br>In respect of electronic lines, the Slip Leader is as defined in Security Details herein.   |
| <b>BUREAU(X) LEADER(S)</b>   | The Bureau(x) Leader(s) (where applicable) is: Lloyds Syndicate NOA 3902   |
| <b>BASIS OF AGREEMENT TO CONTRACT CHANGES</b>                                      | General Underwriting Agreement (February 2014) with:<br>Marine Energy Schedule (June 2003) except as below: <ul style="list-style-type: none"> <li>- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;</li> <li>- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;</li> <li>- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.</li> </ul> <p>Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:</p> <ol style="list-style-type: none"> <li>1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.</li> </ol> |
| <b>OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY</b> | Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.   |
| <b>AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY</b>           | None.  |
| <b>BASIS OF CLAIMS AGREEMENT</b>   | As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with: <ol style="list-style-type: none"> <li>i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall</li> </ol>  |

apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

#### **CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is .

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

#### **CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

|   |   |
|---|---|
| <b>RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY</b> | None, unless otherwise specified here by any of the claim agreement parties shown above.  |
| <b>EXPERT(S) FEES COLLECTION</b>                                | <p>Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.</p> <p>In the event of Aon UK Limited not collecting third party fees the following applies:</p> <p>Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.</p>   |
| <b>SETTLEMENT DUE DATE</b>                                      | <p>29th January 2019</p> <p>In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.</p>  |
| <b>INSTALMENT PREMIUM PERIOD OF CREDIT</b>                      | As per 1 <sup>st</sup> instalment   |
| <b>NOTICE OF CANCELLATION DELIVERY PROVISIONS</b>               | <p>Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to <a href="mailto:aon.gbc.noc@aon.co.uk">aon.gbc.noc@aon.co.uk</a>.</p> <p>Failure to comply with this delivery requirement will make the notice null and void.</p> <p>Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.</p>  |
| <b>BUREAUX ARRANGEMENTS</b>                                     | <p>Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.</p> <p>In respect of any PPW, PPC, PPD or SDD the following apply:</p> <ul style="list-style-type: none"> <li>- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;</li> <li>- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;</li> <li>- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;</li> <li>- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;</li> <li>- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be</li> </ul> |

deemed in compliance with the PPW,PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW,PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

### FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.

## SECURITY DETAILS

### **(RE)INSURER'S LIABILITY:**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

**ORDER HEREON:** 2% of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

Policy Number: (UMR) B1526ENNMG1800285

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**SECURITY DETAILS****REFERENCES**

UMR (Unique Market Reference): B1526ENNMG1800285

Date contract printed to PDF: 12:07 31 October 2018

**SIGNED UNDERWRITERS**

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**Ark Syndicate Management 3902**

Matthew Town

**Written Line**

5.00%

**Signed Line**

2.00%

**Agreed on**

08:53 31 October 2018

**For and on behalf of:**

Lloyd's Underwriter Syndicate 3902 NOA

**Written Line**

5.00%

**Signed Line**

2.00%

**Bound as Slip Leader, Lloyd's Leader***Lloyd's Stamp:* 3902  
*LORS Code:* L3902*Reference:* d1318da01412*Description:**Risk Code(s):* EF

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Policy Number: (UMR) B1526ENNMG1800285

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**SETTLEMENT INFORMATION**

**Allocation of Premium to Coding**

EF at 100.00%

**Allocation of Premium to Year of Account**

2018

**Terms of Settlement**

|                                      |                 |
|--------------------------------------|-----------------|
| Settlement Due Date:                 | 29 January 2019 |
| Instalment Premium Period of Credit: | 0 day(s)        |
| Adjustment Premium Period of Credit: | 0 day(s)        |

Lloyd's Underwriter Syndicate 3902 NOA  
**Bureau Leader and Lloyd's Leader**  
Matthew Town

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# **Exhibit 20**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800260

**Renewing Policy  
Number:** ENAME1701032

**Period:** 1st November 2018 to 1st November 2019

**Aon UK Limited**  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

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**RISK DETAILS**

**UNIQUE MARKET REFERENCE** B1526ENNMG1800260

**TYPE** "All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED** PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**  
From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.  
To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure



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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 250,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



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**WHICH IN TURN EXCESS OF:**

USD 500,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

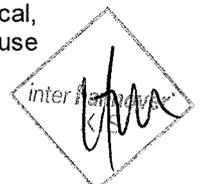
Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.



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Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 594,500 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY**

None.

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**THE REINSURED AND  
ADMINISTERED BY  
THE INSURERS**

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products  |
|-------------------------------------|---|
| Amerigreen Energy Inc.              | Biodiesel   |
| Archer Daniels Midland Company      | Ethanol   |
| BNSF Railway Company                | RR Transport  |
| BP                                  | Iso Butane (International)  |
| BP North America Petroleum          | Gasoline Components   |
| BP Products (NA) (IL)               | Naphtha FBR   |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC               |   |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.       |   |
| Colonial Energy, Inc.               |   |
| Colonial Pipeline Company           |   |
| Constellation New Energy Inc.       |   |
| Continental Resources, Inc.         |   |
| Crestwood Services, LLC             |   |
| Eco-Energy Fueling Solutions        |   |
| Eighty-Eight Oil LLC                |   |
| Freemont Commodities LLC            | Crude   |
| Hartree Partners, LP                |   |
| Hess Corporation                    | Crude-Reduced (VGO)   |
| J J White Inc                       |   |
| J.P. Morgan Chase Bank              |   |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC       | Ethanol   |
| MacQuarie Bank Limited              |   |
| MacQuarie Bank Limited London       |   |
| Mark West Hydrocarbon Inc           |   |
| Merrill Lynch Commodities           |   |
| Nereus Shipping S.A.                |   |
| Noble Americas Corp.                |   |
| North Yard Logistics L.P.           |   |
| Oasis Petroleum Marketing LLC       |   |
| OSG Bulk Ships Inc.                 |   |
| PBF Holding Company                 | Iso Butane  |
| Petroleum Products Corporation      |   |
| Plains Midstream Canada ULC         |   |
| PNC Capital Markets, LLC            |   |
| Shell                               | Iso Butane (International)  |
| Sunoco LLC                          |   |
| Sunoco Partners Marketing           |   |
| Vane Line Bunkering Inc             |   |
| Vitol Inc.                          | Naphtha FBR   |
| WR Grace & Co-Conn                  |   |

| Customers with revenue above USD 25MM to<br>PES |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                         | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.           | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                           | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                           | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.            | Papco, Inc                      |
| BP Products (NA)                                | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                       | PennJ Petroleum LLC             |



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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

7 5 OCT 2019

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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

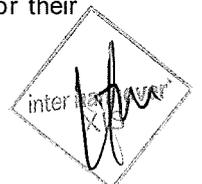
In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,
 fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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Policy Number ENNMG1800260

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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### PREMIUM PAYMENT CLAUSE

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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LMA3100

A diamond-shaped stamp containing the word "inter" and a handwritten signature.

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**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



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**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: *Inter Monnover SE*  
In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

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**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall

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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE**

29th January 2019  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT**

days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

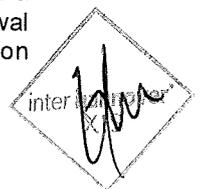
Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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### FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



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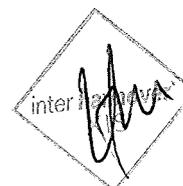
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### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:**           Retail Brokerage:       10.00%  
  Wholesale Brokerage:  5.00%

**AON CARRIER  
COMMISSION:**               Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:**           2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
  Leader, subject to invoice.

A diamond-shaped stamp containing the word "inter" and a handwritten signature.

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## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



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**ORDER HEREON:** % of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



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SIGNED LINES:

WRITTEN LINES:

5% *inter hannover* 25 OCT 2018

|       |   |   |   |     |   |   |   |   |   |   |   |
|-------|---|---|---|-----|---|---|---|---|---|---|---|
| E     | Y | Ø | 1 | 4   | 8 | 2 | 1 | 8 | Ø | Ø | Ø |
|       |   |   |   |     |   |   |   |   |   |   |   |
| H4707 |   |   |   | XIS |   |   |   |   |   |   |   |

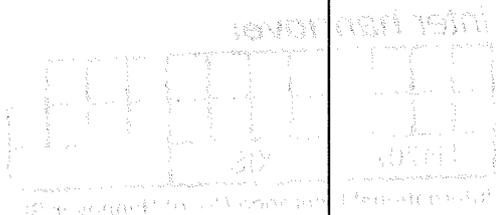
International Insurance Co. of Hannover SE



Policy Number ENNMG1800260

SIGNED LINES:

WRITTEN LINES:



Policy Number ENNMG1800260

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**SIGNED LINES:**

**WRITTEN LINES:**

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# **Exhibit 21**

# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800281

***Renewing Policy  
Number:*** ENAME1701050

***Period:*** 1st November 2018 to 1st November 2019

**Aon UK Limited**

Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48

Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

**RISK DETAILS****UNIQUE MARKET REFERENCE**

B1526ENNMG1800281

**TYPE**

“All risks” of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
 North Yard GP, LLC  
 North Yard Logistics, L.P.  
 PES Administrative Services, LLC  
 PES Holdings, LLC  
 PES Intermediate, LLC  
 PES Inventory Company, LLC  
 PES Logistics GP, LLC  
 PES Logistics Partners, L.P.  
 PESRM Holdings, LLC  
 Philadelphia Energy Solutions Inc.  
 Philadelphia Energy Solutions LLC  
 Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the “Insured”.

Address: 3144 West Passyunk Avenue  
 Philadelphia, PA 19145

Additional Insured(s):  
 As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST****SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

## **SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

### **SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### **LIMITS/SUM INSURED (100%)**

### **SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 500,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

## NOTICES

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

## CHOICE OF LAW AND JURISDICTION

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

## ORDER HEREON

1.5% of 100%.

## PREMIUM

USD 5,532,696 (100%) in full per annum and/or pro rata.

## PAYMENT TERMS

Premium Payment Condition LSW 3000 (90/15), as attached.

## TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS

None.

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-

Direct: JA

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>  |
|--|--|
| Amerigreen Energy Inc.                     | Biodiesel  |
| Archer Daniels Midland Company             | Ethanol  |
| BNSF Railway Company                       | RR Transport   |
| BP   | Iso Butane (International)                                     |
| BP North America Petroleum                 | Gasoline Components  |
| BP Products (NA) (IL)                      | Naphtha FBR  |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC                      |  |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.              |  |
| Colonial Energy, Inc.                      |  |
| Colonial Pipeline Company                  |  |
| Constellation New Energy Inc.              |  |
| Continental Resources, Inc.                |  |
| Crestwood Services, LLC                    |  |
| Eco-Energy Fueling Solutions               |  |
| Eighty-Eight Oil LLC                       |  |
| Freepoint Commodities LLC                  | Crude  |
| Hartree Partners, LP                       |  |
| Hess Corporation                           | Crude-Reduced (VGO)  |
| J J White Inc                              |  |
| J.P. Morgan Chase Bank                     |  |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |
| Lansing Ethanol Services, LLC              | Ethanol  |
| MacQuarie Bank Limited                     |  |
| MacQuarie Bank Limited London              |  |
| Mark West Hydrocarbon Inc                  |  |
| Merrill Lynch Commodities                  |  |
| Nereus Shipping S.A.                       |  |
| Noble Americas Corp.                       |  |
| North Yard Logistics L.P.                  |  |
| Oasis Petroleum Marketing LLC              |  |
| OSG Bulk Ships Inc.                        |  |
| PBF Holding Company                        | Iso Butane   |
| Petroleum Products Corporation             |  |
| Plains Midstream Canada ULC                |  |
| PNC Capital Markets, LLC                   |  |
| Shell                                      | Iso Butane (International)                                     |
| Sunoco LLC                                 |  |
| Sunoco Partners Marketing                  |  |
| Vane Line Bunkering Inc                    |  |
| Vitol Inc.                                 | Naphtha FBR  |
| WR Grace & Co-Conn                         |  |

| <b>Customers with revenue above USD 25MM to PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                    | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                       | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                      | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                             | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                    | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.               | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                               | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                               | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                | Papco, Inc                      |
| BP Products (NA)                                    | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                           | PennJ Petroleum LLC             |

|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E. WARREN CORPORATION                | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shiple Fuels Marketing, LLC                    |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows :

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

### **PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000

**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.1566 Annual Adjustment Rate per USD 100 of reported values.

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS****SUBSCRIPTION AGREEMENT**

|  |  |
|--|--|
| <b>SLIP LEADER</b>   | The Slip Leader is: Lloyds Syndicate BAR 1955<br><br>In respect of electronic lines, the Slip Leader is as defined in Security Details herein.   |
| <b>BUREAU(X) LEADER(S)</b>   | The Bureau(x) Leader(s) (where applicable) is: Lloyds Syndicate BAR 1955   |
| <b>BASIS OF AGREEMENT TO CONTRACT CHANGES</b>                                      | General Underwriting Agreement (February 2014) with:<br>Marine Energy Schedule (June 2003) except as below: <ul style="list-style-type: none"> <li>- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;</li> <li>- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;</li> <li>- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.</li> </ul> <p>Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:</p> <ol style="list-style-type: none"> <li>1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.</li> </ol> |
| <b>OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY</b> | Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.   |
| <b>AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY</b>           | None.  |
| <b>BASIS OF CLAIMS AGREEMENT</b>   | As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with: <ol style="list-style-type: none"> <li>i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall</li> </ol>  |

apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

#### **CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is .

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

#### **CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

|   |   |
|---|---|
| <b>RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY</b> | None, unless otherwise specified here by any of the claim agreement parties shown above.  |
| <b>EXPERT(S) FEES COLLECTION</b>                                | <p>Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.</p> <p>In the event of Aon UK Limited not collecting third party fees the following applies:</p> <p>Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.</p>   |
| <b>SETTLEMENT DUE DATE</b>                                      | <p>29th January 2019</p> <p>In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.</p>  |
| <b>INSTALMENT PREMIUM PERIOD OF CREDIT</b>                      | As per 1 <sup>st</sup> instalment   |
| <b>NOTICE OF CANCELLATION DELIVERY PROVISIONS</b>               | <p>Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to <a href="mailto:aon.gbc.noc@aon.co.uk">aon.gbc.noc@aon.co.uk</a>.</p> <p>Failure to comply with this delivery requirement will make the notice null and void.</p> <p>Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.</p>  |
| <b>BUREAUX ARRANGEMENTS</b>                                     | <p>Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.</p> <p>In respect of any PPW, PPC, PPD or SDD the following apply:</p> <ul style="list-style-type: none"> <li>- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;</li> <li>- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;</li> <li>- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;</li> <li>- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;</li> <li>- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be</li> </ul> |

deemed in compliance with the PPW,PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW,PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

## FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:**           Retail Brokerage:       10.00%  
                                  Wholesale Brokerage:  5.00%

**AON CARRIER  
COMMISSION:**               Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:**           2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.

## SECURITY DETAILS

### **(RE)INSURER'S LIABILITY:**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

**ORDER HEREON:** 1.5% of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

Policy Number: (UMR) B1526ENNMG1800281

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## SECURITY DETAILS

### REFERENCES

UMR (Unique Market Reference): B1526ENNMG1800281

Date contract printed to PDF: 14:44 31 October 2018

## SIGNED UNDERWRITERS

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### Barbican Managing Agency Limited

Marc Sullivan

#### Written Line

1.5%

#### Signed Line

1.5%

#### Agreed on

14:37 31 October 2018

#### For and on behalf of:

Lloyd's Underwriter Syndicates 1955 BAR,  
London, England

#### Written Line

1.5%

#### Signed Line

1.5%

#### Bound as Slip Leader, Lloyd's Leader

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 1955         |
| <i>LORS Code:</i>     | L1955        |
| <i>Reference:</i>     | 041206011800 |
| <i>Description:</i>   |              |
| <i>Risk Code(s):</i>  | EF           |

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Policy Number: (UMR) B1526ENNMG1800281

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## SETTLEMENT INFORMATION

### Allocation of Premium to Coding

EF at 100.00%

### Allocation of Premium to Year of Account

2018

### Terms of Settlement

Settlement Due Date: 29 January 2019

Instalment Premium Period of Credit: 90 day(s)

Adjustment Premium Period of Credit: 90 day(s)

Lloyd's Underwriter Syndicates 1955 BAR, London, England

**Bureau Leader and Lloyd's Leader**

Marc Sullivan

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# **Exhibit 22**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800261

**Renewing Policy  
Number:** ENAME1701030

**Period:** 1st November 2018 to 1st November 2019

**Aon UK Limited**  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

Policy Number:ENNMG1800261

**RISK DETAILS**

**UNIQUE MARKET REFERENCE** B1526ENNMG1800261

**TYPE** "All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED** PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD** From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



25 OCT 2018

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- including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
  - c) real and personal property of the Insured in the care, custody or control of others;
  - d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
  - e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
  - f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
  - g) improvements and betterments in buildings not owned by the Insured;
  - h) property whilst in the due course of Transit; and
  - i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 500,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



Policy Number: ENNMG1800261

**WHICH IN TURN EXCESS OF:**

USD 750,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Policy Number: ENNMG1800261

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

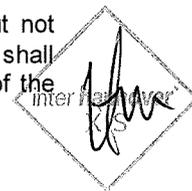
**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.



**ORDER HEREON**

% of 100%.

**PREMIUM**

USD 644,000 (100%) in full per annum and/or pro rata.

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**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.



**TAXES PAYABLE BY**

None.

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**THE REINSURED AND  
ADMINISTERED BY  
THE INSURERS**

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

A diamond-shaped logo with the word "interchange" inside. A handwritten signature is written over the logo.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products   |
|-------------------------------------|--|
| Amerigreen Energy Inc.              | Biodiesel  |
| Archer Daniels Midland Company      | Ethanol  |
| BNSF Railway Company                | RR Transport   |
| BP                                  | Iso Butane (International)                                     |
| BP North America Petroleum          | Gasoline Components  |
| BP Products (NA) (IL)               | Naphtha FBR  |
| BP Products NA Inc. (Products)      | Gasoline Components; Napthta FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC               |  |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.       |  |
| Colonial Energy, Inc.               |  |
| Colonial Pipeline Company           |  |
| Constellation New Energy Inc.       |  |
| Continental Resources, Inc.         |  |
| Crestwood Services, LLC             |  |
| Eco-Energy Fueling Solutions        |  |
| Eighty-Eight Oil LLC                |  |
| Freepoint Commodities LLC           | Crude  |
| Hartree Partners, LP                |  |
| Hess Corporation                    | Crude-Reduced (VGO)  |
| J J White Inc                       |  |
| J.P. Morgan Chase Bank              |  |
| Koch Supply & Trading, LP           |  |
| Lansing Ethanol Services, LLC       | Naphtha FBR; Naphtha-Heavy; Udex Raffinate Ethanol             |
| MacQuarie Bank Limited              |  |
| MacQuarie Bank Limited London       |  |
| Mark West Hydrocarbon Inc           |  |
| Merrill Lynch Commodities           |  |
| Nereus Shipping S.A.                |  |
| Noble Americas Corp.                |  |
| North Yard Logistics L.P.           |  |
| Oasis Petroleum Marketing LLC       |  |
| OSG Bulk Ships Inc.                 |  |
| PBF Holding Company                 | Iso Butane   |
| Petroleum Products Corporation      |  |
| Plains Midstream Canada ULC         |  |
| PNC Capital Markets, LLC            |  |
| Shell                               | Iso Butane (International)                                     |
| Sunoco LLC                          |  |
| Sunoco Partners Marketing           |  |
| Vane Line Bunkering Inc             |  |
| Vitol Inc.                          | Naphtha FBR  |
| WR Grace & Co-Conn                  |  |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |



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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC



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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

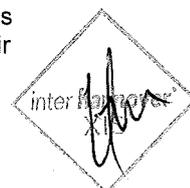
- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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### PREMIUM PAYMENT CLAUSE

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



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**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: *Inter Hannover SE*

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.



**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

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**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY** None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION** Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE** 29th January 2019  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT** As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT** days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS** Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS** Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



25 OCT 2018

Policy Number ENNMG1800261

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### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



25 OCT 2018

## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



25 OCT 2018

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**ORDER HEREON:** % of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

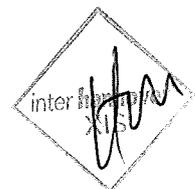
- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

A diamond-shaped stamp containing the text "inter" and "X15" with a handwritten signature over it.

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SIGNED LINES:

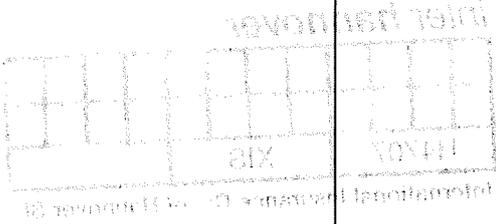
WRITTEN LINES:

10% *inter hannover* 25 OCT 2018  
E Y 0 1 7 7 1 1 8 0 0 0  
H4707 XIS  
International Insurance Co. of Hannover SE  
*[Signature]*

Policy Number ENNMG1800261

**SIGNED LINES:**

**WRITTEN LINES:**



Policy Number ENNMG1800261

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number: (UMR) B1526ENNMG1800261

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## SECURITY DETAILS

### REFERENCES

UMR (Unique Market Reference): B1526ENNMG1800261

Date contract printed to PDF: 17:02 31 October 2018

## SIGNED UNDERWRITERS

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### Aggregated Offline Market - Line To Stand

Non PPL Underwriter

|   |        |                     |                    |
|---|--------|---------------------|--------------------|
| <b>Written Line</b>                       | 10.00% | <b>Signed Line</b>  | 10.00%             |
| <b>For and on behalf of:</b>              |        | <b>Written Line</b> | <b>Signed Line</b> |
| Aggregated Offline Market - Line To Stand |        | 10.00%              | 10.00%             |

### Bound Offline as Slip Leader - Evidence held on file

*Reference:* EY0177118000  
*Description:*

---

### Aon Underwriting Managers

Nick Collins

|                     |                       |                    |      |
|---------------------|-----------------------|--------------------|------|
| <b>Written Line</b> | 2.5%                  | <b>Signed Line</b> | 2.5% |
| <b>Agreed on</b>    | 17:01 31 October 2018 |                    |      |

### For and on behalf of:

ACT17 9551 B1526CBSPS1800002 Onshore  
 EnergyQPS5555 25%, XLC2003 25%, LIB4472  
 15%,AXS1686 10%, BAR1955 10%, CVS1919  
 6.25%,CNP4444 6.25%, AMA1200 2.50%

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 2.5%                | 2.5%               |

### Bound

*Lloyd's Stamp:* 9551  
*Reference:* ACT18EF04977  
*Description:*

### Line Conditions

All endorsements to be provided to Aon Underwriting Managers

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# **Exhibit 23**

# Contract of Insurance

***Insured:*** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

***Policy Number:*** ENNMG1800283

***Period:*** 1st November 2018 to 1st November 2019

**Aon UK Limited**

Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN

Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48

Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

**RISK DETAILS**

|                                |  |
|--------------------------------|--|
| <b>UNIQUE MARKET REFERENCE</b> | B1526ENNMG1800283  |
| <b>TYPE</b>                    | “All risks” of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.   |
| <b>INSURED</b>                 | <p>PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured’s interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:</p> <p style="padding-left: 40px;">North Yard Financing, LLC<br/> North Yard GP, LLC<br/> North Yard Logistics, L.P.<br/> PES Administrative Services, LLC<br/> PES Holdings, LLC<br/> PES Intermediate, LLC<br/> PES Inventory Company, LLC<br/> PES Logistics GP, LLC<br/> PES Logistics Partners, L.P.<br/> PESRM Holdings, LLC<br/> Philadelphia Energy Solutions Inc.<br/> Philadelphia Energy Solutions LLC<br/> Philadelphia Energy Solutions Refining and Marketing LLC</p> <p>all hereafter referred to as the “Insured”.</p> <p>Address: 3144 West Passyunk Avenue<br/> Philadelphia, PA 19145</p> <p>Additional Insured(s):<br/> As designated by the Named Insured or as endorsed hereon.</p> |
| <b>PERIOD</b>                  | <p>From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.</p> <p>If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.</p>   |
| <b>INTEREST</b>                | <p><b>SECTION I: PHYSICAL DAMAGE COVERAGE</b></p> <p>This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:</p> <p>a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,</p>   |

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

## **SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

### **SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

### **LIMITS/SUM INSURED (100%)**

### **SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 500,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**WHICH IN TURN EXCESS OF:**

USD 750,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP as agreed Lloyds Syndicate XLC 2003 only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

## NOTICES

Duty to disclose Material Information

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

## CHOICE OF LAW AND JURISDICTION

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

## ORDER HEREON

3.25% of 100%.

## PREMIUM

USD 807,989 (100%) in full per annum and/or pro rata.

## PAYMENT TERMS

Premium Payment Condition LSW 3000 (90/15), as attached.

## TAXES PAYABLE BY

None.

**THE REINSURED AND  
ADMINISTERED BY  
THE INSURERS**

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

Wording Agreement:

Wording and/or Wording Addenda as per Aon Policy No. ENNMG1800280.

In the event a formal policy is required, the following shall apply:-  
Direct: JA

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |

|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| <b>Suppliers with spend above USD 25MM</b> | <b>Products</b>   |
|--|---|
| Amerigreen Energy Inc.                     | Biodiesel   |
| Archer Daniels Midland Company             | Ethanol   |
| BNSF Railway Company                       | RR Transport  |
| BP   | Iso Butane (International)  |
| BP North America Petroleum                 | Gasoline Components   |
| BP Products (NA) (IL)                      | Naphtha FBR   |
| BP Products NA Inc. (Products)             | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC                      |   |
| Centennial Gas Liquids, LLC                | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.              |   |
| Colonial Energy, Inc.                      |   |
| Colonial Pipeline Company                  |   |
| Constellation New Energy Inc.              |   |
| Continental Resources, Inc.                |   |
| Crestwood Services, LLC                    |   |
| Eco-Energy Fueling Solutions               |   |
| Eighty-Eight Oil LLC                       |   |
| Freepoint Commodities LLC                  | Crude   |
| Hartree Partners, LP                       |   |
| Hess Corporation                           | Crude-Reduced (VGO)   |
| J J White Inc                              |   |
| J.P. Morgan Chase Bank                     |   |
| Koch Supply & Trading, LP                  | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC              | Ethanol   |
| MacQuarie Bank Limited                     |   |
| MacQuarie Bank Limited London              |   |
| Mark West Hydrocarbon Inc                  |   |
| Merrill Lynch Commodities                  |   |
| Nereus Shipping S.A.                       |   |
| Noble Americas Corp.                       |   |
| North Yard Logistics L.P.                  |   |
| Oasis Petroleum Marketing LLC              |   |
| OSG Bulk Ships Inc.                        |   |
| PBF Holding Company                        | Iso Butane  |
| Petroleum Products Corporation             |   |
| Plains Midstream Canada ULC                |   |
| PNC Capital Markets, LLC                   |   |
| Shell                                      | Iso Butane (International)  |
| Sunoco LLC                                 |   |
| Sunoco Partners Marketing                  |   |
| Vane Line Bunkering Inc                    |   |
| Vitol Inc.                                 | Naphtha FBR   |
| WR Grace & Co-Conn                         |   |

| <b>Customers with revenue above USD 25MM to<br/>PES</b> |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                        | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                                 | MUSKET CORPORATION (BULK)       |
| Apex Oil Company  | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.                   | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                                   | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                                   | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.                    | Papco, Inc                      |
| BP Products (NA)  | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                               | PennJ Petroleum LLC             |

|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E. WARREN CORPORATION                | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shiple Fuels Marketing, LLC                    |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows :

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,
 fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA

### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130

### **PREMIUM PAYMENT CLAUSE**

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000

**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS****SUBSCRIPTION AGREEMENT**

|  |  |
|--|--|
| <b>SLIP LEADER</b>   | <p>The Slip Leader is: Lloyds Syndicate COF 1036.</p> <p>In respect of electronic lines, the Slip Leader is as defined in Security Details herein.</p>   |
| <b>BUREAU(X) LEADER(S)</b>   | <p>The Bureau(x) Leader(s) (where applicable) is: Lloyds Syndicate COF 1036</p>  |
| <b>BASIS OF AGREEMENT TO CONTRACT CHANGES</b>                                      | <p>General Underwriting Agreement (February 2014) with:<br/>Marine Energy Schedule (June 2003) except as below:</p> <ul style="list-style-type: none"> <li>- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;</li> <li>- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;</li> <li>- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.</li> </ul> <p>Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:</p> <ol style="list-style-type: none"> <li>1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;</li> <li>3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.</li> </ol> |
| <b>OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY</b> | <p>Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.</p>  |
| <b>AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY</b>           | <p>None.</p>   |
| <b>BASIS OF CLAIMS AGREEMENT</b>   | <p>As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:</p> <ol style="list-style-type: none"> <li>i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall</li> </ol>   |

apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

#### **CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is .

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

#### **CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

|   |   |
|---|---|
| <b>RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY</b> | None, unless otherwise specified here by any of the claim agreement parties shown above.  |
| <b>EXPERT(S) FEES COLLECTION</b>                                | <p>Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.</p> <p>In the event of Aon UK Limited not collecting third party fees the following applies:</p> <p>Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.</p>   |
| <b>SETTLEMENT DUE DATE</b>                                      | <p>29th January 2019</p> <p>In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.</p>  |
| <b>INSTALMENT PREMIUM PERIOD OF CREDIT</b>                      | As per 1 <sup>st</sup> instalment   |
| <b>NOTICE OF CANCELLATION DELIVERY PROVISIONS</b>               | <p>Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to <a href="mailto:aon.gbc.noc@aon.co.uk">aon.gbc.noc@aon.co.uk</a>.</p> <p>Failure to comply with this delivery requirement will make the notice null and void.</p> <p>Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.</p>  |
| <b>BUREAUX ARRANGEMENTS</b>                                     | <p>Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.</p> <p>In respect of any PPW, PPC, PPD or SDD the following apply:</p> <ul style="list-style-type: none"> <li>- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;</li> <li>- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;</li> <li>- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;</li> <li>- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;</li> <li>- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be</li> </ul> |

deemed in compliance with the PPW,PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW,PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.

## FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk

## BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.

## SECURITY DETAILS

### **(RE)INSURER'S LIABILITY:**

#### **(Re)insurer's liability several not joint**

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)

**ORDER HEREON:** 3.25% of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

**SIGNED LINES:**

**WRITTEN LINES:**

---

Policy Number: (UMR) B1526ENNMG1800283

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## SECURITY DETAILS

### REFERENCES

UMR (Unique Market Reference): B1526ENNMG1800283

Date contract printed to PDF: 15:25 31 October 2018

## SIGNED UNDERWRITERS

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### QBE European Company Operations

James Keens

**Written Line**

5.00%

**Signed Line**

3.25%

**Agreed on**

15:15 31 October 2018

**For and on behalf of:**

Lloyds Underwriter Syndicate No. 1036 COF,  
London, England

**Written Line**

5.00%

**Signed Line**

3.25%

**Bound as Slip Leader, Lloyd's Leader**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 1036         |
| <i>LORS Code:</i>     | L1036        |
| <i>Reference:</i>     | 18EN293850EA |
| <i>Description:</i>   |              |
| <i>Risk Code(s):</i>  | EF           |

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Policy Number: (UMR) B1526ENNMG1800283

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## SETTLEMENT INFORMATION

### Allocation of Premium to Coding

EF at 100.00%

### Allocation of Premium to Year of Account

2018

### Terms of Settlement

Settlement Due Date: 29 January 2019

Instalment Premium Period of Credit: 0 day(s)

Adjustment Premium Period of Credit: 0 day(s)

Lloyds Underwriter Syndicate No. 1036 COF, London, England

**Bureau Leader and Lloyd's Leader**

James Keens

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# **Exhibit 24**

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800261

**Renewing Policy  
Number:** ENAME1701030

**Period:** 1st November 2018 to 1st November 2019

**Aon UK Limited**  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 480 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

**To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.**

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

Policy Number:ENNMG1800261

**RISK DETAILS**

**UNIQUE MARKET REFERENCE** B1526ENNMG1800261

**TYPE** "All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED** PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES Intermediate, LLC
- PES Inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD** From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



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including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 500,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



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**WHICH IN TURN EXCESS OF:**

USD 750,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

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Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.

Non-Vitiating Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement - LMA5130, as attached.

Sanction Limitation and Exclusion Clause - LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or Insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.



**ORDER HEREON**

12.5 % of 100%.

**PREMIUM**

USD 644,000 (100%) in full per annum and/or pro rata.

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**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY**

None.



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17 NOV 2018

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**THE REINSURED AND  
ADMINISTERED BY  
THE INSURERS**

**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 500,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 25,000,000  | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 25,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 50,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |



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|     |            |   |
|-----|------------|---|
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days    | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.

A diamond-shaped logo with the word "interchange" inside. A handwritten signature is written over the logo.

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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products   |
|-------------------------------------|--|
| Amerigreen Energy Inc.              | Biodiesel  |
| Archer Daniels Midland Company      | Ethanol  |
| BNSF Railway Company                | RR Transport   |
| BP                                  | Iso Butane (International)                                     |
| BP North America Petroleum          | Gasoline Components  |
| BP Products (NA) (IL)               | Naphtha FBR  |
| BP Products NA Inc. (Products)      | Gasoline Components; Napthta FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC               |  |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.       |  |
| Colonial Energy, Inc.               |  |
| Colonial Pipeline Company           |  |
| Constellation New Energy Inc.       |  |
| Continental Resources, Inc.         |  |
| Crestwood Services, LLC             |  |
| Eco-Energy Fueling Solutions        |  |
| Eighty-Eight Oil LLC                |  |
| Freepoint Commodities LLC           | Crude  |
| Hartree Partners, LP                |  |
| Hess Corporation                    | Crude-Reduced (VGO)  |
| J J White Inc                       |  |
| J.P. Morgan Chase Bank              |  |
| Koch Supply & Trading, LP           |  |
| Lansing Ethanol Services, LLC       | Naphtha FBR; Naphtha-Heavy; Udex Raffinate Ethanol             |
| MacQuarie Bank Limited              |  |
| MacQuarie Bank Limited London       |  |
| Mark West Hydrocarbon Inc           |  |
| Merrill Lynch Commodities           |  |
| Nereus Shipping S.A.                |  |
| Noble Americas Corp.                |  |
| North Yard Logistics L.P.           |  |
| Oasis Petroleum Marketing LLC       |  |
| OSG Bulk Ships Inc.                 |  |
| PBF Holding Company                 | Iso Butane   |
| Petroleum Products Corporation      |  |
| Plains Midstream Canada ULC         |  |
| PNC Capital Markets, LLC            |  |
| Shell                               | Iso Butane (International)                                     |
| Sunoco LLC                          |  |
| Sunoco Partners Marketing           |  |
| Vane Line Bunkering Inc             |  |
| Vitol Inc.                          | Naphtha FBR  |
| WR Grace & Co-Conn                  |  |

| Customers with revenue above USD 25MM to PES |                                 |
|--|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP             | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                               | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                      | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                             | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.        | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                        | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                        | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.         | Papco, Inc                      |
| BP Products (NA)                             | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                    | PennJ Petroleum LLC             |



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BP Products NA Inc. (Products)  
 BP Products North America Inc.  
 Braskem America, Inc.  
 Buckeye Energy Services, LLC  
 Cargill, Inc Petroleum Trading  
 CASTLETON COMMODITIES MERCHANT  
 TRADING L.P.  
 CHEVRON PRD CO DIV CHEVRON USA  
 CITGO PETROLEUM CORPORATION  
 Colonial Oil Industries, Inc.  
 DSST Corporation  
 Edw. J Sweeney & Sons, Inc  
 ENI TRADING & SHIPPING INC.  
 ENTERPRISE PRODUCTS OPERATING  
 EXXONMOBIL OIL CORPORATION  
 FREEPOINT COMMODITIES LLC  
 GEORGE E WARREN CORPORATION  
 GLENCORE LTD.  
 GLOBAL COMPANIES LLC  
 GULF OIL LIMITED PARTNERSHIP  
 GUTTMAN ENERGY, INC.  
 GUTTMAN OIL CO. (BULK)  
 HARTREE PARTNERS, LP  
 HESS ENERGY TRADING CO., LLC  
 HONEYWELL INTERNATIONAL INC  
 JP MORGAN VENTURES ENERGY CORP  
 KOCH SUPPLY & TRADING LP  
 Long Island Lighting Company dba LIPA  
 Lukoil North America LLC  
 MACQUARIE ENERGY NORTH AMERICA  
 TRADING INC  
 Mansfield Oil Company  
 MARATHON PETROLEUM CO. LP  
 MERCURIA ENERGY TRADING INC  
 Merrill Lynch Commodities, Inc.  
 MIECO INC.  
 Mirabito Holdings Inc.  
 MONROE ENERGY, LLC

PETROBRAS GLOBAL TRADING BV  
 PETROLEUM PRODUCTS CORPORATION  
 PETROLEUM TRADERS CORPORATION  
 PHILLIPS 66 COMPANY  
 Pilot Travel Centers LLC  
 PLAINS MARKETING LP  
  
 PPL ENERGYPLUS RETAIL, LLC  
 PYRAMID DE LLC  
 QT FUELS INCORPORATED  
 REPSOL TRADING USA CORPORATION  
 Riggins, Inc  
 ROLYMPUS (US) COMMODITIES GROUP LLC  
 Ross Fogg Fuel Oil Co.  
 Sat Raj Inc  
 Service Energy, LLC  
 SHEETZ INC.  
 SHELL TRADING US CO. (PRODUCTS)  
 Shipley Fuels Marketing, LLC  
 SJ Fuel South Co Inc.  
 SPEEDWAY LLC  
 SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC



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**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this Insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
  - A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,
 fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

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### PREMIUM PAYMENT CLAUSE

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

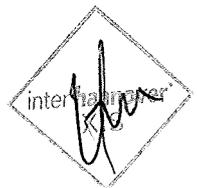
It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

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**INFORMATION**

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

**Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

**SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



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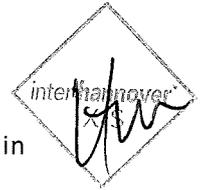
**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER**

The Slip Leader is: *Inter Hannover SE*

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.



**BUREAU(X) LEADER(S)**

The Bureau(x) Leader(s) (where applicable) is:

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**BASIS OF AGREEMENT TO CONTRACT CHANGES**

General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY**

Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY**

None.

**BASIS OF CLAIMS AGREEMENT**

As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall



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apply as appropriate:-

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

**A. For In-scope SCAP Claims**

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

**B. For all other claims:**

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.



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**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY** None, unless otherwise specified here by any of the claim agreement parties shown above.

**EXPERT(S) FEES COLLECTION** Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT DUE DATE** 29th January 2019  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM PERIOD OF CREDIT** As per 1<sup>st</sup> instalment

**ADJUSTMENT PREMIUM PERIOD OF CREDIT** days after expiry

**NOTICE OF CANCELLATION DELIVERY PROVISIONS** Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX ARRANGEMENTS** Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;

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- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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### FISCAL AND REGULATORY

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



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**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



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## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



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ORDER HEREON:

12.5

% of 100%



BASIS OF WRITTEN LINES:

Percentage of Whole

BASIS OF SIGNED LINES:

Percentage of Whole

12 NOV 2018

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



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SIGNED LINES:

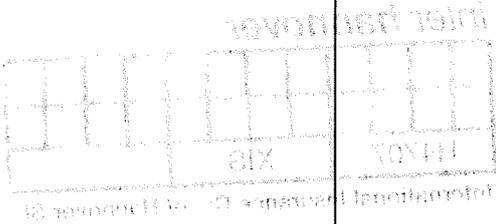
WRITTEN LINES:

10% *inter hannover* 25 OCT 2018  
E Y 0 1 7 7 1 1 8 0 0 0  
H4707 XIS  
International Insurance Co. of Hannover SE  
*[Signature]*

Policy Number ENNMG1800261

**SIGNED LINES:**

**WRITTEN LINES:**



Policy Number ENNMG1800261

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number: (UMR) B1526ENNMG1800261

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**SECURITY DETAILS****REFERENCES**

UMR (Unique Market Reference): B1526ENNMG1800261

Date contract printed to PDF: 17:02 31 October 2018

**SIGNED UNDERWRITERS**

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**Aggregated Offline Market - Line To Stand**

Non PPL Underwriter

|   |              |                     |                    |
|---|--------------|---------------------|--------------------|
| <b>Written Line</b>   | 10.00%       | <b>Signed Line</b>  | 10.00%             |
| <b>For and on behalf of:</b>                                |              | <b>Written Line</b> | <b>Signed Line</b> |
| Aggregated Offline Market - Line To Stand                   |              | 10.00%              | 10.00%             |
| <b>Bound Offline as Slip Leader - Evidence held on file</b> |              |                     |                    |
| <i>Reference:</i>   | EY0177118000 |                     |                    |
| <i>Description:</i>   |              |                     |                    |

---

**Aon Underwriting Managers**

Nick Collins

|  |                       |                     |                    |
|--|-----------------------|---------------------|--------------------|
| <b>Written Line</b>  | 2.5%                  | <b>Signed Line</b>  | 2.5%               |
| <b>Agreed on</b>   | 17:01 31 October 2018 |                     |                    |
| <b>For and on behalf of:</b>   |                       | <b>Written Line</b> | <b>Signed Line</b> |
| ACT17 9551 B1526CBSPS1800002 Onshore<br>EnergyQPS5555 25%, XLC2003 25%, LIB4472<br>15%,AXS1686 10%, BAR1955 10%, CVS1919<br>6.25%,CNP4444 6.25%, AMA1200 2.50% |                       | 2.5%                | 2.5%               |
| <b>Bound</b>   |                       |                     |                    |
| <i>Lloyd's Stamp:</i>  | 9551                  |                     |                    |
| <i>Reference:</i>  | ACT18EF04977          |                     |                    |
| <i>Description:</i>  |                       |                     |                    |

**Line Conditions**All endorsements to be provided to Aon Underwriting Managers

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# **Exhibit 25**



# HDI GLOBAL INSURANCE COMPANY

AN ILLINOIS CORPORATION  
161 NORTH CLARK STREET, 48<sup>th</sup> Floor  
CHICAGO, IL 60601  
312-580-1900

## COMMERCIAL LINES POLICY

FOR

**PES Energy Inc.; PES Ultimate Holdings, LLC**

**OGXD1307804**

**11/01/2018 to 11/01/2019**

**Underwriting Team:**

**Tamisika K. Smith - Manager, Onshore Energy**  
**Geoffrey Brodhead - National / Multinational Accounts Manager**  
**Lorraine Hicks - Underwriting Assistant**  
**Jim Clark - Chief Underwriting Officer**

**Loss Notification**

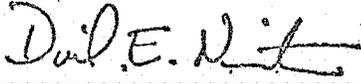
**To report a claim 24 hours a day, 7 days a week, please contact us as soon as practicable for further assistance:**

**Telephone: 1-866-484-2053**  
**Fax: 1-866-477-8502**  
**Email: [newclaims@us.hdi.global](mailto:newclaims@us.hdi.global)**

**POLICY JACKET, DECLARATIONS PAGE, FORMS AND ENDORSEMENTS COMPLETE THIS POLICY**

IL SU 4003 (01 16)

In Witness Whereof, we have caused this policy to be executed and attested, and if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



Corporate Secretary  
David Neumeister



President & CEO  
Dr. Lothar Becker

**COMMERCIAL LINES POLICY**

**COMMON POLICY  
DECLARATIONS**

**HDI GLOBAL INSURANCE  
COMPANY**

161 North Clark Street -- 48th Floor  
Chicago, IL 60601

Renewal of Number: OGXD1307803

**Policy No.: OGXD1307804**

Named Insured and Mailing Address  
(No., Street, Town or City, County, State, Zip Code)

PES Energy Inc.; PES Ultimate Holdings, LLC  
3144 West Passyunk Avenue  
Philadelphia, PA 19145

Name Broker and Mailing Address

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Policy Period: From 11/01/2018 to 11/01/2019 at 12:01 a.m. Standard Time at your mailing address shown above.

Business Description: Crude Oil Refinery Complex producing various Petroleum Products

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

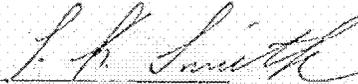
THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

|                                    | PREMIUM               |
|------------------------------------|-----------------------|
| Commercial Property Coverage Part  | \$ _____              |
| Boiler and Machinery Coverage Part | \$ <u>COVERED</u>     |
| Ocean Marine Coverage Part         | \$ <u>NOT COVERED</u> |
| Inland Marine Coverage Part        | \$ <u>COVERED</u>     |
| Terrorism Coverage                 | \$ <u>NOT COVERED</u> |
| State Fees and Surcharges          | \$ _____              |
|                                    | TOTAL \$ _____        |

Premium shown is payable at inception

Form(s) and Endorsement(s) made part of this policy at time of issue\*: Manuscript wording attached.

\* Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

Countersigned: \_\_\_\_\_ By: 1/15/19   
Countersignature Date Authorized Signature

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

**Policy No. OGXD1307804**

**ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** December 10, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** PES Energy Inc.; PES Ultimate Holdings, LLC

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 500,000,000 excess of USD 750,000,000

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:** USD 29,800 All Risk PD/TE (p/o USD 745,000)  
USD excluded Certified Terrorism  
USD excluded Non-certified Terrorism  
USD 29,800 Total (p/o USD 745,000)

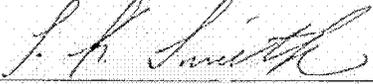
**SURCHARGES / FEES:**

**COMMISSION:** 10.00%

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** or 4.0000%

**SECURITY/CARRIER:** HDI Global Insurance Company

By:  \_\_\_\_\_ 1/15/19  
Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:  
• manuscript Declarations No. OGXD1307804  
• manuscript Policy Form No. 2018PESPROP

**– ALL AS MORE FULLY DEFINED HEREIN –**

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 500,000,000 any one Occurrence, combined single limit in excess of the insured retentions

ONLY TO PAY THE EXCESS OF:

USD 750,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, *except*;

USD Excluded any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Flood

USD 500,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm

USD 25,000,000 Accounts Receivable

USD 2,500,000 Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)

USD 75,000,000 Contingent Business Interruption, Named

USD 25,000,000 Contingent Business Interruption, Unnamed

USD 10,000,000 Contingent Extra Expense

USD 50,000,000 Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits

USD 25,000,000 or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal

USD 25,000,000 Demolition and Increased Cost of Construction due to Law or Ordinance

USD 10,000,000 Demurrage

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Electronic Data Processing Media  |
| USD | 10,000,000 | Errors and Omissions  |
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 50,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

**6. RETENTIONS****Physical Damage**

USD 10,000,000 any one Occurrence

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

All Risk PD/TE  
Certified Terrorism  
Non-certified Terrorism  
Total

**11. COMMISSION**

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**15. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

#### 16. LMA3333 DATED 21 JUNE 2007

##### **Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

##### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of

liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

**17. TERMS AND CONDITIONS**

As per attached manuscript Policy Form No. 2018PESPROP.

**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipleys Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers****Products**

|                                |                            |
|--------------------------------|----------------------------|
| Lansing Ethanol Services, LLC  | Ethanol                    |
| MacQuarie Bank Limited         |                            |
| MacQuarie Bank Limited London  |                            |
| Mark West Hydrocarbon Inc      |                            |
| Merrill Lynch Commodities      |                            |
| Nereus Shipping S.A.           |                            |
| Noble Americas Corp.           |                            |
| North Yard Logistics L.P.      |                            |
| Oasis Petroleum Marketing LLC  |                            |
| OSG Bulk Ships Inc.            |                            |
| PBF Holding Company            | Iso Butane                 |
| Petroleum Products Corporation |                            |
| Plains Midstream Canada ULC    |                            |
| PNC Capital Markets, LLC       |                            |
| Shell                          | Iso Butane (International) |
| Sunoco LLC                     |                            |
| Sunoco Partners Marketing      |                            |
| Vane Line Bunkering Inc        |                            |
| Vitol Inc.                     | Naphtha FBR                |
| WR Grace & Co-Conn             |                            |

**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) Repairs Performed by Owned Facilities: It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) Brands and Labels: In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) Pair and Set: For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
  - (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) Valuable Papers and Records: Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

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## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
  - (3) making use of Merchandise at the locations described herein or elsewhere, or
  - (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,
- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
- b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;

subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

**17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

**18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

**19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

#### **5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

#### **6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

#### **7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

#### **8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

#### **9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiation Clause herein.

## 19. APPLICATION OF SALVAGE RECOVERIES

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## 20. CARRIERS OR OTHER BAILEES

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## 21. NO CONTROL

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## 22. APPRAISAL

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

**29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

**30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)****a) Electronic Data Exclusion**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### 44. LAW PRACTICE AND JURISDICTION

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### 45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

IL AM 4002 (10 11)

## **HDI GLOBAL INSURANCE COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### **ECONOMIC OR TRADE SANCTIONS**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused or contributed to by or arising from any term or condition that violates the laws, regulations or resolutions of the United Nations, the European Union, any member of its member states or the United States, concerning economic and trade embargoes.

All other terms and conditions of this policy remain unchanged.

## U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



HDI Global Insurance Company  
HDI Specialty Insurance Company

### Privacy Policy

We value your business and your trust in HDI. The privacy and confidentiality of your personal information is among our top priorities. This explains our practices and procedures for securing your personal information before, during and after your relationship with us. We will provide one copy of this Privacy Statement with each policy we issue. Additional copies of this statement are available upon request. Thank you for choosing HDI for your insurance needs.

#### **How We Protect Your Information**

We understand the importance of securing your personal information. We have physical, electronic and procedural safeguards in place to protect your nonpublic personal data in compliance with applicable state federal laws. We restrict employee access to customer information only to those who have a business reason to know, in order to provide our products and services to you.

#### **What Personal Information We Collect About You**

We collect nonpublic personal information about you from the following sources, only as our business needs require:

- Information received on applications and other forms – whether in writing, in person, by phone, electronically or by other means -such as names, addresses and employment information.
- Information about your transactions with us, our affiliates, or others associated with our business relationship, and information we receive from insurance agents, consumer reporting agencies, investigators connected with claims adjusting, state motor vehicle departments, inspection services, insurance support organizations or other sources as permitted or required by law.
- Information we receive in medical records or from medical professionals.
- Information otherwise obtained in the claims adjustment process, including litigation.

#### **What Personal Information We Disclose About You**

We do not disclose any of our customers' or other persons' nonpublic personal information to anyone, except as permitted or required by law. Permitted disclosures include information to process transactions on your behalf, and information about you or about participants, beneficiaries or claimants under your insurance policy in the normal course of business.

# **Exhibit 26**

Munich RE 

A O N Ltd.  
Attn. of Mr. James T. Pegg

Copy to Great Lakes,  
Jason Mota

31 October 2018

Energy / Oil & Gas  
Corporate Insurance Partner  
Max Pfeninger

Tel.: 0049 (0)89 3891 - 6597  
Fax: 0049 (0)89 3891 -76597  
mpfeninger@munichre.com

O/I: Philadelphia Energy Solutions  
R/I: Great Lakes Insurance SE  
Re: Property Programme 12 months at 1 November 2018

Risk Solutions

Münchener Rückversicherungs-  
Gesellschaft  
Aktiengesellschaft in München  
Königinstraße 107  
80802 München  
Letters: 80791 München

Dear James,

Tel.: +49 (89) 3891-0  
Fax: +49 (89) 3890-56  
corporate-insurance-partner@  
munichre.com  
www.munichre.com

with regard to the captioned, please be advised that Great Lakes Insurance SE has agreed to accept a share of 10 % i.e. USD 75,000,000 p/o USD 750,000,000 x/s of underlying deductibles subject to

Vorsitzender des Aufsichtsrats:  
Dr. Bernd Pischetsrieder

- Our line to stand
- All terms, special agreements, claims and amendments to be agreed by Great Lakes Insurance SE
- The quoted annual premium does not include the "Terrorism Risk Insurance Program Reauthorization Act" (TRIPRA). This is provided under a separate quotation ( attached ) and applies only to terrorism as defined under TRIPRA. Please sign and date the attached notice with the appropriate election marked and return it to Great Lakes (SE) UK prior to binding
- Amendments as per the slip
- GLUK's line to be put down **before** inception
- Wording to be agreed within 60 days of inception

Vorstand:  
Dr. Joachim Wenning,  
Vorsitzender  
Giuseppina Albo  
Dr. Thomas Blunck  
Dr. Doris Höpke  
Dr. Torsten Jeworrek  
Hermann Pohlchristoph  
Dr. Markus Rieß  
Dr. Peter Röder  
Dr. Jörg Schneider

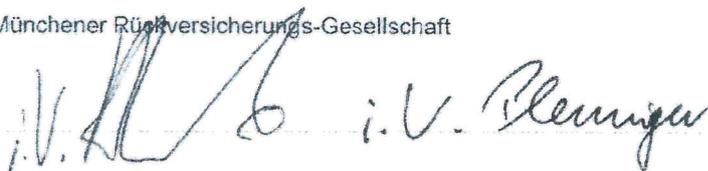
Sitz der Gesellschaft: München  
Amtsgericht München  
HRB 42039

We are attaching this year's slip for further processing.

Many thanks again for your submission; we are looking forward to your reply.

Best regards

Münchener Rückversicherungs-Gesellschaft



# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800282

**Renewing Policy  
Number:** ENAME1701031

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 490 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



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## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

Policy Number: ENNMG1800282

**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800282

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES intermediate, LLC
- PES inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



Policy Number: ENNMG1800282

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 750,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



Policy Number: ENNMG1800282

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.



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Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

*1.5.21.10.18*  


**ORDER HEREON**

12.5% of 100%.

*for TRIPRA  
 see attached  
 and separate  
 TRIPRA quote*

**PREMIUM**

USD 6,350,000 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.



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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-

Direct: JA



Policy Number: ENNMG1800282

**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 20,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |


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|     |           |   |
|-----|-----------|---|
| USD | 2,500,000 | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 5,000,000 | Valuable Papers and Records   |
|     | 30 days   | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days   | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



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**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products  |
|-------------------------------------|---|
| Amerigreen Energy Inc.              | Biodiesel   |
| Archer Daniels Midland Company      | Ethanol   |
| BNSF Railway Company                | RR Transport  |
| BP                                  | Iso Butane (International)  |
| BP North America Petroleum          | Gasoline Components   |
| BP Products (NA) (IL)               | Naphtha FBR   |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC               |   |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.       |   |
| Colonial Energy, Inc.               |   |
| Colonial Pipeline Company           |   |
| Constellation New Energy Inc.       |   |
| Continental Resources, Inc.         |   |
| Crestwood Services, LLC             |   |
| Eco-Energy Fueling Solutions        |   |
| Eighty-Eight Oil LLC                |   |
| Freepoint Commodities LLC           | Crude   |
| Hartree Partners, LP                |   |
| Hess Corporation                    | Crude-Reduced (VGO)   |
| J J White Inc                       |   |
| J.P. Morgan Chase Bank              |   |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC       | Ethanol   |
| MacQuarie Bank Limited              |   |
| MacQuarie Bank Limited London       |   |
| Mark West Hydrocarbon Inc           |   |
| Merrill Lynch Commodities           |   |
| Nereus Shipping S.A.                |   |
| Noble Americas Corp.                |   |
| North Yard Logistics L.P.           |   |
| Oasis Petroleum Marketing LLC       |   |
| OSG Bulk Ships Inc.                 |   |
| PBF Holding Company                 | Iso Butane  |
| Petroleum Products Corporation      |   |
| Plains Midstream Canada ULC         |   |
| PNC Capital Markets, LLC            |   |
| Shell                               | Iso Butane (International)  |
| Sunoco LLC                          |   |
| Sunoco Partners Marketing           |   |
| Vane Line Bunkering Inc             |   |
| Vitol Inc.                          | Naphtha FBR   |
| WR Grace & Co-Conn                  |   |

| Customers with revenue above USD 25MM to<br>PES |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                  | Multani Enterprise Inc.         |
| AOT Energy Americas LLC                         | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.           | NIC HOLDING CORP                |
| Arfa Enterprises Inc.                           | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                           | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.            | Papco, Inc                      |
| BP Products (NA)                                | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                       | PennJ Petroleum LLC             |

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|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E WARREN CORPORATION                 | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shibley Fuels Marketing, LLC                   |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |


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Policy Number ENNMG1800282

RISK DETAILS - WORDING

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

SPECIAL CANCELLATION PROVISIONS

- 1. It is understood and agreed that if:-
  - A. any Insurer subscribing to this insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - ~~F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,~~

ind. 31.10.18



then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

- 2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:

- A. the Insured, or
- B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

192EA



Policy Number ENNIMG1800282

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**APPLICATION OF SUBLIMITS ENDORSEMENT**

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130



Policy Number ENNMG1800282

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### PREMIUM PAYMENT CLAUSE

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000



Policy Number ENNMG1800282

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.19110 Annual Adjustment Rate per USD 100 of reported values.



Policy Number ENNMG1800282

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100



## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



Policy Number ENNMG1800282

**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER** The Slip Leader is: Great Lakes Insurance SE

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)** The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES** General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY** Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY** None.

**BASIS OF CLAIMS AGREEMENT** As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall apply as appropriate:-



Policy Number ENNMG1800282

- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.



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**EXPERT(S) FEES  
COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT  
DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM  
PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**NOTICE OF  
CANCELLATION  
DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX  
ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;
- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to



Policy Number ENNMG1800282

be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



Policy Number ENNVG1800282

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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



Policy Number ENNMG1800282

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**BROKER REMUNERATION AND DEDUCTIONS**

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



Policy Number ENNMG1800282

## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



Policy Number ENNMG1800282

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**ORDER HEREON:** 12.5% of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



Policy Number ENNMG1800282

SIGNED LINES:

WRITTEN LINES:

*J.V. WESS* *J.V. W*

*10/*

|                          |   |   |           |
|--------------------------|---|---|-----------|
| Risk Solutions           |   | Munich RE  |           |
| Great Lakes Insurance SE |   |   |           |
| F                        | 0 | 1   | 838162018 |
| G6307                    |   | XIS   |           |

*31.10.18*



Policy Number ENNMG1800282

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number ENNMG1800282

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**SIGNED LINES:**

**WRITTEN LINES:**

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Munich RE



**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A USD100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS USD100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED USD100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

|  |   |
|--|---|
|  | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of USD 55,563.00  |
|  | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

\_\_\_\_\_  
Policyholder/Applicant's Signature

Account: Philadelphia Energy Solutions

\_\_\_\_\_  
Print Name

Period: 11/01/2018 – 11/01/2019

\_\_\_\_\_  
Date

IUA 09-056  
14 January 2015

Great Lakes Insurance SE  
Königinstraße 107, 80802 München  
Sitz der Gesellschaft: München

Tel.: +49 (89) 244455270  
Fax: +49 (89) 244455271  
www.glise.com

Artsgericht München, HRB 230378  
Vorsitzender des Aufsichtsrats: Claus-Ulrich Kroll  
Vorstand: Dr. Achim Stegner (Vorsitzender), Dr. Stefan Pasternak, Dr. Tobias Klauß, Stéphane Deutscher

*U. M. 31.10.18*  
XIS  
GREAT  
LAKES

### Terrorism exclusion

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

But, if the act of terrorism occurs in an "Exception State" and results in fire, we will pay for the loss or damage in such "Exception State" caused by that fire, but only to the extent, if any, required by the applicable Standard Fire Policy statute(s) in such state. However, this exception applies only to direct loss or damage by fire to covered property and not to any insurance provided for time element coverages, including but not limited to business interruption and extra expense. In no event shall this policy be construed to give coverage beyond the minimum requirements of the applicable Standard Fire Policy Statute (and amendments thereto) in existence as of the effective date of the policy and governing such requirements with respect to any acts of terrorism. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone in a similar position to grant the insurer approval to vary the terms and conditions of the Standard Fire Policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by the Commissioner or Director of Insurance or person in a similar position.

"Exception state" means a state which at the time of policy effective date, requires that the coverage provided under this policy be more restrictive than that provided under a Standard Fire Policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorist exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by a Nuclear Hazard Exclusion or a war exclusion.

All other terms and conditions remain unchanged.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

*31.10.18*  
XIS  
GREAT  
LAKES

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

*W. M. 3/16/18*  
XIS  
GREAT  
LAKES

Date Issued

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the policy.)

INSURED \_\_\_\_\_

Policy No. \_\_\_\_\_ Endorsement Effective \_\_\_\_\_  
(12:01 A.M.)

Countersigned \_\_\_\_\_  
(Authorized Representative)

By \_\_\_\_\_

### Conditional Terrorist Activity Exclusion (Relating To Disposition of Federal Terrorism Risk Insurance Act)

#### A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Policy; or
  - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
    - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
    - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
    - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
2. If the provisions of this endorsement become applicable, such provisions:
  - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "act of terrorism", "Terrorist Activity" and/or "NBCR Terrorist Activity", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
  - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "act of terrorism", "Terrorist Activity" and/or "NBCR Terrorist Activity", will continue in effect unless we notify you of changes to that endorsement in response to federal law.



- B. With respect to this policy and any endorsements thereto, the following exclusion is added and supersedes any provision to the contrary:

This insurance does not apply to:

All loss, damage, cost or expense, caused by, resulting from, arising out of or related to, either directly or indirectly, any "Terrorist Activity," as defined herein, and any action taken to hinder, defend against or respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, damage, cost or expense.

But, if the "Terrorist Activity" occurs in an "Exception State" and results in fire, we will pay for the loss or damage in such "Exception State" caused by that fire, but only to the extent, if any, required by the applicable Standard Fire Policy statute(s) in such state. However, this exception applies only to direct loss or damage by fire to covered property and not to any insurance provided for time element coverages, including but not limited to business interruption and extra expense. In no event shall this policy be construed to give coverage beyond the minimum requirements of the applicable Standard Fire Policy statute (and amendments thereto) in existence as of the effective date of the policy and governing such requirements with respect to any acts of terrorism. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone in a similar position to grant the insurer approval to vary the terms and conditions of the Standard Fire Policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by the Commissioner or Director of Insurance or person in a similar position.

- C. For the purposes of this endorsement:

1. "Terrorist Activity" shall mean any deliberate, unlawful act that:
  - a. is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
  - b. includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
    - (1) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
    - (2) influence, disrupt or interfere with any government related operations, activities or policies;
    - (3) intimidate, coerce or frighten the general public or any segment of the general public; or
    - (4) disrupt or interfere with a national economy or any segment of a national economy; or
  - c. includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
    - (1) hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
    - (2) hostage taking or kidnapping;



- (3) the use or threatened use of, or release or threatened release of any nuclear, biological, chemical or radioactive agent, material, device or weapon;
- (4) the use of any bomb, incendiary device, explosive or firearm;
- (5) the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;
- (6) the injuring or assassination of any elected or appointed government official or any government employee;
- (7) the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or
- (8) the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.

Any of the activities listed in section 1.c. above shall be considered "Terrorist Activity" except where the Insured can demonstrate to the Company, that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:

- (a) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
  - (b) influence, disrupt or interfere with any government related operations, activities or policies;
  - (c) intimidate, coerce or frighten the general public or any segment of the general public; or
  - (d) disrupt or interfere with a national economy or any segment of a national economy.
2. "Exception State" means a state which at the time of policy effective date, requires that the coverage provided under this policy be not more restrictive than that provided under a Standard Fire Policy.
- D. Multiple incidents of terrorism which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, regardless of whether this endorsement was in effect during any part of that time period.

E. Application of Other Exclusions

When the Exclusion in Paragraph B. above applies with respect to nuclear hazard or radioactive hazard, such exclusion applies without regard to the Nuclear Hazard Exclusion in the policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorist exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by a Nuclear Hazard Exclusion or a War Exclusion.

All Other Terms and Conditions Remain Unchanged.



**FOR USE WITH: PTERR10 Conditional Terrorist Activity Exclusion  
(Relating To Disposition Of Federal Terrorism Risk Insurance Act)**

**NOTICE TO POLICYHOLDERS**

**POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE**

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program will terminate during the term of your policy unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

**YOUR POLICY AT START OF NEW POLICY TERM includes endorsement  
VLTERR01:**

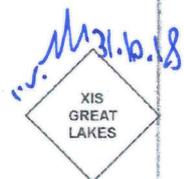
This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act. Further, the absence of a terrorism exclusion does not create coverage for any loss, injury or damage that would otherwise be excluded under the policy, such as property losses excluded by the nuclear hazard or war exclusions.

**POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:**

**Endorsement PTERR10 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur.**

**Those events include the following:**

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy; or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or



- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you.

**Endorsement PTERR10 treats terrorism as follows:**

Coverage for loss or damage arising out of a "Terrorist Activity" is excluded:

"Terrorist Activity" shall mean any deliberate, unlawful act that:

- a. is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
- b. includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
  - (1) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
  - (2) influence, disrupt or interfere with any government related operations, activities or policies;
  - (3) intimidate, coerce or frighten the general public or any segment of the general public; or
  - (4) disrupt or interfere with a national economy or any segment of a national economy; or
- c. includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
  - (1) hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
  - (2) hostage taking or kidnapping;
  - (3) the use or threatened use of, or release or threatened release of any nuclear, biological, chemical or radioactive agent, material, device or weapon;
  - (4) the use of any bomb, incendiary device, explosive or firearm;
  - (5) the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or



systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;

- (6) the injuring or assassination of any elected or appointed government official or any government employee;
- (7) the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or
- (8) the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.

Any of the activities listed above shall be considered "Terrorist Activity" except where the Insured can demonstrate to the Company, that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:

- (a) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
- (b) influence, disrupt or interfere with any government related operations, activities or policies;
- (c) intimidate, coerce or frighten the general public or any segment of the general public; or
- (d) disrupt or interfere with a national economy or any segment of a national economy.

If your policy covers risks in an "Exception State", the exclusion of terrorism does not apply to direct loss or damage by fire to covered property, with respect to affected types of insurance in affected states. "Exception State" means a state which at the time of the policy effective date requires that coverage provided under the policy be not more restrictive than that provided under a Standard Fire Policy.



Policy Number: (UMR) B1526ENNMG1800282

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**SECURITY DETAILS****REFERENCES**

UMR (Unique Market Reference): B1526ENNMG1800282

Date contract printed to PDF: 17:00 31 October 2018

**SIGNED UNDERWRITERS**

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**Aon Underwriting Managers**

Nick Collins

|                     |                       |                    |      |
|---------------------|-----------------------|--------------------|------|
| <b>Written Line</b> | 2.5%                  | <b>Signed Line</b> | 2.5% |
| <b>Agreed on</b>    | 16:59 31 October 2018 |                    |      |

**For and on behalf of:**

ACT17 9551 B1526CBSPS1800002 Onshore  
 EnergyQPS5555 25%, XLC2003 25%, LIB4472  
 15%,AXS1686 10%, BAR1955 10%, CVS1919  
 6.25%,CNP4444 6.25%, AMA1200 2.50%

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 2.5%                | 2.5%               |

**Bound**

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 9551         |
| <i>Reference:</i>     | ACT18EF04976 |
| <i>Description:</i>   |              |

**Line Conditions**All endorsements to be provided to Aon Underwriting Managers

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**Aggregated Offline Market - Line To Stand**

Non PPL Underwriter

|                     |        |                    |        |
|---------------------|--------|--------------------|--------|
| <b>Written Line</b> | 10.00% | <b>Signed Line</b> | 10.00% |
|---------------------|--------|--------------------|--------|

**For and on behalf of:**

Aggregated Offline Market - Line To Stand

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 10.00%              | 10.00%             |

**Bound Offline as Slip Leader - Evidence held on file**

|                     |               |
|---------------------|---------------|
| <i>Reference:</i>   | F018381622018 |
| <i>Description:</i> |               |

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**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) **Repairs Performed by Owned Facilities:** It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) **Brands and Labels:** In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) **Pair and Set:** For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) **Valuable Papers and Records:** Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

## (1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

## (2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.



## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### **17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### **18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### **19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

## 22. TRANSIT

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

## 23. UNSCHEDULED LOCATIONS

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

## 24. VALUABLE PAPERS AND RECORDS

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.



## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

## 5. ADDITIONAL INSURED(S)

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

## 6. CURRENCY CLAUSE

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

## 7. LOSS CLAUSE

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

## 8. ERRORS AND OMISSIONS

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

## 9. CONTROL OF DAMAGED PROPERTY

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)****a) Electronic Data Exclusion**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

## ENDORSEMENTS

### 1. WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

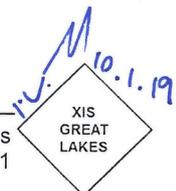
It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE



# **Exhibit 27**



A O N Ltd.  
Attn. of Mr. James T. Pegg

Copy to Great Lakes,  
Jason Mota

31 October 2018

Energy / Oil & Gas  
Corporate Insurance Partner  
Max Pfeninger

Tel.: 0049 (0)89 3891 - 6597  
Fax: 0049 (0)89 3891 -76597  
mpfeninger@munichre.com

O/I: Philadelphia Energy Solutions  
R/I: Great Lakes Insurance SE  
Re: Property Programme 12 months at 1 November 2018

Risk Solutions

Münchener Rückversicherungs-  
Gesellschaft  
Aktiengesellschaft in München  
Königinstraße 107  
80802 München  
Letters: 80791 München

Dear James,

Tel.: +49 (89) 3891-0  
Fax: +49 (89) 3890-56  
corporate-insurance-partner@  
munichre.com  
www.munichre.com

with regard to the captioned, please be advised that Great Lakes Insurance SE has agreed to accept a share of 10 % i.e. USD 75,000,000 p/o USD 750,000,000 x/s of underlying deductibles subject to

Vorsitzender des Aufsichtsrats:  
Dr. Bernd Pischetsrieder

- Our line to stand
- All terms, special agreements, claims and amendments to be agreed by Great Lakes Insurance SE
- The quoted annual premium does not include the "Terrorism Risk Insurance Program Reauthorization Act" (TRIPRA). This is provided under a separate quotation ( attached ) and applies only to terrorism as defined under TRIPRA. Please sign and date the attached notice with the appropriate election marked and return it to Great Lakes (SE) UK prior to binding
- Amendments as per the slip
- GLUK's line to be put down **before** inception
- Wording to be agreed within 60 days of inception

Vorstand:  
Dr. Joachim Wenning,  
Vorsitzender  
Giuseppina Albo  
Dr. Thomas Blunck  
Dr. Doris Höpke  
Dr. Torsten Jeworrek  
Hermann Pohlchristoph  
Dr. Markus Rieß  
Dr. Peter Röder  
Dr. Jörg Schneider

Sitz der Gesellschaft: München  
Amtsgericht München  
HRB 42039

We are attaching this year's slip for further processing.

Many thanks again for your submission; we are looking forward to your reply.

Best regards

Münchener Rückversicherungs-Gesellschaft

# Contract of Insurance

**Insured:** PHILADELPHIA ENERGY SOLUTIONS  
REFINING AND MARKETING LLC

**Policy Number:** ENNMG1800282

**Renewing Policy  
Number:** ENAME1701031

**Period:** 1st November 2018 to 1st November 2019

Aon UK Limited  
Registered Office | The Aon Centre | The Leadenhall Building | 122 Leadenhall Street | London | EC3V 4AN  
Registered in England & Wales No. 210725 | VAT Registration No. 490 8401 48  
Aon UK Limited is authorised and regulated by the Financial Conduct Authority



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## Information for Aon Clients

This document is the Insurer agreed Contract of Insurance which provides evidence of cover in accordance with the heading "Insurer Contract Documentation" in the Risk Details section.

The Contract Administration and Advisory Sections facilitate the administration of the placement between the Insurer and Broker.

To ensure that the insurance coverage we have placed for you meets your needs, please review this document carefully (including but not limited to applicable limits, sub-limits, deductibles, terms and conditions). In the event that this document contains errors or otherwise does not meet your needs, please advise us immediately as this will reduce the chance that you later sustain uninsured losses. This also applies to any queries you may have about the document. Unless we hear from you to the contrary within 30 days, we and you will deem the document provided to you fully conforms with your needs and instructions.

### Remuneration

Aon may act as a Managing General Agent (MGA) on behalf of an Insurer for a single product, product line or their participation. In addition to any commission earned by the Global Broking Centre (GBC), the MGA is remunerated for the work undertaken on behalf of the Insurer and this may include profit or contingent commission.

Any participation placed via such an arrangement can be clearly identified as Aon Underwriting Managers (AUM) or Maven Underwriters on behalf of the applicable Insurer within the Security Details Section.

Aon may earn other remuneration from Insurers in respect of administration and management activities it undertakes at the time of placement, or during the period of the Insurance, in relation to specific products and facilities which facilitate the Insurers' own activities. Insurers may also ask the GBC to place facultative reinsurance, and may independently remunerate the GBC for these services through the payment of commission.

Further details will be provided by Aon on request.

### Taxes

Over the course of the placement of your Insurance Aon collect information relating to the underlying risks and the location of such risks. This information can assist in identifying premium allocations by country/territory and to produce tax schedules for inclusion in contract documentation. It is your obligation to ensure the accuracy of such information.

Where applicable, Aon will collect the tax amounts due and pass them to the Insurer(s) to settle with the relevant tax authorities. Insurers will be responsible for confirming that the taxes identified for collection in the tax schedule are correct. In certain circumstances, taxes may be payable by the Insured. Whilst we endeavour to identify such taxes, please note that Aon is not a tax adviser and it is your responsibility to ensure that such taxes are correctly identified and remitted. If you require independent advice on your tax liabilities, you should consult with your tax adviser.

It is important to note that where a tax schedule is completed this merely represents a proposed apportionment of premium calculated on a pro rata basis, and utilises rates that Aon has taken from tax calculation systems, as at the date the tax schedule was produced. The purpose of tax schedules is to provide information to Insurers which they may, if they wish, use in establishing an apportionment of premium for taxation and legislative reporting purposes.

This procedure in no way changes Insurers' responsibilities for making this calculation and/or ensuring that the correct tax rates are applied.

Policy Number: ENNMG1800282

**RISK DETAILS**

**UNIQUE MARKET REFERENCE**

B1526ENNMG1800282

**TYPE**

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm and Time Element coverage.

**INSURED**

PES Energy Inc.; PES Ultimate Holdings, LLC and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

- North Yard Financing, LLC
- North Yard GP, LLC
- North Yard Logistics, L.P.
- PES Administrative Services, LLC
- PES Holdings, LLC
- PES intermediate, LLC
- PES inventory Company, LLC
- PES Logistics GP, LLC
- PES Logistics Partners, L.P.
- PESRM Holdings, LLC
- Philadelphia Energy Solutions Inc.
- Philadelphia Energy Solutions LLC
- Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured".

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s):  
As designated by the Named Insured or as endorsed hereon.

**PERIOD**

From: 1st November 2018 at 00:01 hours Local Standard Time at the address of the Insured.

To: 1st November 2019 at 00:01 hours Local Standard Time at the address of the Insured.

If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**INTEREST**

**SECTION I: PHYSICAL DAMAGE COVERAGE**

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure,



Policy Number: ENNMG1800282

including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;

- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

**SECTION II: TIME ELEMENT COVERAGE**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the term of this policy.

Including Contingent Business Interruption, Extra Expense and Contingent Extra Expense, Leasehold Interest, Rental Value, Interdependencies, Off Premises Service Interruption, Impounded Water and Tax Treatment of Time Element Loss proceeds all as per the Policy Wording attached hereto as agreed Slip Leader only.

**SITUATION**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**LIMITS/SUM INSURED  
(100%)**

**SECTION I: (PHYSICAL DAMAGE) AND SECTION II (TIME ELEMENT) COMBINED SINGLE LIMIT:**

USD 750,000,000 any one Occurrence, Combined Single Limit, subject to the Schedule of Sublimits as attached hereto.



Policy Number: ENNMG1800282

**LIMITS OF LIABILITY AND SUBLIMITS ARE EXCESS OF THE FOLLOWING:**

**DEDUCTIBLES/  
RETENTION (100%)**

**SECTION I: PHYSICAL DAMAGE**

USD 10,000,000 any one Occurrence.

**SECTION II: TIME ELEMENT**

60 days waiting period any one Occurrence.

24 hour qualifier in respect of Off Premises Service Interruption.

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**CONDITIONS**

Subject to all terms, conditions, clauses, exclusions and coverage extensions as per Policy Wording No. 2018PESPROP attached hereto, as agreed Slip Leader only, including but not limited to:

Property Damage - Replacement Cost Valuation basis except for catalysts and refractory material which Actual Cash Value, as per wording.

Business Interruption including Contingent Business Interruption - Actual Loss Sustained basis of indemnity (Gross Earnings), subject to 24 months period of indemnity and Schedule of Sublimits contained herein.

Mold Exclusion, as per wording.

Biological or Chemical Material Exclusion (NMA 2962), as per wording.

Electronic Data Exclusion (NMA 2914 Amended), as per wording.

Electronic Date Recognition Exclusion (NMA 2802), as per wording.

Institute Radioactive Contamination, Chemical, Biological, Bio-chemical and Electromagnetic Weapons Exclusion Clause (CL370), as per wording.

Including Additional Named Insureds, Loss Payees, and Mortgagees Interest as required, as per wording.

Lenders Loss Payable Clause, as per wording.



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Non-Vitiation Clause, as per wording.

Permission to Issue "Verification of Insurance" Clause, as per wording.

Property excluded to include all offshore and owned electrical transmission and distribution systems (including transformers, lines, towers and poles) located more than 1,000 feet from insured premises, as per wording.

Service of Suit Clause (naming Mendes and Mount, New York) (NMA1998), as per wording.

War and Terrorism Exclusion Clause (NMA 2918), as per wording.

72 hour clause applicable for Flood, Earthquake, Named Windstorm and riot, as per wording.

Special Cancellation Provisions - 192EA, as attached.

Application of Sublimits Endorsement – LMA5130, as attached.

Time Element Coverage Adjustment Endorsement, as attached.

Sanction Limitation and Exclusion Clause – LMA3100, as attached

**NOTICES**

**Duty to disclose Material Information**

Every proposer or insured / Reinsured when seeking a new policy of insurance/reinsurance or cover for additional risks or renewal under an existing policy, must disclose any information that might influence the insurers/reinsurers in fixing the premium or determining whether to accept the risk. Failure to do so may entitle insurers/reinsurers to void cover from inception and seek repayment of paid claims. If you are in any doubt as to whether information is material, you should disclose it. The duty of disclosure is re-imposed when there are changes or variations in cover and when the insurance document is renewed or extended. In addition, changes that substantially increase the risk or relate to compliance with a warranty or condition in the insurance document must be notified at once.

**CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

*1.5.21.10.18*  


**ORDER HEREON**

12.5% of 100%.

*for TRIPRA  
 see attached  
 and separate  
 TRIPRA quote*

**PREMIUM**

USD 6,350,000 (100%) in full per annum and/or pro rata.

**PAYMENT TERMS**

Premium Payment Condition LSW 3000 (90/15), as attached.

**TAXES PAYABLE BY THE REINSURED AND ADMINISTERED BY THE INSURERS**

None.



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**RECORDING,  
TRANSMITTING AND  
STORING OF  
INFORMATION**

Aon UK Limited may retain risk and claim data / information / documents electronically, and where this is done these documents shall be regarded with the same Legal effect as the original documents.

**INSURER DOCUMENT  
PRODUCTION**

No further documentation to be issued. Broker to provide a copy of this Market Reform Contract to the Re/Insured as evidence of cover. XIS to ensure this risk does not appear on the list of outstanding policies. If, Subsequently a formal policy is required, this will be provided and should be requested via your Broker.

**Wording Agreement:**

If required, Wording and/or Wording Addenda to be agreed by the Slip Leader only, whose agreement shall be binding on all other subscribing Insurers

In the event a formal policy is required, the following shall apply:-  
Direct: JA



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**SCHEDULE OF SUBLIMITS**

|     |             |  |
|-----|-------------|--|
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake (California Earthquake coverage is excluded). |
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Flood.   |
| USD | 400,000,000 | any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm.   |
| USD | 5,000,000   | Accounts Receivable  |
| USD | 2,500,000   | Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)   |
| USD | 75,000,000  | Contingent Business Interruption, Named  |
| USD | 25,000,000  | Contingent Business Interruption, Unnamed  |
| USD | 10,000,000  | Contingent Extra Expense   |
| USD | 50,000,000  | Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits   |
| USD | 25,000,000  | or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal  |
| USD | 25,000,000  | Demolition and Increased Cost of Construction due to Law or Ordinance  |
| USD | 10,000,000  | Demurrage  |
| USD | 10,000,000  | Electronic Data Processing Media   |
| USD | 10,000,000  | Errors and Omissions   |
| USD | 10,000,000  | Expediting Expense   |
| USD | 20,000,000  | Extra Expense  |
| USD | 5,000,000   | Fine Arts  |
| USD | 5,000,000   | Fire Brigade Charges and Extinguishing Expenses  |
| USD | 5,000,000   | Leasehold Interest   |
| USD | 50,000,000  | Newly Acquired Locations, subject to 90 day reporting period   |
| USD | 50,000,000  | Off Premises Service Interruption  |
| USD | 5,000,000   | Pollution Clean Up of Land and Water on Site in the aggregate annually   |
| USD | 25,000,000  | Port Blockage  |
| USD | 10,000,000  | Rental Value   |
| USD | 10,000,000  | Transit (inland)   |
| USD | 10,000,000  | Unscheduled Locations, except;   |


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Policy Number:ENNMG1800282

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|     |           |   |
|-----|-----------|---|
| USD | 2,500,000 | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 5,000,000 | Valuable Papers and Records   |
|     | 30 days   | Civil/Military Authority, subject to 1 statute miles from premises                    |
|     | 30 days   | Ingress/Egress, subject to 1 statute miles from premises                              |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

Sublimits to apply excess of retentions.



Policy Number: ENNMG1800282

**2018-19 CONTINGENT BUSINESS INTERRUPTION SCHEDULE OF NAMED CUSTOMERS  
AND SUPPLIERS**

| Suppliers with spend above USD 25MM | Products  |
|-------------------------------------|---|
| Amerigreen Energy Inc.              | Biodiesel   |
| Archer Daniels Midland Company      | Ethanol   |
| BNSF Railway Company                | RR Transport  |
| BP                                  | Iso Butane (International)  |
| BP North America Petroleum          | Gasoline Components   |
| BP Products (NA) (IL)               | Naphtha FBR   |
| BP Products NA Inc. (Products)      | Gasoline Components; Naphtha FBR; Naphtha-Heavy;<br>Naphtha-Light |
| Centennial Energy LLC               |   |
| Centennial Gas Liquids, LLC         | Iso Butane (Rail)   |
| Citigroup Global Markets Inc.       |   |
| Colonial Energy, Inc.               |   |
| Colonial Pipeline Company           |   |
| Constellation New Energy Inc.       |   |
| Continental Resources, Inc.         |   |
| Crestwood Services, LLC             |   |
| Eco-Energy Fueling Solutions        |   |
| Eighty-Eight Oil LLC                |   |
| Freepoint Commodities LLC           | Crude   |
| Hartree Partners, LP                |   |
| Hess Corporation                    | Crude-Reduced (VGO)   |
| J J White Inc                       |   |
| J.P. Morgan Chase Bank              |   |
| Koch Supply & Trading, LP           | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                        |
| Lansing Ethanol Services, LLC       | Ethanol   |
| MacQuarie Bank Limited              |   |
| MacQuarie Bank Limited London       |   |
| Mark West Hydrocarbon Inc           |   |
| Merrill Lynch Commodities           |   |
| Nereus Shipping S.A.                |   |
| Noble Americas Corp.                |   |
| North Yard Logistics L.P.           |   |
| Oasis Petroleum Marketing LLC       |   |
| OSG Bulk Ships Inc.                 |   |
| PBF Holding Company                 | Iso Butane  |
| Petroleum Products Corporation      |   |
| Plains Midstream Canada ULC         |   |
| PNC Capital Markets, LLC            |   |
| Shell                               | Iso Butane (International)  |
| Sunoco LLC                          |   |
| Sunoco Partners Marketing           |   |
| Vane Line Bunkering Inc             |   |
| Vitol Inc.                          | Naphtha FBR   |
| WR Grace & Co-Conn                  |   |

| Customers with revenue above USD 25MM to<br>PES |                                 |
|---|---------------------------------|
| 121 POINT BREEZE MANAGEMENT CORP                | MORGAN STANLEY CAPITAL GRP. INC |
| AdvanSix Inc.                                   | Motiva Enterprises LLC          |
| AHOLD FUEL LLC                                  | Muitani Enterprise Inc.         |
| AOT Energy Americas LLC                         | MUSKET CORPORATION (BULK)       |
| Apex Oil Company                                | Mutual Oil Co., Inc.            |
| APPROVED OIL COMPANY OF BROOKLYN INC.           | NIC HOLDING CORP                |
| ArfaEnterprises Inc.                            | NOBLE AMERICAS CORPORATION      |
| ASTRA OIL COMPANY LLC                           | NOBLE PETRO INC.                |
| Atlantic Trading and Marketing, Inc.            | Papco, Inc                      |
| BP Products (NA)                                | PBF HOLDING COMPANY LLC         |
| BP Products NA Inc. (Jet)                       | PennJ Petroleum LLC             |

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|   |  |
|---|--|
| BP Products NA Inc. (Products)              | PETROBRAS GLOBAL TRADING BV                    |
| BP Products North America Inc.              | PETROLEUM PRODUCTS CORPORATION                 |
| Braskem America, Inc.                       | PETROLEUM TRADERS CORPORATION                  |
| Buckeye Energy Services, LLC                | PHILLIPS 66 COMPANY                            |
| Cargill, Inc Petroleum Trading              | Pilot Travel Centers LLC                       |
| CASTLETON COMMODITIES MERCHANT TRADING L.P. | PLAINS MARKETING LP                            |
| CHEVRON PRD CO DIV CHEVRON USA              | PPL ENERGY PLUS RETAIL, LLC                    |
| CITGO PETROLEUM CORPORATION                 | PYRAMID DE LLC                                 |
| Colonial Oil Industries, Inc.               | QT FUELS INCORPORATED                          |
| DSST Corporation                            | REPSOL TRADING USA CORPORATION                 |
| Edw. J Sweeney & Sons, Inc                  | Riggins, Inc                                   |
| ENI TRADING & SHIPPING INC.                 | ROLYMPUS (US) COMMODITIES GROUP LLC            |
| ENTERPRISE PRODUCTS OPERATING               | Ross Fogg Fuel Oil Co.                         |
| EXXONMOBIL OIL CORPORATION                  | Sat Raj Inc                                    |
| FREEPOINT COMMODITIES LLC                   | Service Energy, LLC                            |
| GEORGE E WARREN CORPORATION                 | SHEETZ INC.                                    |
| GLENCORE LTD.                               | SHELL TRADING US CO. (PRODUCTS)                |
| GLOBAL COMPANIES LLC                        | Shipleys Fuels Marketing, LLC                  |
| GULF OIL LIMITED PARTNERSHIP                | SJ Fuel South Co Inc.                          |
| GUTTMAN ENERGY, INC.                        | SPEEDWAY LLC                                   |
| GUTTMAN OIL CO. (BULK)                      | SPRAGUE OPERATING RESOURCES LLC                |
| HARTREE PARTNERS, LP                        | Sunoco Partners Marketing and Terminals LP     |
| HESS ENERGY TRADING CO., LLC                | SUNOCO, LLC                                    |
| HONEYWELL INTERNATIONAL INC                 | SUPERIOR PLUS ENERGY SERV LLC                  |
| JP MORGAN VENTURES ENERGY CORP              | TA Operating LLC                               |
| KOCH SUPPLY & TRADING LP                    | TRAFIGURA AG                                   |
| Long Island Lighting Company dba LIPA       | TRAFIGURA TRADING LLC                          |
| Lukoil North America LLC                    | Turkey Hill LP D/B/A Turkey Hill Minit Markets |
| MACQUARIE ENERGY NORTH AMERICA TRADING INC  | UNITED ENERGY PLUS TERMINALS, LLC              |
| Mansfield Oil Company                       | US VENTURE INC                                 |
| MARATHON PETROLEUM CO. LP                   | VALERO MARKETING AND SUPPLY CO                 |
| MERCURIA ENERGY TRADING INC                 | VITOL INC.                                     |
| Merrill Lynch Commodities, Inc.             | WAWA INC.                                      |
| MIECO INC.                                  | WORLD FUEL SERVICES, INC.                      |
| Mirabito Holdings Inc.                      | WOROCO MANAGEMENT LLC                          |
| MONROE ENERGY, LLC                          |  |


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Policy Number ENNMG1800282

**RISK DETAILS - WORDING**

Policy Wording No. 2018PESPROP as agreed Slip Leader only, including additional clauses as follows:

**SPECIAL CANCELLATION PROVISIONS**

1. It is understood and agreed that if:-
- A. any Insurer subscribing to this insurance:
    - i. ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or
    - ii. enters into a runoff arrangement, or
    - iii. is subject to a scheme of arrangement, or
  - B. any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or
  - C. a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or
  - D. any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or
  - E. it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or
  - ~~F. in the published opinion of the Insurer's auditor or a credit rating agency, the financial ability of an Insurer to pay claims is or may be impaired,~~

then the Insured or the Insured's Broker (as agent of the Insured) is entitled at its option to cancel that Insurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the *pro rata* proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

2. Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Insured that if:
- A. the Insured, or
  - B. the agents of the Insured on whose instructions this Insurance may have been effected,

fails to pay the Aon UK Limited the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by the Aon UK Limited by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to the Aon UK Limited *pro rata* premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by the Aon UK Limited in favour of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which the Aon UK Limited may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of the Aon UK Limited against the Insured or their agents.

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Policy Number ENNIMG1800282

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#### APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
  
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

LMA5130



Policy Number ENNMG1800282

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### PREMIUM PAYMENT CLAUSE

The (Re)Insured undertakes that premium will be paid in full to Underwriters within ninety (90) days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the ninetieth (90th) day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than fifteen (15) days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01  
LSW3000



Policy Number ENNMG1800282

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**TIME ELEMENT COVERAGE ADJUSTMENT ENDORSEMENT**

It is a condition of this policy that within sixty (60) days of 1<sup>st</sup> November 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on 1<sup>st</sup> November 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than 5%. The maximum adjustment for additional premium shall not exceed 130% of the values reported prior to the adjustment. The maximum adjustment for return premium shall not exceed 70% of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Time Element Coverage Section of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the 1<sup>st</sup> November 2018 to 1<sup>st</sup> November 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the Time Element Coverage rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured's books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Time Element Coverage Rate: 0.19110 Annual Adjustment Rate per USD 100 of reported values.



Policy Number ENNMG1800282

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**SANCTION LIMITATION AND EXCLUSION CLAUSE**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10  
LMA3100



Policy Number ENNMG1800282

## INFORMATION

(Re)insurer(s) have seen documents to support the assessment of the risk at the time of underwriting including but not limited to the following:

- Philadelphia Energy Solutions Refining and Marketing LLC – Property Submission 2018 (10 pages), including:
  - Coverage Specifications (11 pages)
  - DRAFT Policy Form No. 2018PESPROP (41 pages)
  - Claims History / Loss Information valid as of 5<sup>th</sup> October 2018 (1 page)
  - 2018-19 Contingent Business Interruption Schedule of Named Customers (2 pages)
  - 2018-19 Contingent Business Interruption Schedule of Named Suppliers (1 page)
  - Draft Risk Engineering Report, dated June 2018 (122 pages)
  - 2018 Philadelphia Energy Solutions London Insurance Market Meetings Presentation (55 pages)
  - IHS Philadelphia Energy Solutions Refinery Replacement Cost Estimate, dated 21<sup>st</sup> August 2015 (30 pages)
  - Schedule of Values (8 tabs)
    - Tab 1 – Summary of Values
    - Tab 2 – Girard Point Estimated Replacement Costs
    - Tab 3 – Point Breeze Estimated Replacement Costs
    - Tab 4 – Schuylkill River Tank Farm Replacement Costs
    - Tab 5 – North Yard Rail Terminal Replacement Costs
    - Tab 6 – South Yard Rail Terminal Replacement Costs
    - Tab 7 – Inventory
    - Tab 8 – Business Interruption Worksheet
  - Coverage Specifications – Redline (11 pages)
  - DRAFT Policy Form No. 2018PESPROP – Redline (41 pages)

### **Bakken Crude Rail Unloading Facility:**

Per the terms of the Insureds agreement with CSX Railroad, if CSX Railroad locomotives or railcars are damaged by the Insured whilst inside the boundary fence of the Insureds refinery, then the Insured will be responsible for any such damages. This policy will respond in the event damage occurs per Philadelphia Energy Solutions Policy Wording, Section I – Physical Damage, 1. Property Insured, Item (b).

### **SUMMARY OF VALUES**

|     |                    |                                |
|-----|--------------------|--------------------------------|
| USD | 6,678,578,378      | Physical Damage                |
| USD | 68,072,544         | Inventory                      |
| USD | <u>559,274,031</u> | Business Interruption (Annual) |
| USD | 7,305,924,953      | Total Insured Values           |



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**CONTRACT ADMINISTRATION AND ADVISORY SECTIONS**

**SUBSCRIPTION AGREEMENT**

**SLIP LEADER** The Slip Leader is: Great Lakes Insurance SE

In respect of electronic lines, the Slip Leader is as defined in Security Details herein.

**BUREAU(X) LEADER(S)** The Bureau(x) Leader(s) (where applicable) is:

**BASIS OF AGREEMENT TO CONTRACT CHANGES** General Underwriting Agreement (February 2014) with: Marine Energy Schedule (June 2003) except as below:

- Agree extend for up to one calendar month at pro rata additional premium as agreed by Slip Leader only;
- Extensions to any Premium Payment Warranty (PPW), Premium Payment Condition (PPC), Prompt Payment Discount (PPD) or Settlement Due Date (SDD) are to be agreed by the Slip Leader only;
- When details of agreed endorsements are required to be provided to following (re)insurer(s), email and/or other electronic means may be used by Aon UK Limited.

Wherever practicable, between the broker and each (re)insurer which have at any time the ability to send and receive ACORD messages:

1. the broker agrees that any proposed contract change will be requested via an 'ACORD message' or using an ACORD enabled electronic trading platform;
2. whilst the parties may negotiate and agree any contract change in any legally effective manner, each relevant (re)insurer agrees to respond via an appropriate 'ACORD message' or using an ACORD enabled electronic trading platform;
3. where a (re)insurer has requested to receive notification of any contract change the broker agrees to send the notification via an 'ACORD message' or using an ACORD enabled electronic trading platform.

**OTHER AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR PART TWO GUA CHANGES ONLY** Where no Other Agreement Parties for contract changes are stated herein, the Agreement Parties will be the Slip Leader only.

**AGREEMENT PARTIES FOR CONTRACT CHANGES, FOR THEIR PROPORTION ONLY** None.

**BASIS OF CLAIMS AGREEMENT** As specified under the CLAIMS AGREEMENT PARTIES and to be managed in accordance with:

- i) The SINGLE CLAIMS AGREEMENT PARTY ARRANGEMENTS – LMA9150 for claims or circumstances assigned as Single Claims Agreement Party Claims (SCAP Claims) or, where it is not applicable, then the following shall apply as appropriate:-



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- ii) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto. iii) IUA claims agreement practices;
- iv) The practices of any (re)insurer(s) electing to agree claims in respect of their own participation.

The applicable arrangements (scheme, agreement or practices) will be determined by the rules and scope of said arrangements.

Unless otherwise detailed in the Risk Details, the Slip Leader may instruct any third party expert to investigate and adjust any claim or circumstance notified to the contract.

**CLAIMS AGREEMENT PARTIES**

A. For In-scope SCAP Claims

Slip Leader only on behalf of all (re)insurers subscribing to:-

- i) this contract on the same contractual terms (other than premium and brokerage)

and

- ii) 'these Arrangements' as defined within the LMA9150.

For the purposes of calculating the Threshold Amount, the sterling rate on the date that a financial value of the claim is first established by the Slip Leader, shall be used and the rate of exchange shall be the Bank of England spot rate for the purchase of sterling at the time of the deemed conversion.

B. For all other claims:

The Lead Claims Agreement Party is deemed to be the Slip Leader unless otherwise specified here.

For Lloyd's syndicates, the leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate.

The second Lloyd's syndicate is

For company (re)insurers, all IUA subscribing companies agree to follow the IUA claims agreement practices

All other subscribing (re)insurers, each in respect of their own participation, that are not party to the Lloyd's or IUA claims agreement practices, agree to follow the decisions of the Lloyd's and IUA claims agreement parties or the lead Claims Agreement Party where such is not otherwise the Lloyd's or IUA lead, excepting those that may have opted out below.

**CLAIMS ADMINISTRATION**

Aon UK Limited will notify claims agreement parties, and where applicable following (re)insurer(s) that do not participate in the Lloyd's and IUA claims schemes, of claims submitted to the contract, and provide material updates. Wherever possible such notifications and updates will be given and administered via ECF or other electronic platform at Aon UK Limited's election.

Where a Lloyd's syndicate or IUA company is not an agreement party to the claim or circumstance (per CLAIMS AGREEMENT PARTIES A. above), they agree to accept correct ECF sequences for administrative purposes to ensure information is circulated to all subscribing parties.

**RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY**

None, unless otherwise specified here by any of the claim agreement parties shown above.



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**EXPERT(S) FEES  
COLLECTION**

Aon UK Limited will not undertake the collection of any fee invoices rendered by third parties unless the fees form part of the (re)insured's claim or the work is for the exclusive benefit of the (re)insured.

In the event of Aon UK Limited not collecting third party fees the following applies:

Xchanging Claims Services Limited to collect fees for all slip security, including overseas (re)insurers unless the leading claims agreement party elects an alternate on a case by case basis.

**SETTLEMENT  
DUE DATE**

29th January 2019

In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein which is deemed to supersede the above.

**INSTALMENT PREMIUM  
PERIOD OF CREDIT**

As per 1<sup>st</sup> instalment

**NOTICE OF  
CANCELLATION  
DELIVERY PROVISIONS**

Where the terms and conditions of this Contract allow for notice of cancellation to be issued, such notice of cancellation shall be provided to Aon UK Limited by email to [aon.gbc.noc@aon.co.uk](mailto:aon.gbc.noc@aon.co.uk).

Failure to comply with this delivery requirement will make the notice null and void.

Delivery of the notice in accordance with this requirement will cause it to be effective irrespective of whether Aon UK Limited has acknowledged receipt.

**BUREAUX  
ARRANGEMENTS**

Aon UK Limited will submit de-linked accounts to Xchanging Ins-Sure Services Ltd (XIS) where possible.

In respect of any PPW, PPC, PPD or SDD the following apply:

- Premium payment requirements are deemed met by presentation of premium/accounts to XIS on or before the SDD and will not be recorded as a late signing or payment;
- The SDD is deemed in all instances to be the same as the PPW, PPC or PPD due date;
- Where the PPW, PPC or PPD has been updated then the SDD shall be deemed to be updated in parallel, unless otherwise stated to the contrary;
- The PPW, PPC, PPD or SDD shall not be deemed to be breached if the original presentation of the electronic submission to XIS is in time, but subsequently amendments to the electronic submission are notified as being required to enable the premium signing to be completed. In such event Aon UK Limited shall have an additional period of seven days from such notification to complete the amendments and resubmit the electronic submission to XIS;
- Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to XIS on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

(Re)insurer(s) hereby agree that any premium payable in instalments under this contract will be processed as delinked Additional Premium entries other than when submitted under the Deferred Account Scheme. However any annual instalments to



Policy Number ENNMG1800282

be allocated to respective year of account.

(Re)insurer(s) authorise XIS to issue separate signing numbers and dates for their participations only and issue a single claims FDO signing where applicable.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) instruct XIS to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of this contract stating multiple insurance and/or reinsurance premiums (each to be paid from a different source); and/or separate entries/sections for taxation/regulation reporting purposes, XIS are instructed to leave the premium advice notes ungrouped so that each can be released separately once paid by the respective client.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

XIS are authorised to sign premium from individual Insureds / territories / sections separately as and when received by Aon UK Limited.

(Re)insurers agree that Aon UK Limited may settle premiums for this contract/release de-linked premium for this contract into settlement at different times.

**NON BUREAUX  
ARRANGEMENTS**

Where a PPW, PPC, PPD or SDD falls on a weekend or public holiday, presentation to (re)insurer(s) hereon as applicable on the next working day will be deemed in compliance with the PPW, PPC, PPD or SDD.

Where payments are received by Aon UK Limited in convertible currencies, (re)insurer(s) agree to accept/settle accounts at rate(s) of exchange obtained by Aon UK Limited.

In respect of convertible currencies, (re)insurer(s) agree to accept settlement in any valid settlement currency as determined by Aon UK Limited.

In the event of partial premium received by Aon UK Limited, (re)insurer(s) agree to accept premium as paid to and endorsed by Aon UK Limited.

All non-XIS companies hereon hereby authorise the leading non-XIS company or XIS (where the companies lead insurer is a member of XIS) to sign policies, endorsements or renewal receipts on their behalf without production of signed authorisation forms or equivalent documentation.



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**FISCAL AND REGULATORY**

**TAX PAYABLE BY (RE)INSURER(S):** None

**COUNTRY OF ORIGIN:** United States of America

**OVERSEAS BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas 77056  
United States of America

**SURPLUS LINE BROKER:** Aon Risk Services Southwest Inc (Formerly Known As Aon Risk Services Of Texas Inc)  
5555 San Felipe Street  
Suite 1500  
Houston  
Texas  
United States of America  
77056  
Licence Number:- 53486

**STATE OF FILING** Pennsylvania

**US CLASSIFICATION:** Surplus Lines

**ALLOCATION OF PREMIUM TO CODING:** EF – 100%  
In respect of electronic lines, please refer to the Settlement Information shown under Security Details herein.

**REGULATORY CLIENT CLASSIFICATION:** Large Risk



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### BROKER REMUNERATION AND DEDUCTIONS

**TOTAL BROKERAGE:** Retail Brokerage: 10.00%  
Wholesale Brokerage: 5.00%

**AON CARRIER  
COMMISSION:** Nil

**OTHER DEDUCTIONS  
FROM PREMIUM:** 2.50% Engineering Fee Allowance, as incurred to be agreed by Slip  
Leader, subject to invoice.



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## SECURITY DETAILS

### (RE)INSURER'S LIABILITY:

#### (Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

#### Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333 (amended)



Policy Number ENNMG1800282

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**ORDER HEREON:** 12.5% of 100%

**BASIS OF WRITTEN LINES:** Percentage of Whole

**BASIS OF SIGNED LINES:** Percentage of Whole

**SIGNING PROVISIONS:**

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers.

However:

- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
- b) the (re)insured may elect for the disproportionate signing of (re)insurers' lines, without further specific agreement of (re)insurers, providing that any such variation is made prior to the commencement date of the period of insurance, and that lines written "to stand" may not be varied without the documented agreement of those (re)insurers.

The signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

**WRITTEN LINES:** As per attached

In a co-insurance placement, following (re)insurers may, but are not obliged to, follow the premium charged by the lead (re)insurer.

(Re)insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.



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SIGNED LINES:

WRITTEN LINES:

*J.V. WESS* *J.V. W*

*10%*

|                          |   |   |           |
|--------------------------|---|---|-----------|
| Risk Solutions           |   | Munich RE  |           |
| Great Lakes Insurance SE |   |   |           |
| F                        | 0 | 1   | 838162018 |
| G6307                    |   | XIS   |           |

*31.10.18*



Policy Number ENNMG1800282

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**SIGNED LINES:**

**WRITTEN LINES:**

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Policy Number ENNMG1800282

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**SIGNED LINES:**

**WRITTEN LINES:**

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Munich RE



**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2020, the date on which the TRIA Program is scheduled to terminate, or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020; OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A USD100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS USD100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED USD100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

|  |   |
|--|---|
|  | I hereby elect to purchase coverage for acts of terrorism for a prospective premium of USD 55,563.00  |
|  | I hereby elect to have coverage for acts of terrorism excluded from my policy. I understand that I will have no coverage for losses arising from acts of terrorism. |

\_\_\_\_\_  
Policyholder/Applicant's Signature

Account: Philadelphia Energy Solutions

\_\_\_\_\_  
Print Name

Period: 11/01/2018 – 11/01/2019

\_\_\_\_\_  
Date

IUA 09-056  
14 January 2015

Great Lakes Insurance SE  
Königinstraße 107, 80802 München  
Sitz der Gesellschaft: München

Tel.: +49 (89) 244455270  
Fax: +49 (89) 244455271  
www.glise.com

Amtsgericht München, HRB 230378  
Vorsitzender des Aufsichtsrats: Claus-Ulrich Kroll  
Vorstand: Dr. Achim Stegner (Vorsitzender), Dr. Stefan Pasternak, Dr. Tobias Klauß, Stéphane Deutscher

*U. M. 31.10.18*  
XIS  
GREAT  
LAKES

### Terrorism exclusion

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

But, if the act of terrorism occurs in an "Exception State" and results in fire, we will pay for the loss or damage in such "Exception State" caused by that fire, but only to the extent, if any, required by the applicable Standard Fire Policy statute(s) in such state. However, this exception applies only to direct loss or damage by fire to covered property and not to any insurance provided for time element coverages, including but not limited to business interruption and extra expense. In no event shall this policy be construed to give coverage beyond the minimum requirements of the applicable Standard Fire Policy Statute (and amendments thereto) in existence as of the effective date of the policy and governing such requirements with respect to any acts of terrorism. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone in a similar position to grant the insurer approval to vary the terms and conditions of the Standard Fire Policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by the Commissioner or Director of Insurance or person in a similar position.

"Exception state" means a state which at the time of policy effective date, requires that the coverage provided under this policy be more restrictive than that provided under a Standard Fire Policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorist exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by a Nuclear Hazard Exclusion or a war exclusion.

All other terms and conditions remain unchanged.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

*31.10.18*  
XIS  
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In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

*W. M. 3/16/18*  
XIS  
GREAT  
LAKES

Date Issued

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein. (The following information is required only when this endorsement is issued subsequent to preparation of the policy.)

INSURED \_\_\_\_\_

Policy No. \_\_\_\_\_ Endorsement Effective \_\_\_\_\_ (12:01 A.M.)

Countersigned \_\_\_\_\_ (Authorized Representative)

By \_\_\_\_\_

### Conditional Terrorist Activity Exclusion (Relating To Disposition of Federal Terrorism Risk Insurance Act)

#### A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement will become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Policy; or
  - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
    - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
    - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
    - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
2. If the provisions of this endorsement become applicable, such provisions:
  - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "act of terrorism", "Terrorist Activity" and/or "NBCR Terrorist Activity", but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
  - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "act of terrorism", "Terrorist Activity" and/or "NBCR Terrorist Activity", will continue in effect unless we notify you of changes to that endorsement in response to federal law.



- B. With respect to this policy and any endorsements thereto, the following exclusion is added and supersedes any provision to the contrary:

This insurance does not apply to:

All loss, damage, cost or expense, caused by, resulting from, arising out of or related to, either directly or indirectly, any "Terrorist Activity," as defined herein, and any action taken to hinder, defend against or respond to any such activity. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, damage, cost or expense.

But, if the "Terrorist Activity" occurs in an "Exception State" and results in fire, we will pay for the loss or damage in such "Exception State" caused by that fire, but only to the extent, if any, required by the applicable Standard Fire Policy statute(s) in such state. However, this exception applies only to direct loss or damage by fire to covered property and not to any insurance provided for time element coverages, including but not limited to business interruption and extra expense. In no event shall this policy be construed to give coverage beyond the minimum requirements of the applicable Standard Fire Policy statute (and amendments thereto) in existence as of the effective date of the policy and governing such requirements with respect to any acts of terrorism. If the applicable law or regulation in any state permits the Commissioner or Director of Insurance or anyone in a similar position to grant the insurer approval to vary the terms and conditions of the Standard Fire Policy, and such approval has been granted in that state as of the effective date of this policy, this policy shall not provide coverage beyond the minimum requirements of the terms and conditions approved by the Commissioner or Director of Insurance or person in a similar position.

- C. For the purposes of this endorsement:

1. "Terrorist Activity" shall mean any deliberate, unlawful act that:
  - a. is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
  - b. includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
    - (1) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
    - (2) influence, disrupt or interfere with any government related operations, activities or policies;
    - (3) intimidate, coerce or frighten the general public or any segment of the general public; or
    - (4) disrupt or interfere with a national economy or any segment of a national economy; or
  - c. includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
    - (1) hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
    - (2) hostage taking or kidnapping;



- (3) the use or threatened use of, or release or threatened release of any nuclear, biological, chemical or radioactive agent, material, device or weapon;
- (4) the use of any bomb, incendiary device, explosive or firearm;
- (5) the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;
- (6) the injuring or assassination of any elected or appointed government official or any government employee;
- (7) the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or
- (8) the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.

Any of the activities listed in section 1.c. above shall be considered "Terrorist Activity" except where the Insured can demonstrate to the Company, that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:

- (a) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
- (b) influence, disrupt or interfere with any government related operations, activities or policies;
- (c) intimidate, coerce or frighten the general public or any segment of the general public; or
- (d) disrupt or interfere with a national economy or any segment of a national economy.

2. "Exception State" means a state which at the time of policy effective date, requires that the coverage provided under this policy be not more restrictive than that provided under a Standard Fire Policy.

D. Multiple incidents of terrorism which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, regardless of whether this endorsement was in effect during any part of that time period.

E. Application of Other Exclusions

When the Exclusion in Paragraph B. above applies with respect to nuclear hazard or radioactive hazard, such exclusion applies without regard to the Nuclear Hazard Exclusion in the policy.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorist exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by a Nuclear Hazard Exclusion or a War Exclusion.

All Other Terms and Conditions Remain Unchanged.



**FOR USE WITH: PTERR10 Conditional Terrorist Activity Exclusion  
(Relating To Disposition Of Federal Terrorism Risk Insurance Act)**

**NOTICE TO POLICYHOLDERS**

**POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE**

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. That Program will terminate during the term of your policy unless extended by the federal government. Your policy will become effective (or will be renewed) while the federal Program is still in effect, but prior to a decision by the federal government on extension of the federal Program. If the federal Program terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

**YOUR POLICY AT START OF NEW POLICY TERM includes endorsement  
VLTERR01:**

This policy does not contain a terrorism exclusion. However, the policy contains an endorsement under which coverage for "certified acts of terrorism" (which is more fully defined in the) is subject to a limit on our liability pursuant to the federal Terrorism Risk Insurance Act. Further, the absence of a terrorism exclusion does not create coverage for any loss, injury or damage that would otherwise be excluded under the policy, such as property losses excluded by the nuclear hazard or war exclusions.

**POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:**

**Endorsement PTERR10 is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur.**

**Those events include the following:**

- If the federal Terrorism Risk Insurance Program (TRIP) terminates with respect to the type of insurance provided under this policy; or
- If TRIP is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or



- If TRIP is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If TRIP is extended with changes that increase insurers' statutory percentage deductible under TRIP for terrorism losses, or decrease the federal government's statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you.

**Endorsement PTERR10 treats terrorism as follows:**

Coverage for loss or damage arising out of a "Terrorist Activity" is excluded:

"Terrorist Activity" shall mean any deliberate, unlawful act that:

- a. is declared by any authorized governmental official to be or to involve terrorism, terrorist activity or acts of terrorism; or
- b. includes, involves, or is associated with the use or threatened use of force, violence or harm against any person, tangible or intangible property, the environment, or any natural resources, where the act or threatened act is intended, in whole or in part, to
  - (1) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
  - (2) influence, disrupt or interfere with any government related operations, activities or policies;
  - (3) intimidate, coerce or frighten the general public or any segment of the general public; or
  - (4) disrupt or interfere with a national economy or any segment of a national economy; or
- c. includes, involves, or is associated with, in whole or in part, any of the following activities, or the threat thereof:
  - (1) hijacking or sabotage of any form of transportation or conveyance, including but not limited to spacecraft, satellite, aircraft, train, vessel, or motor vehicle;
  - (2) hostage taking or kidnapping;
  - (3) the use or threatened use of, or release or threatened release of any nuclear, biological, chemical or radioactive agent, material, device or weapon;
  - (4) the use of any bomb, incendiary device, explosive or firearm;
  - (5) the interference with or disruption of basic public or commercial services and systems, including but not limited to the following services or



systems: electricity, natural gas, power, postal, communications, telecommunications, information, public transportation, water, fuel, sewer or waste disposal;

- (6) the injuring or assassination of any elected or appointed government official or any government employee;
- (7) the seizure, blockage, interference with, disruption of, or damage to any government buildings, institutions, functions, events, tangible or intangible property or other assets; or
- (8) the seizure, blockage, interference with, disruption of, or damage to tunnels, roads, streets, highways, or other places of public transportation or conveyance.

Any of the activities listed above shall be considered "Terrorist Activity" except where the Insured can demonstrate to the Company, that the foregoing activities or threats thereof were motivated solely by personal objectives of the perpetrator that are unrelated, in whole or in part, to any intention to:

- (a) promote, further or express opposition to any political, ideological, philosophical, racial, ethnic, social or religious cause or objective;
- (b) influence, disrupt or interfere with any government related operations, activities or policies;
- (c) intimidate, coerce or frighten the general public or any segment of the general public; or
- (d) disrupt or interfere with a national economy or any segment of a national economy.

If your policy covers risks in an "Exception State", the exclusion of terrorism does not apply to direct loss or damage by fire to covered property, with respect to affected types of insurance in affected states. "Exception State" means a state which at the time of the policy effective date requires that coverage provided under the policy be not more restrictive than that provided under a Standard Fire Policy.



Policy Number: (UMR) B1526ENNMG1800282

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## SECURITY DETAILS

### REFERENCES

UMR (Unique Market Reference): B1526ENNMG1800282

Date contract printed to PDF: 17:00 31 October 2018

## SIGNED UNDERWRITERS

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### Aon Underwriting Managers

Nick Collins

|                     |                       |                    |      |
|---------------------|-----------------------|--------------------|------|
| <b>Written Line</b> | 2.5%                  | <b>Signed Line</b> | 2.5% |
| <b>Agreed on</b>    | 16:59 31 October 2018 |                    |      |

#### For and on behalf of:

ACT17 9551 B1526CBSPS1800002 Onshore  
 EnergyQPS5555 25%, XLC2003 25%, LIB4472  
 15%,AXS1686 10%, BAR1955 10%, CVS1919  
 6.25%,CNP4444 6.25%, AMA1200 2.50%

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 2.5%                | 2.5%               |

#### Bound

|                       |              |
|-----------------------|--------------|
| <i>Lloyd's Stamp:</i> | 9551         |
| <i>Reference:</i>     | ACT18EF04976 |
| <i>Description:</i>   |              |

#### Line Conditions

All endorsements to be provided to Aon Underwriting Managers

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### Aggregated Offline Market - Line To Stand

Non PPL Underwriter

|                     |        |                    |        |
|---------------------|--------|--------------------|--------|
| <b>Written Line</b> | 10.00% | <b>Signed Line</b> | 10.00% |
|---------------------|--------|--------------------|--------|

#### For and on behalf of:

Aggregated Offline Market - Line To Stand

|                     |                    |
|---------------------|--------------------|
| <b>Written Line</b> | <b>Signed Line</b> |
| 10.00%              | 10.00%             |

#### Bound Offline as Slip Leader - Evidence held on file

|                     |               |
|---------------------|---------------|
| <i>Reference:</i>   | F018381622018 |
| <i>Description:</i> |               |

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# **Exhibit 28**

Certificate No. 18 NSRO1797 -01

Previous No. 17 NSRO1743 -01

### Certificate of Insurance

Issued by

**Navigators Management Company, Inc.**

*( hereinafter called "Correspondent" )*

### Evidencing Placement of Insurance with certain UNDERWRITERS AT LLOYD’S, LONDON

=====

Correspondent hereby certifies that insurance as described herein has been effected with certain Underwriters at Lloyd’s, London.

**Amount** USD \$22,500,000 **Rate** Per Declarations **Premium** USD \$191,880

In Consideration of the Stipulations herein named

**Do Insure:** PES Energy Inc.; PES Ultimate Holdings, LLC

**Whose address is:** 3144 West Passyunk Avenue, Philadelphia, PA 19145

**From :** November 1, 2018 12:01 A.M. LST

**To:** November 1, 2019 12:01 A.M. LST

**Share Hereon:** 3% of the amount and premium stated herein.

Such insurance has been placed in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd’s, London, whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called “Underwriters” and in consideration of the premium specified herein, Underwriters have agreed to bind themselves severally and not jointly each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All enquires regarding this Certificate should be addressed to the following Correspondent:

**Navigators Management Company, Inc.**

By Whitney S. Blaker 2/14/2019

**(NSRO-Direct)**

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached declaration schedule.
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer of the insurance described herein and neither is nor shall be liable for any loss or claim whatsoever. The Insurers of such insurance are those Underwriters at Lloyd's, London, whose names can be ascertained as hereinafter set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. **Cancellation.** If the insurance described herein provides for cancellation and if said insurance is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Service of Suit Clause.** It is agreed that in the event of the failure of Underwriters severally subscribing to this insurance to pay any amount claimed to be due under the insurance described herein, Underwriters at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States of America.. Nothing in this clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. In any suit instituted against any one of them upon the insurance described herein, Underwriters have agreed to abide by the final decision of such Court or any Appellate Court in the event of an appeal.

Underwriters have further agreed that service of process in such suit may be made upon the firm or persons names in item 6 on the attached declaration schedule. Underwriters have agreed that such firm or person is authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event that such a suit shall be instituted.

Further pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters have designated the Superintendent, Commissioner or Director of Insurance or other officer specified for the purposes in the statute, or his successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary arising out of the insurance described herein, and have designated the above mentioned as the person to whom the said officer is authorized to mail such process or true copy thereof.

5. **Assignment.** The insurance described herein shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
6. **Attached Conditions Incorporated.** The insurance described in this Certificate is subject to all provisions, conditions and warranties set forth herein, attached, or endorsed, all of which are to be considered incorporated herein as further descriptive of the insurance the placement of which is evidenced by this Certificate. Any provisions or conditions appearing in any forms or endorsements attached hereto and made a part hereof, which conflict with or alter the Certificate provision stated above, shall supersede such Certificate provisions insofar as they are inconsistent therewith.
7. **Short rate cancellation.** If the attached provisions provide for cancellation, the customary Lloyds short rate cancellation table will be used to calculate the short rate proportion of the premium when applicable under the terms of the cancellation.
8. **The Certificate.** The Certificate is intended to be used as evidence of the placement of the insurance described herein
9. **The Certificate. (To apply to US Surplus Lines Risks only)** The Certificate is intended to be used as evidence of the placement of the insurance described herein. This contract is subject to US State Surplus Line requirements. It is the responsibility of the surplus lines broker to affix a Surplus Lines notice to the contract document before it is provided to the Insured. In the event that the surplus line notice is not affixed to the contract document the insured should contact the surplus lines broker.

WSB

NSRO (DIRECT)

**Declaration Schedule (Insurance)**

|  |  |  |  |                             |
|--|--|--|--|-----------------------------|
| <b>Attaching to and forming part of the provisions applied to Certificate (NSR SL 1) Issued under Lloyds Binding Authority Reference No. B0569US18GROUP.</b> |  | <b>No:</b>   | <b>18NSRO 1797-01</b>                      |                             |
|  |  | <b>Previous Certificate</b>  | <b>No:</b>                                 | <b>17NSRO 1743-01</b>       |
| <b>Class of Risk:</b>  |  | Petro Chemical Refinery  |  |                             |
| <b>ORIGINAL RISK DETAILS:</b>  |  |  |  |                             |
| <b>1.</b>  | <b>Assured Name:</b>   | PES Energy Inc.; PES Ultimate Holdings, LLC  |  |                             |
|  | <b>Principle Risk Address:</b>   | 3144 West Passyunk Avenue, Philadelphia, PA 19145  |  |                             |
| <b>2.</b>  | <b>Effective:</b>  | <b>From:</b>   | November 1, 2018                           | <b>To:</b> November 1, 2019 |
|  |  | <b>Both days at 12.01 a.m. standard time at location of the risk.</b>  |  |                             |
| <b>3.</b>  | <b>This evidences that insurance been placed with certain Underwriters at Lloyd's London</b>   |  |  |                             |
|  | <b>3.1</b>   | <b>Original Total/Max Sum Insured:</b>   | <b>Original Deductible : As Per Policy</b> |                             |
|  |  | \$750,000,000  | <b>Or Excess, Excess of:</b>               |                             |
|  | <b>3.2</b>   | <b>Percentage share of Total/Max Sum Insured:</b>  | 3% being \$22,500,000                      |                             |
| <b>4.</b>  | <b>Coverage including specification of property and risks insured against:</b>   |  |  |                             |
|  | <b>4.1</b>   | <b>Coverage:</b>   | PD/BI/MBD                                  |                             |
|  | <b>4.2</b>   | <b>Risks Insured Against:</b>  | All Risk                                   |                             |
|  | <b>4.3</b>   | <b>Amount Rate:</b>  | Per Policy 100% =                          | USD \$6,396,000             |
|  |  |  | Percentage share hereto being 3% =         | USD \$191,880               |
| <b>5.</b>  | <b>Forms attaching hereto and special conditions:</b>  |  |  |                             |
|  | <b>5.1</b>   | <b>Forms attaching hereto:</b>   | As contained within Original Policy(s)     |                             |
|  | <b>5.2</b>   | <b>Special Conditions:</b>   | As contained within Original Policy(s)     |                             |
| <b>6.</b>  | <b>Service of Suit may be made upon:</b>   | Mendes & Mount (Attorneys),<br>750 Seventh Avenue, New York, NY 10019-6829   |  |                             |
| <b>7.</b>  | <b>In the event of an incident that may give rise to a claim under the insurance described in this Certificate, please notify the following:</b> |  |  |                             |
|  |  | Navigators Management Company, Inc.<br>5151 San Felipe, Suite 700<br>Houston, Texas 77056 USA<br>Attn: Brenda Jensen |  |                             |
| <b>Dated at Houston, Texas, this</b>   |  | <b>14th</b>  | <b>day of</b>                              | <b>February</b>             |
|  |  |  |  | <b>2019</b>                 |
| <b>By:</b>   | Navigators Management Company, Inc.  |  |  |                             |
|  | Authorised Signatory <i>Mitney S. Blaker</i><br>.....  |  |  |                             |
|  |  |  |  | <b>(NSRO-Direct)</b>        |



**Sanction Limitation and Exclusion Clause - REVISED**

**ENDORSEMENT NO 1**

**Insured: PES Energy Inc.; PES Ultimate Holdings, LLC**

Policy Term: November 1, 2018 to November 1, 2019

Effective Date of Endorsement: November 1, 2018

The following provisions are hereby attached to and made part of this policy:

No re(insurer) shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA 3100 (amended)

All other terms and conditions of this Policy remain unchanged.

Attaches to and forms part of Policy Number 18NSRO1797-01

Insurer

Navigators Management Co., Inc., on behalf of:

Lloyd's Syndicates: Navigators

  
\_\_\_\_\_

2/15/2019

**PENNSYLVANIA SURPLUS LINES NOTICE**

The insurer which has issued this insurance is not licensed by the Pennsylvania Insurance Department and is subject to limited regulation. This insurance is NOT covered by the Pennsylvania Property and Casualty Insurance Guaranty Association.

LMA9073  
01 September 2013

**Policy No. 18NSRO1797-01**

**NON-ADMITTED PARTICIPATION**

Acting upon your instructions and in consideration of the premium indicated herein, we have effected with underwriters insurances as noted below:

**DATE OF ISSUE:** December 10, 2018

**MARKETING OFFICE:** Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, Texas 77056

**NAMED INSURED:** **PES Energy Inc.; PES Ultimate Holdings, LLC**

**COVERAGE TYPE:** All Risk Property Damage including Time Element

**LAYER LIMIT (100%):** USD 750,000,000 Primary

**POLICY TERM:** November 1, 2018 to November 1, 2019

**ANNUAL PREMIUM FOR ORDER:**  
 USD 191,880 All Risk PD/TE (p/o USD 6,396,000)  
 USD excluded Certified Terrorism  
 USD excluded Non-certified Terrorism  
 USD 191,880 Total (p/o USD 6,396,000)

**COMMISSION:** 10.00%

**DEDUCTIONS:** Up to 2.5% Engineering Fee allowance, as incurred

**ORDER:** USD 22,500,000 or 3.0000%<sup>1</sup>

**SECURITY/CARRIER:** Navigators Management Company, Inc.  
on behalf of:

- Navigators Syndicate at Lloyd's 1221 (100%)

By: Whitney S. Blaker 2/14/2019  
 Authorized Representative Date

**TERMS & CONDITIONS:** Per attached:

- manuscript Declarations No. 18NSRO1797-01
- manuscript Policy Form No. 2018PESPROP

**- ALL AS MORE FULLY DEFINED HEREIN -**

<sup>1</sup> Carrier's 3.0000% participation represents 100% of 100% of the Non-Admitted participation (3.0000%).

*It is expressly understood and agreed by the Insured by accepting this instrument, that Aon Risk Services Southwest, Inc. is not an Insurer hereunder and that Aon Risk Services Southwest, Inc. shall not be in any way or to any extent liable for any loss or claim whatever, but that the Insurers hereunder are those individual Insurance Companies and/or Underwriters, whose names appear herein. Regardless of who may have drafted or prepared this policy, or any portions thereof, the provisions contained herein shall be deemed to have been authored by this Insurer.*

## DECLARATIONS

### 1. NAMED INSURED AND ADDRESS

**PES Energy Inc.; PES Ultimate Holdings, LLC** and any subsidiary, affiliated, associated, or allied company, corporation, firm, organization, and the Insured's interest in partnerships and/or joint ventures, and/or any owned (wholly or partially) or controlled company(ies) where the Insured maintains an interest as now or hereafter constituted or acquired; and any other party or interest that the Insured is required by contract or agreement to insure; including but not limited to the following:

North Yard Financing, LLC  
North Yard GP, LLC  
North Yard Logistics, L.P.  
PES Administrative Services, LLC  
PES Holdings, LLC  
PES Intermediate, LLC  
PES Inventory Company, LLC  
PES Logistics GP, LLC  
PES Logistics Partners, L.P.  
PESRM Holdings, LLC  
Philadelphia Energy Solutions Inc.  
Philadelphia Energy Solutions LLC  
Philadelphia Energy Solutions Refining and Marketing LLC

all hereafter referred to as the "Insured."

Address: 3144 West Passyunk Avenue  
Philadelphia, PA 19145

Additional Insured(s): As designated by the Named Insured or as endorsed hereon.

### 2. LOSS PAYABLE

Loss, if any, shall be adjusted with and made payable to the first Named Insured, or their order, whose receipt will constitute a full release of the Insurers' liability under this Policy.

### 3. COVERAGE DESCRIPTION

"All risks" of direct physical loss or damage including boiler explosion, Mechanical and Electrical Breakdown, Flood, Earthquake, Named Windstorm.

18NSRO1797-01

*WSB*

2/14/2019

**4. TERM OF INSURANCE**

Twelve (12) months from **November 1, 2018 to November 1, 2019**, both days at 00:01 local standard time at the address of the Named Insured. If this insurance expires while an occurrence giving rise to a loss is in progress, Insurers shall be liable as if the whole loss had occurred during the currency of this insurance.

**5. LIMIT OF LIABILITY (100%)**

USD 750,000,000 any one Occurrence, combined single limit in excess of the insured retentions

**Subject to the following Program Sublimits (100%)**

USD 400,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Earthquake, *except*;

USD Excluded any one Occurrence, combined single limit and in the aggregate annually as respects California Earthquake

USD 400,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Flood

USD 400,000,000 any one Occurrence, combined single limit and in the aggregate annually as respects Named Windstorm

USD 25,000,000 Accounts Receivable

USD 2,500,000 Claims Preparation Expense (no coverage for Public Adjusters or Attorneys)

USD 75,000,000 Contingent Business Interruption, Named

USD 25,000,000 Contingent Business Interruption, Unnamed

USD 10,000,000 Contingent Extra Expense

USD 50,000,000 Course of Construction; coverage excludes Delay in Start Up and Advanced Loss of Profits

USD 25,000,000 or 25% of adjusted Physical Damage loss, whichever is greater, in respect of Debris Removal

USD 25,000,000 Demolition and Increased Cost of Construction due to Law or Ordinance

USD 10,000,000 Demurrage

USD 10,000,000 Electronic Data Processing Media

USD 10,000,000 Errors and Omissions

WSB

|     |            |   |
|-----|------------|---|
| USD | 10,000,000 | Expediting Expense  |
| USD | 25,000,000 | Extra Expense   |
| USD | 5,000,000  | Fine Arts   |
| USD | 5,000,000  | Fire Brigade Charges and Extinguishing Expenses                                       |
| USD | 5,000,000  | Leasehold Interest  |
| USD | 50,000,000 | Newly Acquired Locations, subject to 90 day reporting period                          |
| USD | 50,000,000 | Off Premises Service Interruption   |
| USD | 5,000,000  | Pollution Clean Up of Land and Water on Site in the aggregate annually                |
| USD | 25,000,000 | Port Blockage   |
| USD | 10,000,000 | Rental Value  |
| USD | 10,000,000 | Transit (inland)  |
| USD | 10,000,000 | Unscheduled Locations, <i>except</i> ;  |
| USD | 2,500,000  | Unscheduled Locations as respects the perils of Earthquake, Flood and Named Windstorm |
| USD | 25,000,000 | Valuable Papers and Records   |
|     | 30 days    | Civil/Military Authority, subject to 1 statute mile from premises                     |
|     | 30 days    | Ingress/Egress, subject to 1 statute mile from premises                               |

Although more than one of the sublimits stated above may apply to any one Occurrence unless otherwise stated, they are part of and do not serve to increase the overall Limits of Liability stated herein.

Sublimits shown above are 100% Program Sublimit amounts. Each Insurer's portion of the Limit of Liability shall be its percentage share of the Limit of Liability and shall not be increased by Program Sublimits shown above.

The Limits of Liability and the sublimits are excess of retentions as stated below.

## 6. RETENTIONS

### Physical Damage

USD 10,000,000 any one Occurrence

WSB

**Time Element**

60 days waiting period any one Occurrence

24 hour qualifier in respect of Off Premises Service Interruption

If a number of hours/days apply as a Time Element retention, then the specified number of hours/days are to be applied immediately following the Occurrence.

In the event more than one retention applies to a single Occurrence, as defined herein, only the largest of such retention shall apply. It being understood that waiting period retentions are to apply separately.

In respect of Time Element coverage resulting from Off Premises Service Interruption, it is a condition of this insurance that no liability shall exist under this Policy for any Time Element loss at the property covered hereunder unless the determined period of interruption exceeds twenty-four (24) hours. If the interruption exceeds twenty-four (24) hours, liability shall exist for the period of interruption in excess of the normal Time Element waiting period shown above.

**7. TERRITORIAL LIMITS**

United States of America, except worldwide as respects transits, if any (does not include countries where U.S. Trade embargoes exist).

**8. CHOICE OF LAW AND JURISDICTION**

Any dispute relating to this Policy or to a claim including but not limited thereto, the interpretation of any provision of the Policy shall be governed by and construed in accordance with the laws of the state of New York, United States of America.

**9. TOTAL INSURED VALUES**

USD 6,678,578,378 Physical Damage  
 USD 68,072,544 Inventory  
USD 559,274,031 Business Interruption (Annual)  
 USD 7,305,924,953 Total Insured Value

**10. ANNUAL PREMIUM (100%)**

USD 6,396,000 All Risk PD/TE  
 USD excluded Certified Terrorism  
USD excluded Non-certified Terrorism  
 USD 6,396,000 Total

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**11. COMMISSION**

10.00%

**12. DEDUCTIONS**

All the engineering fee expenses incurred by the representatives of the lead underwriter and the broker will be paid for by the total of the panel of insurers according with their participation and up to a maximum of 2.5% of the total Premium for their share on an as incurred basis.

**13. MARKETING OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**14. SURPLUS LINES OFFICE**

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

Home State: Pennsylvania  
Pennsylvania Surplus Lines Licensee: Aon Risk Services Southwest, Inc.  
Pennsylvania Surplus Lines License No.: 53486

**15. NOTICE OF CLAIM**

In accordance with the Claims Notification provision within the General Conditions section of the Policy, the Insured shall give notice of a claim to the Insurers. Notice may be given through:

Aon Risk Services Southwest, Inc.  
5555 San Felipe Street, Suite 1500  
Houston, TX 77056

**16. PREMIUM PAYMENT CLAUSE (LSW3000 AMENDED)**

The Insured undertakes that premium will be paid in full to Insurers within thirty (30) days of inception of this policy (or, in respect of installment premiums, when due).

If the premium due under this policy has not been so paid to Insurers by the thirtieth (30<sup>th</sup>) day from the inception of this policy (and, in respect of installment premiums, by the date they are due) Insurers shall have the right to cancel this policy by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full policy premium shall be payable to Insurers

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in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Insurers shall give not less than ten (10) days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorized to exercise rights under this clause on their own behalf and on behalf of all Insurers participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Insurers will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

## **17. LMA3333 DATED 21 JUNE 2007**

### **Insurer's liability several not joint**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below. In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

### **Proportion of liability**

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

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Where this contract permits, written lines, or certain written lines, may be adjusted (“signed”). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each insurer (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd’s syndicate, the total of the proportions underwritten by all the members of a Lloyd’s syndicate taken together) is referred to as a “signed line”. The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to “this contract” in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

## 18. TERMS AND CONDITIONS

- As per attached manuscript Policy Form No. 2018PESPROP.
- Business Interruption Adjustment Endorsement:

It is a condition of this policy that within sixty (60) days of November 1, 2019 the Insured shall submit a statement of Actual Gross Earnings for the twelve (12) month period beginning on November 1, 2018. If the total premium developed from Actual Gross Earnings is less than the provisional premium paid, the Underwriters shall refund to the Insured the excess paid and if the total premium developed from the Actual Gross Earnings is more than the provisional premium paid, the Insured shall pay to the Underwriters additional premium for such excess. The adjustment for additional/return premium shall take place when the difference between the values reported at inception and the Actual Gross Earnings are greater than five percent (5%). The maximum adjustment for additional premium shall not exceed one hundred thirty percent (130%) of the values reported prior to the adjustment.

It is understood and agreed that the premium under the Business Interruption of this Policy, being a provisional premium, shall be adjusted (increased or decreased) for the November 1, 2018 to November 1, 2019 term, based upon the Actual Gross Earnings pro rata from the first day of the Policy until the expiration, based upon the business interruption rate as set forth below.

The Underwriters, or their duly appointed representative, shall be permitted at all reasonable times during the term of this Policy, or within a year after its expiration or cancellation to inspect the property described hereunder and to examine the Insured’s books, records and such policies of insurance as cover in any manner a loss insured against hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this Policy.

Business Interruption Rate: 0.19630 Annual Adjustment Rate per \$100 of reported values.

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**2018-2019 CONTINGENT BUSINESS INTERRUPTION SCHEDULE  
OF NAMED CUSTOMERS AND SUPPLIERS**

**Customers w/revenue above USD 25MM to PES**

121 POINT BREEZE MANAGEMENT CORP  
AdvanSix Inc.  
AHOLD FUEL LLC  
AOT Energy Americas LLC  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
Arfa Enterprises Inc.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
BP Products North American Inc.  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATION  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENI TRADING & SHIPPING INC.  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN ENERGY, INC.  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP

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Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
Mansfield Oil Company  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
Merrill Lynch Commodities, Inc.  
MIECO INC.  
Mirabito Holdings Inc.  
MONROE ENERGY, LLC  
MORGAN STANLEY CAPITAL GRP. INC  
Motiva Enterprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
REPSOL TRADING USA CORPORATION  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
ShipleY Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPEEDWAY LLC

SPRAGUE OPERATING RESOURCES LLC  
 Sunoco Partners Marketing and Terminals LP  
 SUNOCO, LLC  
 SUPERIOR PLUS ENERGY SERV LLC  
 TA Operating LLC  
 TRAFIGURA AG  
 TRAFIGURA TRADING LLC  
 Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

**Suppliers w/spend above USD 25MM**

| <b><u>Suppliers</u></b>        | <b><u>Products</u></b>   |
|--------------------------------|--|
| Amerigreen Energy Inc.         | Biodiesel  |
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                     |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
| BP Products NA Inc. (Products) | Gasoline Components; Naphtha FBR; Naphtha-Heavy; Naphtha-Light |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Colonial Energy, Inc.          |  |
| Colonial Pipeline Company      |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freepoint Commodities LLC      | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR; Naphtha-Heavy; Udex Raffinate                     |

**Suppliers**

Lansing Ethanol Services, LLC  
 MacQuarie Bank Limited  
 MacQuarie Bank Limited London  
 Mark West Hydrocarbon Inc  
 Merrill Lynch Commodities  
 Nereus Shipping S.A.  
 Noble Americas Corp.  
 North Yard Logistics L.P.  
 Oasis Petroleum Marketing LLC  
 OSG Bulk Ships Inc.  
 PBF Holding Company  
 Petroleum Products Corporation  
 Plains Midstream Canada ULC  
 PNC Capital Markets, LLC  
 Shell  
 Sunoco LLC  
 Sunoco Partners Marketing  
 Vane Line Bunkering Inc  
 Vitol Inc.  
 WR Grace & Co-Conn

**Products**

Ethanol  
  
  
  
  
  
  
  
  
  
 Iso Butane  
  
  
  
  
  
  
 Iso Butane (International)  
  
  
  
  
  
  
 Naphtha FBR

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**PES Energy Inc.; PES Ultimate Holdings, LLC**  
**2018-2019 All Risk Property Damage including Time Element**

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## SECTION I – PHYSICAL DAMAGE

### 1. PROPERTY INSURED

This Section of the Policy insures Real and Personal Property of the Insured of every kind and description, including, but not limited to:

- a) real and personal property owned by the Insured or in which the Insured has an insurable interest or is responsible to insure, including, but not limited to, vehicles licensed for highway use while on insured premises, mobile equipment, contractors equipment, underground gas (working gas and cushion gas), railroad rolling stock, dams and dikes as scheduled, civil works, flues, flumes, drains and spillways (both above and below ground), underground pipelines, river crossings, jetties, docks, fine arts, signs, and glass;
- b) real and personal property of others in the Insured's care, custody or control;
- c) real and personal property of the Insured in the care, custody or control of others;
- d) personal property of officers, directors, and employees of the Insured whilst on premises of the Insured;
- e) real and personal property held by the Insured in trust or on commission or on consignment or on joint account with others; or sold but not delivered; for which the Insured may be legally liable or has assumed liability to insure;
- f) property for which the Insured is required to insure or is under obligation to insure including property which the Insured is legally liable to insure under Joint Venture or Partnership property;
- g) improvements and betterments in buildings not owned by the Insured;
- h) property whilst in the due course of Transit; and
- i) crude petroleum and its products, products of natural gas, or other minerals, after initial recovery above ground; and all other products held for sale, (including products used in the manufacturing and packaging thereof), hereinafter referred to as Stock.

### 2. PROPERTY EXCLUDED

This Section of the Policy does not cover physical loss or damage to the following properties:

- a) accounts, bills, currency, deeds, aircraft, satellites, furs, jewelry, precious and semi-precious stones and precious metals (except when used in catalysts or in equipment);
- b) crops, standing timber, or animals;

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- c) land, except earthen dams, dikes, cooling canals, and the capital value of improvements to land;
- d) personal property while in due course of ocean marine transit;
- e) crude oil, natural gas or other minerals, which in situ, prior to recovery above ground;
- f) watercraft;
- g) owned electrical transmission lines, distribution lines, towers and poles except those situated not more than one thousand (1,000) feet from premises insured hereunder;
- h) Nuclear Power plants, including all auxiliary property on a Nuclear Site;
- i) Property located offshore or beyond the shoreline (in Gulf of Mexico off Texas and Louisiana, "offshore and beyond the shoreline" is to seaward of the inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of the Interior, Bureau of Land Management Offshore Leasing Maps. Elsewhere, offshore shall mean the sea coasts of United States including Alaska), except that structures (and their contents) extending from land or shore are not to be considered as offshore;
- j) underground mines and any property contained therein.

### 3. PERILS INSURED

This Section of the Policy insures all risks of direct physical loss or damage occurring during the Term of Insurance to Property Insured except as excluded herein.

### 4. PERILS EXCLUDED

This Section of the Policy does not insure against:

- a) loss of use, delay or loss of market (except as covered elsewhere herein);
- b) any fraudulent or dishonest act or acts, or infidelity committed alone or in collusion with others;
  - (1) by any proprietor, partner, director, trustee, officer or employee of the Insured, whether or not such acts are committed during regular business hours; or
  - (2) by any proprietor, partner, director, trustee, or officer of any proprietorship, partnership, corporation or association (other than a common carrier) engaged by the Insured to render any service or perform any act in connection with property insured under this Policy;

however, this exclusion shall not apply to physical loss or damage resulting from fraudulent or dishonest act or acts, or infidelity of the parties referred to in (1) and (2) above, but theft by such parties is not insured.

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- c) mysterious disappearance, or loss or shortage disclosed on taking inventory or audit, except as provided elsewhere herein;
- d) faulty or defective workmanship, material, construction or design;
- e) gradual deterioration, depletion, rust or gradual corrosion; ordinary wear and tear; inherent vice or latent defect;

The exclusions of faulty or defective workmanship, material, construction or design and inherent vice or latent defect, shall not apply to the mechanical or electrical breakdown of an Object; however, Insurers shall not be liable for the costs of rectifying or making good such faulty or defective workmanship, material, construction or design.

- f) gradual settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings;
- g) insects or vermin damage;

With respect to d) through g) above, it is understood and agreed that if physical damage not excluded by this Policy results, then only that resulting loss or damage is insured.

- h) any loss or damage arising directly or indirectly from confiscation, nationalization or expropriation;
- i)
  - (1) asbestos material removal unless the asbestos itself is damaged by a peril insured by this Policy;
  - (2) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
  - (3) any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified;
- j) any loss or damage caused by nuclear reaction, nuclear radiation, or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate, or remote or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in the Policy except:

if fire ensues, liability is specifically assumed for direct loss by such ensuing fire but not including any loss due to nuclear reaction, nuclear radiation, or radioactive contamination;

the Insurers shall be liable for physical loss or damage caused by sudden and accidental radioactive contamination including resultant radiation damage, for each occurrence, from material used or stored or from processes conducted on insured premises, provided, at the time of loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction nor any new or used nuclear fuel on the insured premises;

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- k) this Policy does not cover loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority (NMA 464);
- l) loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if a peril not otherwise excluded from this Policy ensues directly or indirectly from seepage and/or pollution and/or contamination, then any physical loss or damage insured under this Policy arising directly from that ensuing peril shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Insurers have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the Property Insured caused by resulting seepage and/or pollution and/or contamination.

In such case, the Insured shall give notice to the Insurers of intent to claim NO LATER THAN TWELVE (12) MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE).

- m) Earthquake in California, Hawaii, Alaska, or Puerto Rico.

## 5. VALUATION

At the time of loss, the basis of valuation will be as stated below or herein.

- a) (1) Real and Personal Property: The Replacement Cost, except Actual Cash Value if not repaired or replaced,
- (2) Catalysts: Actual Cash Value taking into account the remaining use of life.
- b) Raw materials, supplies, commodities and other merchandise not manufactured by the Insured: The Replacement Cost, unless contracted for sale to others, in which case at the greater of the contract selling price or the replacement cost.
- c) Stock in process: The value of raw materials and labor expended plus the proper proportion of overhead charges and profit.
- d) Finished goods manufactured by the Insured: The regular cash selling price at the location where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such

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property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000

- f) **Repairs Performed by Owned Facilities:** It is understood and agreed that reimbursement for facilities owned by or under the control of the Insured that perform repair work shall include normal and reasonable overhead expenses.
- g) **Brands and Labels:** In case of insured physical loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee or the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and/or re-identifying in the customary manner of all such brands or trademarks or other identifying characteristics, the cost of such removal being included as part of the loss.
- h) **Pair and Set:** For any articles that are part of a pair or set, the measure of damage to such article or articles shall be, at the Insured's option:
- (1) the reasonable and fair proportion of the value of the pair or set, giving consideration to the importance of said article or articles. In no event shall such loss or damage be construed to mean total loss of the pair or set; or
  - (2) the full value of the pair or set, provided that the Insured surrenders the remaining article or articles of the pair or set to the Insurers.
- i) **Valuable Papers and Records:** Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed that should valuable papers insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any valuable papers.

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value**

The Replacement Cost less deduction for physical depreciation.

b) **Finished Stock**

Stock processed or manufactured by the Insured, which in the ordinary course of the Insured's business, is ready for packing, shipment or sale.

c) **Mechanical and Electrical Breakdown**

That form of Occurrence that is an Accident to an Object, further defined below as:

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(1) Accident

The term Accident shall mean:

- a. a sudden and accidental breakdown of an Object, or any part thereof, which manifests itself at the time of its occurrence by physical damage to the Object that necessitates repair or replacement of the Object or part thereof;

but Accident shall not mean:

- b. the breakdown of any structure or foundation supporting the Object, or any part thereof.

If an initial Accident causes other Accidents, all will be considered "One Accident". All Accidents at any one location which manifest themselves at the same time and are the result of the same cause will be considered "One Accident."

(2) Object

The term Object shall mean:

- a. any boiler, pressure vessel, refrigeration system or any piping and accessory equipment or;
- b. any electrical or mechanical apparatus used for the generation, transmission, or utilization of mechanical or electrical power;

which has been installed, fully tested and contractually accepted by the Insured and which is being or has been operated at the insured location, in the capacity for which it was designed, as part of the Insured's normal production process or processes.

This Definition shall not apply to loss caused by or resulting from:

- (1) fire concomitant with or following an Accident or from the use of water or other means to extinguish fire, or
- (2) fire outside any electrical machine or electrical apparatus concomitant with or following an Accident or from the use of water or other means to extinguish fire; or
- (3) an Accident caused directly or indirectly by fire or from the use of water or other means to extinguish fire; or
- (4) Flood, Earthquake Shock, wind hail, weight of ice or snow, freezing caused by cold weather, or lightning.

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**d) Pollutants**

Any solid, liquid, gaseous or thermal irritant or contaminant including, but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons of the environment under any other law, ordinance or regulation; and the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**e) Raw Stock**

Materials in the state in which the Insured receives them for the conversion by the Insured into finished stock.

**f) Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or more extensive than its condition when new;
- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The Insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

**g) Salvage Value**

Stated value by the Insured for equipment that is idle.

**h) Stock in Process**

Raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture, but which has not become finished stock.

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## SECTION II – TIME ELEMENT COVERAGE

### 1. BUSINESS INTERRUPTION

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property insured herein, occurring during the Term of Insurance.

### 2. EXTRA EXPENSE

In case of direct physical loss of or damage to property insured hereunder occurring during the Term of Insurance, this Section of the Policy will also indemnify the Insured for Extra Expenses necessarily incurred by the Insured in continuing as nearly as practicable Normal business activities, providing always that such loss or damage was caused by an insured peril.

### 3. CONTINGENT BUSINESS INTERRUPTION AND CONTINGENT EXTRA EXPENSE

This Section of the Policy is extended to cover within the Limits of Liability the loss resulting from the necessary interruption of business and/or Extra Expense necessarily incurred due to direct physical loss or damage to or destruction of property of a type not otherwise excluded by this Policy of:

- a) the facilities of direct suppliers of the Insured;
- b) the facilities of direct receivers or distributors or customers of the Insured;
- c) the facilities of transport companies not owned or operated by the Insured;

Except this coverage shall not include the loss of business income or extra expense of a trading operation.

### 4. INTERDEPENDENCIES

This Section of the Policy covers the loss resulting from the necessary interruption of business and/or Extra Expense as insured against hereunder sustained within and among companies or corporations owned, controlled or which are subsidiaries of the Insured or joint ventures or partnerships, in which the Insured has an interest and which are insured hereunder.

### 5. EXPENSES TO REDUCE LOSS

This Section of the Policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Policy and such expenses, in excess of Normal, as would necessarily be incurred in replacing any finished stock used by the Insured to reduce loss

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under this Policy; but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Policy is thereby reduced.

## 6. INGRESS/EGRESS

This Section of the Policy also covers the loss resulting from the necessary interruption of business and/or Extra Expense at a location owned or operated by the Insured, at which ingress and/or egress is prevented or restricted due to physical loss or damage caused by a Peril Insured hereunder, at the location to which ingress and/or egress is prevented or within one (1) statute mile thereof, for a period not to exceed the sublimit stated in the Declarations.

This coverage extension shall also apply to ingress and/or egress which is prevented during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

## 7. TAX TREATMENT OF TIME ELEMENT LOSS PROCEEDS

It is agreed this Section of the Policy covers the loss, if any, sustained by the Insured resulting from the tax treatment of Time Element loss proceeds which differ from the tax treatment of profits that would have been earned by the Insured had no loss occurred.

## 8. BASIS OF RECOVERY

a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:

- (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
- (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.

b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:

- (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
- (2) making use of Raw Stock, Stock in Progress or Finished Stock at the locations described herein or elsewhere, or
- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere,

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Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.

c) Extra Expense

Extra Expense means the total cost of conducting the Insured's business during the period of restoration which exceeds the cost of conducting such business that would have been incurred had no loss occurred, but excluding

- (1) any direct or indirect expense for physical property unless incurred to reduce Extra Expense loss, and then not to exceed the amount by which such loss is reduced with due consideration for the salvage value of such property, and
- (2) any loss of Gross Earnings.

## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

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- (1) The total net sales value of production
  - (2) Total net sales of merchandise, and
  - (3) Other earnings derived from operations of the business;
- less the cost of:
- (1) raw stock from which such production is derived,
  - (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
  - (3) Merchandise sold, including packaging materials therefore, and
  - (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.

**11. EXCLUSIONS**

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit, lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- e) Interference at an insured location caused by boycott, striker or other persons involved with building repairing, replacing, manufacturing, or supplying the property insured or services thereof;

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- f) Loss occasioned by the failure or inability to collect amounts from customers for work performed or services provided;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

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## SECTION III – COVERAGE EXTENSIONS

Unless stated otherwise, the following coverage extensions apply to both physical damage and time element, and are part of the overall Policy limit. Some coverage extensions are subject to sublimits as stated in the Declarations.

### 1. ACCOUNTS RECEIVABLE

It is understood and agreed that this Policy covers accounts receivable due the Insured from customers provided the Insured is unable to effect collection thereof as a result of physical loss or damage to records of accounts receivable caused by an insured peril up to the sublimit stated in the Declarations.

When there is proof that a loss to records of accounts receivable has occurred but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of such loss, the amount will be computed as follows:

- a) the monthly average of accounts receivable during the last available twelve months, together with collection expenses in excess of normal collection costs and made necessary because of such loss or damage and reasonable expenses incurred in re-establishing records of accounts receivable following such loss or damage, will be adjusted in accordance with the percentage increased or decreased in the twelve months average of monthly gross revenues which may have occurred in the interim;
- b) the monthly average of accounts receivable thus established will be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month involved.

There will be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

### 2. AMMONIA CONTAMINATION COVERAGE

The Insurer's liability for loss, including salvage expense, with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

### 3. CIVIL/MILITARY AUTHORITY

Notwithstanding anything contained in this section, it is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil or military authority during a conflagration and for the purpose of retarding same, up to the sublimit stated in the Declarations.

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In addition, this Policy is extended to include the actual loss resulting from the Time Element loss, occurring during the period of time, not exceeding the sublimit stated in the Declarations, while access to any premises of the Insured is prohibited by order of civil or military authority or by OSHA, USEPA, or CSB, but only when such order is given as a direct result of physical damage, from a peril insured against, to property on or within one (1) statute mile of the Insured's premises.

This coverage extension shall also apply to orders of civil, governmental or military authorities during any applicable waiting period to the extent that such actions cause an increase in the amount of time after the waiting period during which business is interrupted.

#### **4. CLAIM PREPARATION EXPENSE**

It is understood and agreed that this Policy covers expenses incurred by the Insured's auditors or consultants for producing and certifying particulars or details of the Insured's business required by Insurers in order to arrive at the amount of loss payable under this Policy. Such expenses shall be limited to the sublimit stated in the Declarations, excluding expenses of public adjusters or attorneys.

#### **5. COURSE OF CONSTRUCTION**

This Policy will provide automatic coverage for property of any kind and description in the course of construction, installation, repair, renovation and the like, at existing locations or new locations where such is of an incidental nature, including coverage for third party projects where such work is carried out by or on behalf of the Insured. Incidental shall be understood to mean jobs where the total contract value does not exceed the sublimit stated in the Declarations, per location. In the event of coverage being required for jobs in excess of the sublimit stated in the Declarations, information, including contract period and any testing period is to be provided to Insurers for their consideration and agreement prior to commencement of the contract.

Coverage shall also include, but not be limited to, acid boil-out, mechanical, aerostatic, hydrostatic and pneumatic testing procedures and shall also include all types of facility or partial testing of units consisting principally of, but not limited to, gas pipelines, compressor stations, and turbine generator and boiler units. The interest of contractors and/or sub-contractors is hereby assumed for work being performed for the Insured including temporary structures, tools, equipment and materials incidental to such work.

Coverage under this extension excludes the loss of potential Gross Earnings, otherwise known as Delay in Start Up or Advance Loss of Profits.

Coverage under this extension applies until substantial completion or date of commercial operations at which point coverage applies elsewhere herein.

It is understood and agreed that maintenance and turnaround work performed by the Insured and the Insured's contractors shall be considered operational property risk, and shall not be limited by this coverage extension.

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**6. DEBRIS REMOVAL**

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Policy. The inclusion of this Clause shall in no event increase the limit of liability of Insurers under this Policy or any endorsement applicable to this Policy.

- a) In the event of insured physical loss or damage to property for which Insurers agree to pay hereunder or which, but for the application of a retention or underlying amount they would agree to pay, this Policy also insures, subject to the limitations below and the terms and conditions of the Policy, the expense;
  - (1) which is reasonable and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the insured physical loss or damage occurred, of debris which results from such loss or damage to insured property, or debris of property which is not insured hereunder that is windblown, waterborne or otherwise deposited on the Insured's premises, up to the sublimit stated in the Declarations; and
  - (2) of which the Insured becomes aware and advises the amount to Insurers hereon within one year of the commencement of such loss or damage;
- b) The maximum amount of expense recoverable hereunder for removal of debris shall be the sublimit stated within the Declarations.

**7. DEMOLITION AND INCREASED COST OF CONSTRUCTION DUE TO LAW OR ORDINANCE**

In the event of physical loss or damage insured under this Policy that causes the enforcement of any law or ordinance in force at the time of such loss or damage regulating the construction or repair of damaged facilities, Insurers shall also be liable for the following in any one occurrence up to the sublimit stated in the Declarations:

- a) the increased cost of demolishing the undamaged facility including the cost of clearing the site;
- b) the increased cost of rebuilding the damaged and the demolished undamaged Property Insured on the same or another site in a manner to fully satisfy the minimum requirement of such law or ordinance; and
- c) any Time Element coverages afforded by this Policy arising out of the additional time required to comply with said law or ordinance.

**8. DEMURRAGE**

This Policy covers demurrage charges incurred by the Insured as a result of a delay in loading or unloading of vessels, containers, rail cars or other transportation or storage mediums due to physical loss as insured by this Policy, subject to the sublimit stated in the Declarations. The term "demurrage" is defined as the additional cost of expense incurred by the Insured or the Insured's loss of dispatch credit.

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**9. EXPEDITING EXPENSE**

This Policy shall also pay the Insured for the reasonable extra cost of temporary repair and of expediting the repair of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation, and the cost of installation and removal of spare equipment, subject to the sublimit stated within the Declarations.

**10. FINE ARTS**

This Policy covers physical loss or damage to Fine Arts by a peril insured against by this Policy. Fine Arts means any work of art, including but not limited to, paintings, etchings, pictures, rare books, manuscripts, tapestries, valuable rugs, statuary marbles, bronzes, antique furniture, antique silver, coins and coin collections, jewelry, porcelains, rare glass, and bric-a-brac of rarity, historical value or artistic merit. Recovery will be on the basis of the fine arts appraised value or fair market value, whichever is greater up to the sublimit stated in the Declarations.

**11. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

If property insured is destroyed or damaged by a peril insured against hereunder, this Policy shall cover:

- a) fire brigade charges and other extinguishing expenses for which the Insured may be assessed; and
  - b) the cost of fire extinguishing materials and/or equipment expended, lost or destroyed;
- subject to the sublimit stated in the Declarations.

**12. HAZARDOUS SUBSTANCES**

If, as a result of an Occurrence insured hereunder, any property insured by this Policy is damaged, contaminated or polluted by a substance declared by an authorized governmental agency to be hazardous to health, then Insurers shall be liable under this Policy and any of its endorsements, for the additional expenses incurred for cleanup, repair or replacement, and/or disposal of such damaged, contaminated or polluted property. As used here, additional expenses shall mean expenses incurred beyond those for which Insurers would have been liable if no substance, so declared as hazardous to health, had been invoiced in the Occurrence.

**13. IMPOUNDED WATER**

In the event that water, used as a raw material or for other purposes, stored behind dams or in reservoirs, is released from storage as a result of damage to, or destruction of, such dam, reservoir, or equipment connected therewith, by any peril insured against, this Policy covers the loss, as insured by this Policy, resulting directly from lack of adequate water supply from such sources to the Insured's premises.

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**14. IMPROVEMENTS AND BETTERMENTS**

This Policy shall cover loss or damage, if any, to improvements and betterments to buildings. In the event of loss or damage, this Company agrees to accept and consider the Insured in the position of sole and unconditional owner of improvements and betterments for any contract or lease the Insured may have made to the contrary notwithstanding.

**15. LEASEHOLD INTEREST**

In the event of physical loss or damage insured herein during the Term of Insurance to real property, which is leased by the Insured, subject to the sublimit stated in the Declarations, this Policy is extended as follows:

- a) If as a result of such loss or damage the property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the actual rent payable for the unexpired term of the lease; or
- b) if as a result of such loss or damage the property becomes partially untenable or unusable and the lease agreement requires continuation of the rent, the Insurers shall indemnify the Insured for the proportion of the rent applicable thereto; or
- c) if as a result of such loss or damage the lease is canceled by the lessor pursuant to the lease agreement or by operation of law, the Insurers shall indemnify the Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Insurers shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured which constitutes a default under the lease; and provided further that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the loss hereunder, the actual rent payable for the unexpired term of the lease;

Lease Interest is defined as the excess rent paid for the same or similar replacement property over the actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

Net Lease Interest is the sum, when placed at the interest rate on the day of the loss or damage and compounded annually, would equal the Lease Interest, less any amounts otherwise payable under this section, subject to the sublimit stated in the Declarations.

**16. NEWLY ACQUIRED LOCATIONS**

This Section is automatically extended to cover additional property and/or interests which may be acquired or otherwise become at the risk of the Named Insured during the period of this Policy.

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If the reportable values exceed the sublimit amount stated in the Declarations of this policy; information is to be provided to Underwriters not later than ninety (90) days from the date the property and/or interests have become at the risk of the Named Insured. Underwriters agree to provide coverage for the full period that the property and/or interests are at the risk of the Named Insured, or for the remainder of the policy period. Underwriters reserve the right to charge an additional premium for Newly Acquired Property declared for such coverage at rates to be agreed. However this extension is not applicable to additional property and/or interests located in the State of California and locations within the New Madrid Fault Zone in the States of Illinois, Arkansas, Kentucky, Indiana, Mississippi, Missouri, or Tennessee.

#### **17. OFF PREMISES SERVICE INTERRUPTION**

This Policy is extended to cover the physical loss or damage to insured property and/or the time element loss as insured by this Policy, including consequential loss or damage therefrom, which is caused by a service interruption resulting from physical loss or damage by an insured peril to electric, steam, gas, water, telephone and other transmission lines and related plants, substations and equipment, all being the property of others not insured hereunder, whether located on or outside the Named Insured's premises, up to the sublimit stated in the Declarations.

#### **18. POLLUTION CLEAN-UP (LAND & WATER) EXTENSION**

In consideration of the premium charged, subject to the sublimit stated in the declarations section, it is understood and agreed that this insurance is extended to indemnify the Insured for expenses actually incurred to cleanup and remove pollutants from land or water on the Insured's premises, if the release, discharge or dispersal of pollutants is sudden and accidental and results from direct physical loss of or damage to insured property occurring during the Term of Insurance, caused by loss recoverable under this Policy. Such coverage is subject to the Insured discovering the physical loss or damage within seventy-two (72) hours of its occurring and reporting same to Insurers in writing within ninety (90) days of the physical loss or damage stating the specific site and time of the incident.

#### **19. PORT BLOCKAGE**

This Policy is extended to include, subject to the sublimit stated in the Declarations, loss resulting from:

- a) vessels or conveyances being denied access to or egress from a Facility of the Insured or a third party due to or arising out of physical loss of or physical damage to any property, including, but not limited to, the sinking or abandonment of any vessel, conveyance or other property which blocks access to or renders non-operation a Facility;
- b) delayed delivery or non-delivery of cargo, feedstock or other property resulting from:
  - (1) foul berthing of a vessel or conveyance at a Facility;

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- (2) closure of a Facility by governmental or other authorities and/or the refusal of any such authority to allow a vessel or conveyance to enter and/or discharge cargo, feedstock and/or other property in the authority's territorial waters and/or at any facility;
- (3) the refusal of a master to proceed into a Facility or through any area through which a vessel or conveyance must pass in order to reach Facility on the grounds that such Facility or area is dangerous, where the master's decision is upheld at law or where the Underwriters agree that it would be upheld;
- (4) the emergency partial or total closure of any road, railway, bridge or other system of transportation by or under the lawful order of authority or under the lawful authority of any police, fire or other emergency service, which prevents access to or egress from any Facility.

As used in this extension, the word "Facility" shall mean any port, terminal, dock, wharf, jetty or similar property or vessel loading or unloading facilities.

## 20. PROFESSIONAL AND OTHER FEES

This Policy includes, within the repair and/or replacement costs, the expenses of the Insured for architects, surveyors, consulting engineers, legal and other professional fees; contributions or other imposts payable to any government, local government or other statutory authority; and other fees necessarily and reasonably incurred in the reinstatement of the property insured consequent of its loss, destruction or damage by a peril insured against hereunder.

## 21. RENTAL VALUE

In case of insured physical loss of or damage to Property Insured, this Policy shall also indemnify the Insured within the Limits of Liability up to the sublimit stated in the Declarations for loss of rental value during the period of untenability providing always that such loss or damage is caused by an insured peril and renders the property wholly or partially untenable whether such property is rented or not.

For the purpose of this insurance rental value is defined as the sum of:

- a) the total anticipated gross rental income from tenant occupancy of the described property;
- b) the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured; and
- c) the fair rental value of any portion of said property which is occupied by the Insured.

In determining rental value due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

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**22. TRANSIT**

This Policy insures physical loss or damage up to the sublimit stated in the Declarations to Property Insured while in transit by an insured peril (including general average and salvage charges) within the Territorial Limits as defined herein. In addition, the loss resulting from the necessary interruption of business and/or Extra Expense resulting from physical loss or damage to property in transit is covered.

Transit means all shipments within and between the territory of this Policy, including intercoastal and inland waterways, but not ocean marine transit, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage, including temporary storage on any conveyance, including during deviation, delay and consignment until safely delivered into place of final destination.

As respects this Transit Coverage:

- a) the Insured may waive right(s) of recovery against private and contract carriers and accept bills of lading or receipts from carriers, bailees, warehousemen, or processors limiting their liability, but this transit insurance will not inure to the benefit of any carrier, bailee, warehouseman or processor;
- b) the Insurers agree to waive their rights of subrogation against consignees at the option of the Insured for shipments made under F.O.B. or similar terms;
- c) the Insured is not to be prejudiced by any agreements exempting lightermen from liability;
- d) seaworthiness of any vessel or craft is admitted between the Insurers and the Insured;

**23. UNSCHEDULED LOCATIONS**

It is understood and agreed that this Policy provides coverage for Property Insured while at miscellaneous unscheduled locations subject to the sublimit stated in the Declarations. Coverage is provided under this provision for the perils of Earthquake, Flood and Named Windstorm damage; however, subject to separate sublimit stated in the Declarations. Additionally, no Time Element coverage is provided under this provision.

**24. VALUABLE PAPERS AND RECORDS**

This Policy covers physical loss or damage to Valuable Papers and Records by a peril insured against, up to the sublimit stated in the Declarations. Valuable Papers means, but is not limited to, written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts, but does not mean money or securities or electronic data processing media.

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**25. WATER DAMAGE**

The Insurer's liability for loss, including salvage expense, with respect to damage by water contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from an Accident to an Object.

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## GENERAL CONDITIONS

The following conditions apply to all sections of the Policy, except where noted. The terms and conditions of the various sections and/or sub-sections of this Policy shall supersede those set forth in these general conditions wherever the same may conflict.

### 1. OCCURRENCE DEFINITION

Occurrence shall mean any one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.

When the term "Occurrence" applies to losses from Earthquake, Flood, Named Windstorm or riot, it shall be held to include those losses occurring or commencing during a period of seventy-two (72) consecutive hours after the inception date of this Policy. The Insured may elect the moment when the seventy-two (72) hour period shall be deemed to have commenced.

If this insurance should expire or be cancelled while any occurrence or disaster is in progress, it is understood and agreed that Insurers are responsible as if the entire loss had occurred prior to termination of this insurance.

### 2. EARTHQUAKE DEFINITION

The term "Earthquake" shall mean earth movement due to seismic activity. The term "Earth Movement" shall mean landslide, mudslide, sinkhole, ground subsidence, volcanic eruption, or any other earth movements.

### 3. FLOOD DEFINITION

The term "Flood" shall mean flood water, waves, tide or tidal after, tsunami, the release of water, the accumulation of rain or surface water, or the rising of lakes, ponds, reservoirs, rivers, harbours, streams or other natural or man-made bodies of water. However, storm surge, wind driven rain, wind driven water, breaking or overflowing of boundaries, with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, are not considered as flood.

### 4. NAMED WINDSTORM DEFINITION

The term "Named Windstorm" shall mean direct action of wind including, but not limited to, storm surge, wind-driven rain or water and objects driven by wind, breaking or overflowing of boundaries, when in association with or occurring in conjunction with a storm or weather disturbance which is identified by name by any metrological authority, such as the U.S. National Weather Service or National Hurricane Center, whether or not such storm or weather

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disturbance is named prior to loss or damage. However, Named Windstorm does not include flood damage as defined under flood in this Policy.

#### **5. ADDITIONAL INSURED(S)**

It is agreed that the unqualified word "Insured" wherever used includes any person or organization to whom or to which the Insured is obligated by virtue of a written contract to name such person or organization as an Additional Insured, but only with respect to operations performed by or obligations required of the Insured to or for the Additional Insured under the terms and conditions of said contract.

The limits and/or coverage available to the Additional Insured shall be those agreed to by virtue of a written contract between the Insured and such Additional Insured but in no event to exceed the limits in aggregate and coverages provided by this Policy. Furthermore, but only to the extent required by contract, this Policy will respond primary to and without contribution from any valid and collective insurance of such Additional Insured.

#### **6. CURRENCY CLAUSE**

Unless specified otherwise, amounts in this Policy are stated in United States currency. It is also agreed that all Losses hereunder are payable in United States currency unless otherwise designated by the Insured.

#### **7. LOSS CLAUSE**

Any loss hereunder shall not reduce the limit of liability of this Policy, except in respect of any peril for which an aggregate limitation is shown herein.

#### **8. ERRORS AND OMISSIONS**

It is understood and agreed that any inadvertent error or omission by the Insured in the description or location of properties covered shall not prejudice this insurance, provided that following discovery of such error or omission by Philadelphia Energy Solutions, it is promptly corrected and provided further that Insurers' liability in respect of any such error or omission prior to it being corrected shall be limited to the applicable sublimit specified in the Declarations.

#### **9. CONTROL OF DAMAGED PROPERTY**

It is understood and agreed that the Insured shall have full right to the possession of all property involved in any loss under this Policy, and shall retain control of all damaged property. Exercising reasonable discretion, the Insured shall be the sole judge as to whether the property involved in any loss under this Policy is fit for use and no property deemed by the Insured to be unfit for use shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow the Insurers any salvage obtained by the Insured on any sale or other disposition.

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**10. SUE AND LABOR**

In case of actual or imminent physical loss or damage of the type insured against, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labor and travel for, in and about the defence, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or the Insurers in recovering, saving and preserving the property insured in case of loss or damage be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and Insurers proportionately to the extent of their respective interests and be subject to the applicable retention.

**11. CLAIMS NOTIFICATION**

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt advice thereof to the party named for such purpose in the Declarations. Such advice of any occurrence should state the time, date, place, approximate cause, and the estimated amount of loss or damage.

In addition, the Insured is hereby permitted to immediately make all necessary repairs or replacements.

**12. CLAIMS ADJUSTERS**

In the event of a loss that may involve this insurance, the Insured may appoint, on behalf of the Insurers, any of the following loss adjusters without seeking the prior approval of the Insurers:

- John Nelson, Integra Technical Services
- Charles Klehr, McLarens

or to be mutually agreed by the Insured and Insurers.

It is agreed the adjuster will notify and seek the permission of the Insured prior to retaining other engineers, experts, or consultants to assist in the investigation of the claim.

The adjustment representative will notify the Insurers or their representative of the loss particulars and distribute all loss adjustment reports, updates and correspondence, as appropriate, to the Insurers or their representative, and Philadelphia Energy Solutions and Aon Risk Services.

**13. PARTIAL LOSS**

In case of partial loss to property covered under this Policy, which can be conveniently and advantageously repaired by the Insured, the Insured may immediately make such repairs.

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**14. PAYMENT OF LOSS**

All adjusted claims and all requests for interim payments shall be paid or made good to the Insured within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurers. No loss shall be paid hereunder if the Insured has collected the same from others.

**15. PRIORITY OF PAYMENTS**

In the event of a claim under this Policy, it shall be the sole option of the Insured to apportion recovery under this Policy when submitting final proof of loss, subject to the overall amount of the claim not exceeding the overall limit of liability contained herein for any one occurrence.

**16. PARTIAL PAYMENTS**

In the event of a covered loss hereunder which has been ascertained to be a valid claim under this Policy, the Insurers hereon agree to advance to the Insured mutually agreed upon amounts of the estimated loss prior to production of final proof subject otherwise to all the terms, conditions and retention provisions of this Policy.

Following upon an advance being made to the Insured for a Business Interruption Loss, Insurers agree to sign any letters required by the Insured's Auditors which would allow the Insured to book the revenue in accordance with GAAP. This is subject to no increase in Insurers limit of liability under the Policy.

**17. SUBROGATION**

In the event of any payment under this Policy, Insurers shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefrom. The Insured shall execute all papers required and shall make all reasonable efforts that may be necessary to secure such rights.

Insurers will act in concert with all other interests concerned, e.g. the Insured and any other Insurer(s) participating in the payment of any loss, in the exercise of such rights of recovery. The Insured will do nothing after the loss to prejudice such rights of recovery. The apportioning of any amounts which may be so recovered shall follow the principle outlined in the Application of Salvage Recoveries clause herein.

**18. WAIVER OF SUBROGATION**

Insurers will have no rights of subrogation against:

- a) any person or entity, which is an Insured, Additional Insured, Loss Payee and/or Mortgagee under the Policy;
- b) any other person or entity against whom the Insured has waived its rights of subrogation in writing before the time of loss; and

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- c) any contractor or sub-contractor if such contractor or sub-contractor could charge back to the Insured (or one of its subsidiary or affiliated companies) the amount of any loss or any part thereof recovered by Insurers.

other than as provided for under the Non-Vitiating Clause herein.

## **19. APPLICATION OF SALVAGE RECOVERIES**

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insured and the Insurers, provided always that nothing in this Policy shall be construed to mean that losses under this Policy are not recoverable until the Insured's loss has been finally ascertained.

Any recoveries from the sale of salvage, after expenses incurred in the recovery of the salvage are deducted, except recovery through subrogation proceedings, shall accrue entirely to the benefit of the Insurers until the sums paid by the Insurers have been recovered.

Any recovery as the result of subrogation proceedings shall accrue to the Insurers and the Insured jointly in the proportion of the amount of loss borne by each. Expenses necessary to the recovery of any such amounts shall be apportioned between the Insurers and the Insured in the ratio of their respective recoveries as finally settled. If there should be no recovery, the expense of the proceedings shall be borne proportionately by the interests instituting the proceedings.

## **20. CARRIERS OR OTHER BAILEES**

It is warranted by the Insured that this insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

## **21. NO CONTROL**

This Insurance shall not be affected by failure of the Insured to comply with any provisions of this Policy in any portion of any premises over which the Insured has no control.

## **22. APPRAISAL**

If the Insured and the Insurers disagree on the amount of loss, either party may make, within sixty (60) days after the Insurers receipt of the proof of loss, written demand for an appraisal of the loss. Each party will select a competent appraiser. The two appraisers will then select an umpire, and if they cannot agree within fifteen (15) days on an umpire, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of the loss. If they disagree, they will submit their differences to the umpire. A decision agreed to by any two shall determine the amount of the loss. The Insured and the Insurers shall bear the expenses of their own appraisers and shall bear equally the expenses of the umpire. All such appraisal proceedings will be held at an agreed location as agreed by the Insured and Insurers.

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**23. OTHER INSURANCE**

Except for insurance permitted by the Contributing Insurance clause, the Excess Insurance clause, or the Underlying Insurance clause, this Policy shall not cover to the extent of any other insurance, whether prior or subsequent hereto in date, regardless by whomsoever effected, and whether directly or indirectly covering the same property against the same perils. Insurers shall be liable for loss or damage only to the extent of that amount in excess of the amount recoverable from such other insurance.

**24. PRIMARY INSURANCE**

It is understood and agreed to the extent insurance is afforded to any Additional Insured and/or Loss Payee under the Policy, such insurance shall apply as primary and not contributing with any insurance carried by such Additional Insured and/or Loss Payee, as required by written contract.

Nothing herein contained shall be held to waive, vary, alter or extend any condition or provision of the Policy other than as above stated.

**25. CONTRIBUTING INSURANCE**

Permission is granted to obtain additional policies written upon the same plan, terms, conditions, and provisions as those contained in this Policy.

This Policy shall contribute to the total of each loss otherwise payable hereunder only to the extent of the participation of this Policy in the total limit of liability set forth herein.

**26. UNDERLYING INSURANCE**

Permission is granted to the Insured to purchase insurance on all or any part of the retention and against all or any of the perils covered by this Policy. The existence of such underlying insurance shall not prejudice or affect any recovery otherwise payable under this Policy. Any underlying insurance purchased by the Insured shall be considered "Other Insurance."

**27. EXCESS INSURANCE**

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this Policy without prejudice to this Policy and the existence of such insurance, if any, shall not reduce any liability under this Policy.

**28. SERVICE OF SUIT CLAUSE (NMA 1998)**

It is agreed that in the event of the failure of the Insurers hereon to pay any amount claimed to be due hereunder, the Insurers hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a waiver of Insurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a

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United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States.

It is further agreed that service of process in such suit may be made upon:

Mendes & Mount  
750 Seventh Avenue  
New York, New York 10019-6829

and that in any suit instituted against any one of them upon this contract, Insurers will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Insurers in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Insurers hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

## **29. ASSISTANCE AND CO-OPERATION**

The Insured shall make all reasonable efforts to submit, and so far as within their power, shall cause all other persons interested in the property and employees to submit to examination under oath by any persons named by Insurers relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination any applicable books, bills, invoices and other vouchers (or certified copies thereof if originals are lost), at such reasonable time and place as may be designated by the Insured or their representative, and the Insured shall permit extracts and copies thereof to be made.

## **30. NON-VITIATION**

Any non-intentional misrepresentations, non-disclosures, want of due diligence, breach, contravention or violation by the Insured or any other Person of any declarations, conditions or warranties contained in this Policy (other than in respect of deliberate acts or omissions of the Insured) or any foreclosures or change in ownership shall not invalidate the coverages afforded to the assignees of this Policy.

Notwithstanding the above, it is noted and agreed that Insurers' rights of recovery in respect of claims paid or payable against the parties guilty of any fraudulent misrepresentation, non-disclosure, want of due diligence, breach, contravention or violation of any declaration, condition or warranty contained in this Policy shall be maintained.

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**31. BANKRUPTCY AND INSOLVENCY**

In the event of bankruptcy or insolvency of the Named Insured, or any other entity comprising the Insured, the Insurers shall not be relieved thereby of the payment of any claims recoverable hereunder because of such bankruptcy or insolvency.

**32. PERMISSION TO ISSUE 'VERIFICATION OF INSURANCE' CLAUSE**

Permission is granted to Aon Risk Services Southwest, Inc. on behalf of the Insured to issue 'Verification of Insurance' to Additional Named Insureds, Loss Payees, Mortgagees, or Others with an insurable interest evidencing coverage afforded by this Policy subject to the following:

- a) the form to be used for such 'Verification of Insurance' is of a type or kind acceptable to Insurers hereon; and
- b) should Notice of Cancellation be issued by the Insured or by Insurers then Aon Risk Services Southwest, Inc. solely shall be responsible for notifying all Additional Named Insureds, Loss Payees or Mortgagees to whom 'Verification of Insurance' has been issued, in accordance with the provisions of the Cancellation Clause contained in the Policy; and
- c) the terms of this Clause are subject to the approval of the Insured without which this Clause shall be null and void with effect from inception date of the Policy.

**33. LENDERS LOSS PAYABLE CLAUSE**

- a) Loss or damage, if any, under this Policy, shall be paid to any lender designated by the Insured and in possession of a written contract, hereinafter referred to as "the Lender", as their interests may appear, its successors and assigns in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.
- b) The insurance under this Policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or chance respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this Policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect or non-compliance with any of the provisions of this Policy, including any and all riders now or hereafter attached thereto, by the Named Insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this clause, or whether before or after a loss, which under the provisions of this Policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the Named Insured, excluding

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herefrom, however, any acts or omissions of the Lender while exercising active control and management of the property.

- c) In the event of failure of the Insured to pay any premium or additional premium which shall be or become due under the terms of this Policy or on account of any change in occupancy or increase in hazard not permitted by this Policy, this Insurer agrees to give written notice to the Lender of such non-payment of premium after thirty (30) days from and within one hundred twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Insurer of the failure of the Insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Insurer's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Clause shall not be terminated before ten (10) days after receipt of said written notice by the Lender.
- d) Whenever this Insurer shall pay to the Lender any sum for loss or damage under this Policy and shall claim that as to the Insured no liability therefor exists, this Insurer, at its option, may pay the Lender the whole principle sum and interest and other indebtedness due or to become due from the Insured, whether secured or unsecured, (with refund of all interest not accrued), and this Insurer, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.
- e) If there be any other insurance upon the within described property, this Insurer shall be liable under this Policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the Insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Insurer (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.
- f) This Insurer reserves the right to cancel this Policy at any time, as provided by its terms, but in such case this Policy shall continue in force for the benefit of the Lender for ninety (90) days after a written notice of such cancellation is received by the Lender and shall then cease.
- g) This Policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable Policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Clause shall have been issued by some insurance Insurer and accepted by the Lender.

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- h) Should legal title to and beneficial ownership of any of the property covered under this Policy become vested in the Lender or its agents, insurance under this Policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Clause which are not also granted the Insured under the terms and conditions of this Policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.
- i) All notices herein provided to be given by the Insurer to the Lender in connection with this Policy and this Lender's Loss Payable Clause shall be mailed to or delivered to the Lender at its office or branch described on the first page of the Policy.

#### **34. INSPECTION AND AUDIT**

The Insurers shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Insurers may examine and audit the Insured's books and records at any reasonable time during the Term of Insurance and extensions thereof and within twelve (12) months after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

#### **35. PERMISSION**

Permission is hereby granted to the Insured, or any other party acting on behalf of the Insured, to effect contracts or agreements customary or necessary to the conduct of the business of the Insured under which the Insured may assume liability or grant releases therefrom, without prejudice to these insurances, provided such contracts or agreements, oral or written, insofar as they effect any loss hereunder, are concluded prior to such loss, and the rights and obligations of the Insurers shall be governed by the terms of such contracts or agreements.

Permission is also granted for any property to be and remain vacant or unoccupied without limit of time, for existing and increased hazards and for any change in occupancy or use of the premises (but subject to prior reporting and approval of Insurers against additional premium to be agreed), and to make alterations, repairs, and additions to any existing property and to construct new property.

#### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

#### **37. ABANDONMENT**

There shall be no abandonment to the Insurers of any property.

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**38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

**39. CONFLICT OF WORDING**

Where there is conflict the terms and conditions contained in this Policy shall supersede those of any jacket or pre-printed form(s) to which this Policy is attached except those required by law.

**40. TITLES OF PARAGRAPHS**

The several titles of the various paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this Policy) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

**41. CANCELLATION CLAUSE**

This Policy may be cancelled by the Insured, at any time, by written notice by certified or registered mail with a return receipt or valid proof of delivery to or surrender of the Policy to Insurers. This Policy will terminate on the date specified in such notice.

This Policy may also be cancelled or modified by or on behalf of Insurers, at any time, by delivering to the Insured, by certified or registered mail with a return receipt or other valid proof of delivery, to the Insured's address shown in the Declarations, written notice stating when, not less than NINETY (90) days thereafter, such cancellation or modification shall be effective. However, if the Insured fails to pay premium when due, the Policy may be cancelled by the Insurers per the terms of the premium payment warranty as found in the Declarations page.

**42. ELECTRONIC DATA EXCLUSION (NMA 2914 AMENDED)****a) Electronic Data Exclusion**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (1) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA caused by COMPUTER VIRUS or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment

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and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (2) However, in the event that a peril not otherwise excluded results from any of the matters described in paragraph (1) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

b) Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any ELECTRONIC DATA contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed the sublimit stated in the Declarations, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

**43. ELECTRONIC DATE RECOGNITION EXCLUSION (NMA 2802)**

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or

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similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

However, in the event that a peril not otherwise excluded results from any of the matters described above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage and time element occurring during the Term of Insurance to property insured by this Policy directly caused by such peril.

#### **44. LAW PRACTICE AND JURISDICTION**

It is understood and agreed that this Insurance shall be governed by the law and practice of the state specified in the Declarations.

Any dispute, controversy or claim arising out of or relating to the Policy shall be submitted to and determined by the courts of the country specified in the Declarations, which shall have exclusive jurisdiction of all such matters. Suit against the Insurers may be made in accordance with the provisions of SERVICE OF SUIT CLAUSE (U.S.A.) (NMA 1998) of these General Insuring Conditions.

In the event that any provision of this Policy is unenforceable under the law governing this Policy because of non-compliance with any statute or other legislation, then this Policy shall be deemed to be enforceable with the same effect as if it complied with such statute or legislation.

#### **45. INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL 370)**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

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**46. MOLD EXCLUSION**

This Policy does not apply to claims directly or indirectly occasioned by, happening through or in consequence of any fungus of any kind whatsoever, including but not limited to mildew, mold, spores or allergens unless such mildew, mold, spores or allergens result from a loss otherwise covered herein.

**47. CONFORMITY CLAUSE**

It is hereby noted and agreed that wherever the words "Insured" and "Assured" appear herein, they shall be deemed to mean and read one and the same.

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## ENDORSEMENTS

### 1. **WAR AND TERRORISM EXCLUSION CLAUSE (NMA 2918, 08/10/01)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisations) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

### 2. **U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED – NOT PURCHASED CLAUSE (LMA 5092, 21/12/07)**

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

WSB

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

**3. LOSS PAYEE / MORTGAGEE – MERRILL LYNCH COMMODITIES, INC.**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

Merrill Lynch Commodities, Inc., as SOA Collateral Agent  
20 E. Greenway Plaza  
Suite 700  
Houston, TX 77046

**4. LOSS PAYEE / MORTGAGEE – ICBC STANDARD BANK PLC**

It is hereby understood and agreed that the following entity is named as Loss Payee / Mortgagee under this Policy, as their interests may appear, as required by written contract or agreement, subject to the terms and conditions of this Policy:

ICBC Standard Bank PLC  
20 Gresham Street  
London, EC2V 7JE

18NSRO1797-01

*WSB*

2/14/2019

# **Exhibit 29**

|  |              |                  |
|--|--------------|------------------|
| <b>Philadelphia Energy Solutions</b><br><b>Philadelphia Refinery</b><br><b>1018021-000</b> |              |                  |
|  | <b>Name:</b> | <b>Date:</b>     |
| <b>Typed By:</b>   | <b>RPC</b>   | <b>July 2018</b> |
| <b>Formatted/Spellchecked By:</b>  |              |                  |
| <b>Proof-read By:</b>  | <b>CP</b>    | <b>July 2018</b> |
| <b>Contents and Costings Check:</b>  |              |                  |
| <b>Final Draft Ready for Issue:</b>  |              |                  |

| Date Rec'd HQ | Draft No | Passed to Engineer: | Date Rec'd HQ |
|---------------|----------|---------------------|---------------|
|               | 1        |                     |               |
|               | 2        |                     |               |
|               | 3        |                     |               |
|               | 4        |                     |               |
|               | 5        |                     |               |
|               | 6        |                     |               |



## Risk Engineering Review

For Insurance Purposes Of:

# Philadelphia Energy Solutions (PES) Philadelphia Refinery

Survey Date: June 2018

Final Report

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**Appendix 5: Onsite Cooling Towers**

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# 1. Executive Summary

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## Introduction

The Philadelphia Refining Complex (PRC) is owned by Philadelphia Energy Solutions Refining and Marketing, LLC (PES), headquartered in Philadelphia, PA.

PES acquired the facility in September 2012 from Sunoco, Inc. PRC was formed by Sunoco's previous acquisitions and integration of two neighbouring refineries at Point Breeze and Girard Point. The Point Breeze Sector of PRC was owned by ARCO until 1988, while the Girard Point Sector was a former Gulf Oil and then Chevron Refinery, acquired by Sunoco in 1994. The combined facility is a large crude oil to fuels refining complex with a maximum design capacity of 335,000 bpsd (Energy Information Administration) and a Nelson Complexity Index of 7.7.

Although the refinery has recently filed for Chapter 11, this was a strategy employed to enable more effective debt re-financing terms to be sought meantime, due to EPA fines. These being associated with required gasoline Methanol content that could not be achieved. During the survey, no untoward effects were seen on general maintenance and inspection plans, or any other budgetary type planning restraints. The usual PES justification process was in place for both capital and operational expenditure.



## Site Facilities

The Process Units at PRC include Crude Atmospheric and Vacuum Distillation, Fluid Catalytic Cracking, Hydrodesulphurisation, Catalytic Reforming and both HF and Sulphuric Acid Alkylation. There are also chemicals operations including UDEX and a Cumene Unit. Other property at risk includes facilities for reception of crude oil and other feedstocks by vessels, reception of crude oil by rail through the NYRT (North Yard Rail Terminal), LPG Storage, and various loading facilities, warehouses and workshops.

PRC occupies a 1,440 acre site in the southern section of the city of Philadelphia, in the south eastern corner of the state of Pennsylvania, in the USA. PRC is located on the east bank of the Schuylkill River, which enters the Delaware River approximately 2 miles to the south, thus providing river access to the Atlantic Ocean. Coordinates for PRC are: 39°54'34" N and 75°12'11" W.



## Risk Exposures

A typical range of exposures is present, including Fire and Explosion, Machinery Breakdown and Flood. PRC handles hydrocarbons at elevated temperatures and pressures that provide the potential for pool fire, explosion and gas jet fire. There is also sufficient inventory of light hydrocarbons in several Process Units that provides the potential for VCE (Vapour Cloud Explosion) and BLEVE (Boiling Liquid Expanding Vapour Explosion).

There are critical items of rotating equipment, the loss of which could cause severe disruption to production.

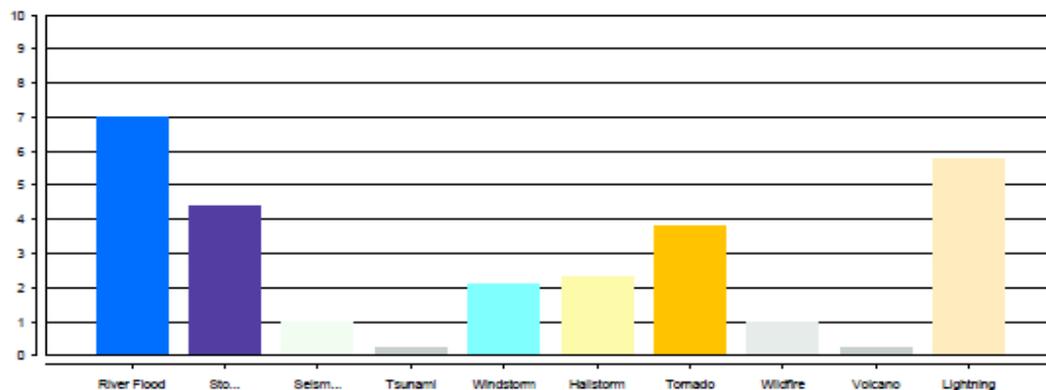
The site ranges from ~9 ft amsl at the Schuylkill River to ~31 ft amsl in the north east corner. From FEMA maps 4207570187G and 4207570189G dated 01/17/2007, there is some exposure to flood along the Schuylkill River. During September 1999, due to Hurricane Floyd, there was some flooding that resulted in a brief shutdown of 137 Crude (Atmos/Vacuum) Unit. The Swiss Re CatNet® natural hazard information and mapping system indicates that part of the site is within the 100-year return period for River Flood and that part of the site is within a Very High Risk Zone for Storm Surge Flood.

The following Swiss Re NatCat Risk assessment summarises the natural peril exposures:

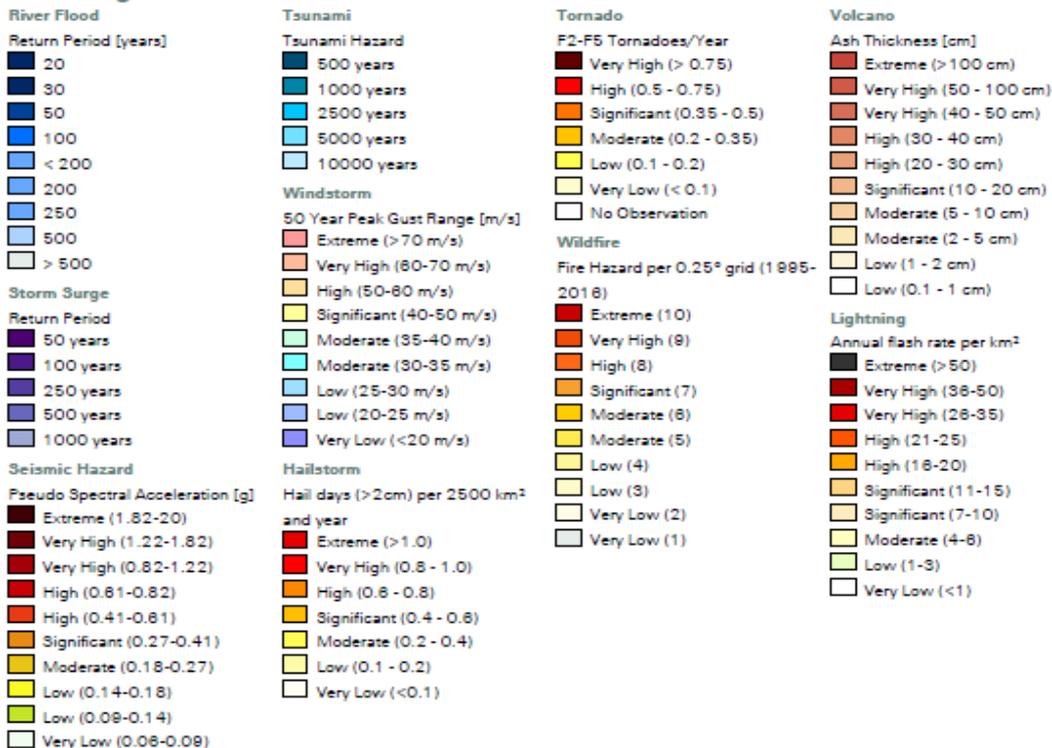
## NatCat Risk Assessment Report

### Hazard Overview

Global intensity per peril according to Swiss Re scale 1 - 10 (0: no data)



### Peril Legend





## Layout and Construction

PRC dates to the 1870s at the Point Breeze Sector and the 1920s at the Girard Point Sector. However, most of the Process Units currently in operation in the Girard Point Sector date from the 1950s. The oldest Process Units currently in operation in the Point Breeze Sector date from 1964. The previous owners (Gulf Oil, ARCO, Chevron, Sunoco) were major US refinery operators and thus the design at PRC was to internationally recognised standards and codes such as API, ASME, ANSI, NACE, etc. current at the time of construction. Additionally, the Point Breeze Sector Alkylation Unit, LSG, ULSD, the FCC Unit expansion and the Cumene Unit followed Sunoco's Engineering Standards.

The site is approximately rectangular with a slight slope towards the Schuylkill River. The Point Breeze Sector occupies the north and central sections of the overall site and the Girard Point Sector occupies the south section of the site. Except for a narrow section of property immediately along the Schuylkill River, they are physically separated from each other by a major public road (Passyunk Avenue) and the operating Philadelphia Gas Works. The site is well served by paved roads which give good access to all main areas.

In the Point Breeze Sector, the Process Units are laid out in distinct areas and are adequately separated from the main utility and office areas. In the Girard Point Sector, the Process Units are also segregated in the north-west quadrant of the plot, with the rest of the site housing scattered tank farms, utility/off-site systems, buildings, and the docks. There is good separation between Process Units.

Most tanks are arranged in individual dikes with average to good separation.



## Control and Safeguarding

All Process Units are controlled from the CCR (Central Control Room), however the process computers are located in the field and control is possible from field locations if required. Honeywell PKS, Emerson Delta V and ABB systems are installed for process control. The systems include 147 stations/servers and 88 network devices. There is also a SCADA network for Tank Gauging, Bentley Nevada and CCC.

Most major items of critical machinery are fitted with Bentley Nevada 3500 and 3300 series fixed condition monitoring systems that incorporate alarm and trip functions. A Bentley Nevada System is installed to manage the data. The requirement for additional MOVs is being identified in the PHAs. In 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, there are 54 MOVs that have been installed following PHA's.



## Management Systems

Operations is well staffed with experienced personnel. There are 55 Shift Supervisors who manage the 360 Operators and the site operates a 2 x 12 hours shift system using 4 Shift Teams. A formal program is in place for training new recruits to Operations. All Operators are subject to re-certification

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every 3 years. SOPs and EOPs are controlled documents. SOPs are available to Operators electronically on the site's computer network.

Since 2007, the site has used an electronic Work Permit, comprising a General Work Permit and an Enclosed Work Permit. This was found to be in good order, but a specific point about not using generic permits was made as a recommendation.

PRC's physical isolation procedure for hazardous systems, including hydrocarbons and toxic products, normally requires two isolation points. There is a comprehensive electrical isolation procedure that requires applying a lock and a tag to the isolator in the Substation.

Maintenance work is normally carried out during the days. Contractors are brought in to supplement the PES Workforce for Routine Maintenance (135-140 on average), Capital Construction, Expense Projects and Turnaround Activities. Repair shop facilities are on site, but large machines are sent out to approved Contractors.

PRC operates a preventive maintenance program supported by a breakdown service. The preventive maintenance program comprises routine maintenance and conditioning monitoring. Breakdown work is managed by a workflow process, prioritising work requests critical to plant safety. EMPAC, a computer maintenance management system, is used for scheduling maintenance activities, including: work order generation, maintenance cost control, maintenance records and spare parts management. However, no safety criticality has been assigned in the system.

Inspection is well staffed with qualified persons. The site has access to a wide range of NDT equipment. The Inspection program is largely driven by legal compliance but PRC is also introducing a risk based inspection (RBI) program for pressure vessels and piping circuits.

Inspection either performs the required inspections or supervises suitably qualified Contract Technicians. Inspections are scheduled and the data recorded on computer software such as PCMS (Plant Corrosion Management System). Inspection has a number of initiatives, including: Cold Eye Defect Identification Reviews; HTHA (High Temperature Hydrogen Attack) evaluations; MOEs (Material Operating Envelopes) for process equipment; Buried Piping Inspection and Napthenic Acid Corrosion.

The majority of the PES facility standards utilise recognized industry standards such as API, ASME, IEEE and PIP as the seed documents. PES's engineering and design standards are reviewed by the Engineering Department when there is a change to the related National Standard.

PRC has a well-established Management of Change (MOC) procedure. The procedure has been designed to meet the essential elements of OSHA's Process Safety Management (PSM) Standard 1910.119.

There is an established PHA system in place in compliance with OSHA requirements. All 33 Process Units and Utilities have received an initial Hazop and a LOPA. The current procedure requires PHAs shall be conducted prior to beginning a construction project or start-up of a process; whenever a significant change is made and on a 5-year frequency to revalidate the previous unit PHA. Typical technique is Hazop method with LOPA.

PRC has an Operations Excellence (OPX) (Safety) Management System that comprises 14 elements. There are >60 Safety Standards at the site that are owned by SMEs (Subject Matter Expert) and that are reviewed every 5 years. The site uses the long-established accident and incident reporting and investigation system, through IMPACT. PRC issues a Process Safety Scorecard each month that includes a list of safety related parameters designed to measure the safety status of the site. Part of

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the OE system covers the requirement for an audit programme. This covers safety and technical audits. As part of the PTW audit system, a recommendation has been made to further analyse findings to establish any learning trends.

The ERT (Emergency Response Team) is a 70 Member Volunteer Response Team. There are 40 First Responders (OPS Shift Supervisors). There is a written Emergency Plan and there are Process Unit Pre-Emergency Planning Worksheets Pre-plans have been used by the ERT during live drills. Additional support would be provided by the public municipal brigades. The municipal brigades are familiar with the site through visits and attendance at major drills. They also review the emergency plans every year.

PES's Corporate Security Function liaises with the various Government Security Agencies and ensures that the site remains compliant with Coast Guard regulations. The site is also compliant with the Transportation Worker Identification Credential (TWIC) initiative. The site has completed all the 5-year re-submittals of the Facility Security Plans required under the Maritime Transportation Security Act (MTSA) of November 2002.



## Loss Mitigation

In the Point Breeze Sector, we noted a good to very good standard of fireproofing in the Process Units visited. The standard of structural fireproofing in the Process Units visited varies, and the Point Breeze VGO Heater Unit needs specific improvement. PRC has a rolling 5-year plan for maintaining current fireproofing and upgrading the fireproofing in the Process Units where the fireproofing does not meet the PES standard. However, a recommendation has been made to review the schedule.

LEL and Hydrocarbon (HC) detection is installed in the air inlets to various buildings, e.g. some Substations, Block Houses, RIEs and Analyser Houses. In 868 FCC Unit, LEL detection is installed at the CWT-868 Cooling Tower. Gas detection coverage in the Process Units has been reviewed and though adequate, and there is a reasonable level of gas detection in the Pressure Storage Areas.

The maximum firewater demand is reportedly for a 200 ft diameter floating roof tank in crude service (Tank 886) with a fully involved surface fire together with dyke coverage and cooling of adjacent tanks. The demand for the scenario is circa 6,000 USgpm. Several fire pumps have been overhauled or are new.

The site has excellent water supply capacity from the adjacent Schuylkill River. There are 13 firewater pumps in 6 different locations. The site carries out annual pump performance tests in accordance with the requirements of NFPA-25, even though some of the pumps are not UL listed. The firewater main serves a network of hydrants and monitors located in key areas. In total, there are 855 hydrants, combination hydrant/monitors and fixed monitors.

In the Point Breeze Sector, there is a reasonable standard of fixed protection in the Process Units. In the Girard Point Sector, more reliance is placed on strategically placed monitors in/around the Process Units. In the Pressure Storage Areas, all spheres are fitted with directional water spray systems.

In the Point Breeze Sector, there is semi-fixed foam rim seal protection to all floating roof tanks, a semi-fixed foam system on all cone roof tanks with an internal floating roof and a semi-fixed subsurface foam system on some cone roof tanks.



## Business Continuity Management

A property damage or machinery breakdown event could affect gross profit generated by the company. Several units provide feedstock to downstream units and would prevent their operation if shutdown. However, PES has conducted various studies including a Failure Mode Effects and Criticality. Assessment to better understand the criticality of unit component equipment parts. These findings have been addressed within the maintenance system and ensuring spares are available.

PES conducted a CBI (Contingency Business Interruption)/inter-dependency exposures assessment that details CBI financial exposures and identifies contingency plans for scenarios such as: electricity supply, catalyst and hydrofluoric acid supply or Delaware River closure. Critical service providers were reported to be PECO (electrical power), Honeywell (hydrofluoric acid), Veolia (sulphuric acid), Linde (liquid nitrogen) and Texas Eastern.

The Machinery damage EML is from the destruction of the 33000 HP Main Air Blower in the 1232 FCC (estimated at up to 18 months to replace).



## Risk Rating and Conclusion

The following is our assessment based upon the Aon Energy Risk Engineering risk rating system. This system is based upon the standards we see of hydrocarbon processing plants worldwide. The risk exposures and the risk controls are separately assessed. For the risk exposures, each element is evaluated and rated on a 1-5 basis using the following criteria: high, significant, moderate, low and very low. For the risk controls, each element is assessed and rated on a 1-5 basis using the criteria shown in the table below. In deriving each element score, weighted sub elements are assessed. The element scores are then combined for an overall rating.

| Score | Range        | Description    | Traffic Light | Comment   |
|-------|--------------|----------------|---------------|---|
| 5     | ≥4.50        | Excellent      |               | Industry leading practice worldwide                                 |
| 4     | ≥3.75; <4.50 | Above Standard |               | Some of the best practices in the industry                          |
| 3     | ≥2.50; <3.75 | Standard       |               | Acceptable practice for insurers but potential room for improvement |
| 2     | ≥1.46; <2.50 | Below Standard |               | Some areas of deficiency compared to acceptable practices           |
| 1     | <1.46        | Poor           |               | Few or none of the practices expected in the industry.              |

The overall rating is depicted on the Hazard Rating vs Risk Quality Rating chart below. This shows the PRC at Philadelphia to have **Moderate hazard exposure** and generally **Standard controls** when assessed on an industry wide basis. Noting that management systems specifically are considered **Above Standard**.

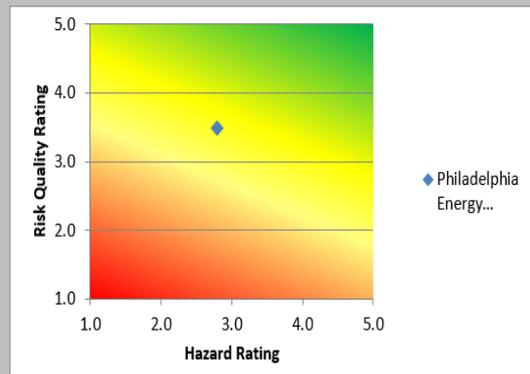
**Philadelphia Energy Solutions June 2018**

| Inherent Hazard Exposure | Element Score |   |
|--------------------------|---------------|---|
| H1 - Natural Hazards     | 3.4           | ● |
| H2 - Location Hazards    | 4.0           | ● |
| H3 - Inherent Hazards    | 2.5           | ● |

| Inherent Hazard Summary | Current Score |   |
|-------------------------|---------------|---|
| Overall Hazard Exposure | 2.8           | ● |

| Risk Control Element          | Element Score |   |
|-------------------------------|---------------|---|
| P1 - Site Layout              | 3.9           | ● |
| P2 - Unit Layout              | 2.8           | ● |
| P3 - Construction             | 2.9           | ● |
| P4 - Utilities                | 3.6           | ● |
| P5 - Storage & Transportation | 3.5           | ● |
| C1 - Control Rooms            | 3.5           | ● |
| C2 - Process Control          | 3.5           | ● |
| C3 - Isolation & ESD          | 3.3           | ● |
| M1 - Organisation             | 4.0           | ● |
| M2 - Operations               | 3.6           | ● |
| M3 - Maintenance              | 3.6           | ● |
| M4 - Inspection               | 3.8           | ● |
| M5 - Engineering              | 3.9           | ● |
| M6 - Safety & Security        | 3.8           | ● |
| F1 - Fireproofing             | 2.7           | ● |
| F2 - Fire & Gas Detection     | 3.0           | ● |
| F3 - Firewater System         | 3.8           | ● |
| F4- Fixed Protection          | 3.1           | ● |
| F5 - Emergency Response       | 3.5           | ● |

| Risk Control Summary by Category | Current Score |   |
|----------------------------------|---------------|---|
| Layout & Construction            | 3.3           | ● |
| Control & Safeguarding           | 3.4           | ● |
| Management Systems               | 3.8           | ● |
| Loss Mitigation                  | 3.1           | ● |
| Overall                          | 3.5           | ● |



## Loss Estimates

Based on the values provided the following loss estimates were made (*BI is under review by PES*):

A summary of the loss estimates (rounded) is as follows:

| EML Event  | Property Damage (PD) | Business Interruption (BI) | PD + BI           |
|--|----------------------|----------------------------|-------------------|
| Girard Point VCE from the Propane Accumulator F-203 in the 1232 FCC Unit.        | US\$890 million      | US\$615 million            | US\$1,505 million |
| Point Breeze VCE from the Depropaniser Accumulator (8V-208) in the 868 FCC Unit. | US\$820 million      | US\$570 million            | US\$1,390 million |
| Machinery Breakdown of Air Blower (K-7401) in FCC Unit                           | US\$30 million       | US\$300 million            | US\$330 million   |



## Loss History

Incidents since the 2016 Survey include:

- **December 2016** – 864 Unit Feed Heater Tube Failure

Reference should also be made to the relevant underwriting submission for details of any losses.



## Recommendations

There were 4 open recommendations from previous insurance surveys, of which 4 are now closed. The details of these and PES's responses are given in Section 7. Because of the 2018 Survey, 5 new recommendations were made. Details of these are given in Section 7. In summary the status is:

### New recommendations

| Title/Description |   |            | Status 2018 |
|-------------------|---|------------|-------------|
| 18.01             | Fire Proofing Condition at VGO Unit 210C            | Category B | New         |
| 18.02             | Identification of Safety Critical Items in the CMMS | Category B | New         |
| 18.03             | Use of Generic Work Activity Permits                | Category C | New         |
| 18.04             | Work Permit Audit Review and Analysis               | Category C | New         |
| 18.05             | Fire Pump AutoStart upon Fire detection             | Category C | New         |

### Previous Recommendations

| Title/Description |  |            | Status 2018 |
|-------------------|--|------------|-------------|
| 16.01             | Standard for Retro-fit of Double and Tandem Mechanical Seals | Category C | Closed      |
| 16.02             | QA/QC in Maintenance Work Order Closure                      | Category B | Closed      |
| 16.03             | Acquire a Foam Tanker (8,000 USg)                            | Category B | Closed      |
| 13.05             | FCC Unit Low Riser Temperature Interlock                     | Category B | Open        |



## 2. Introduction

---

### Objectives and Scope

Aon Energy Risk Engineering (AERE) was requested by Aon Houston to undertake a risk engineering survey of the Philadelphia Energy Solutions (PES) Philadelphia Refinery Complex (PRC). AERE has previously surveyed the PRC on a number of occasions, the previous survey being undertaken during September 2016. The current 3-day survey took place from 5<sup>th</sup> to 7<sup>th</sup> June 2018.

The objectives of this survey were:

- To understand the nature of the operations at the site, the associated risks and the management practices implemented to prevent, control and mitigate the risk exposures.
- To obtain the necessary information to enable the evaluation of estimated maximum losses for the different policy sections purchased, in particular, Property Damage, Machinery Breakdown and Business Interruption.
- To make recommendations for risk improvement for the consideration of the Insured.

The survey consisted of structured meetings with site management and department heads as well as a site tour during which the following areas were visited:

- Site Central Control room, Fire pumps, Rail siding.
- Point Breeze Refinery - Crude Distillation/Vacuum (units 210 A / 210 B / 210 C), FCC (unit 868), Low Sulphur Gasoline (unit 870), Sulphuric Acid Alkylolation (unit 869), Low Sulphur Gas Oil (Unit 870).
- Girard Point refinery - Crude Distillation/Vacuum (unit 137), FCC (unit 1232), HF Alkylolation (unit 433).

We do not include in this report all details and information gained during our site visit, however, further details are kept on file by AERE.

### Acknowledgements

We gratefully acknowledge the contribution of all personnel involved in the survey. These include:

|   |               |   |
|---|---------------|---|
| * | Mark Brandon  | Vice President & General Manager Refining Complex |
| * | Michael Reed  | Operations Director                               |
| * | Rick Giaconia | H&S Manager                                       |
| * | Steve Howe    | Process Safety Engineer                           |
| * | John Callahan | Operations Shift Manager                          |
| * | Jim Demes     | Executive Director, Maintenance                   |

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\* Brad Galante Manager Director, Engineering Capital Projects

\* Patrick Scanlon Director of Treasury

Also participating

\* Jonathan Brittain Senior Risk Engineer, Risk Engineering, AXA

\* Jeremy Pudlo Loss Control Consultant, Starr Technical Risks Agency



## 3. Site Facilities

### Background

The Philadelphia Refining Complex (PRC) is owned by Philadelphia Energy Solutions Refining and Marketing, LLC (PES), headquartered in Philadelphia, PA.

PES acquired the facility in September 2012 from Sunoco, Inc. However, the facility location dates back over 150 years and was part of the initial Philadelphia oil industrial development. PRC was subsequently formed by Sunoco's previous acquisitions and integration of two neighbouring refineries at Point Breeze and Girard Point. The Point Breeze Sector of PRC was owned by ARCO until 1988, while the Girard Point Sector was a former Gulf Oil and then Chevron Refinery, acquired by Sunoco in 1994. The combined facility is a large crude oil to fuels refining complex with a maximum design capacity of 335,000 bpsd and a medium rated Nelson Complexity Index of 7.7.

The Process Units at PRC include Crude Atmospheric and Vacuum Distillation, Fluid Catalytic Cracking, Hydrodesulphurisation, Catalytic Reforming and both HF and Sulphuric Acid Alkylation. There are also chemicals operations including UDEX and a Cumene Unit. Other property at risk includes facilities for reception of crude oil and other feedstocks by vessels, reception of crude oil by rail through the NYRT (North Yard Rail Terminal), LPG Storage, and various loading facilities, warehouses and workshops.

Although the refinery has recently filed for chapter 11, this was a commercial strategy employed to enable more effective refinancing terms to be sought meantime. During the survey, no untoward effects were seen on expenditure for general maintenance and inspection plans, or any other budgetary planning restraints. The annual Opex budget has not as a result been reduced, and the usual justification process were seen to be in place for both Capex and Opex expenditure. A list of 2018 capital budget projects is appended. Since taking over the PRC, PES continues to invest and upgrade facilities.

### Location

PRC occupies a 1,440-acre site in the southern section of the city of Philadelphia, in the south eastern corner of the state of Pennsylvania, in the USA. PRC is located on the east bank of the Schuylkill River, which enters the Delaware River approximately 2 miles to the south, thus providing river access to the Atlantic Ocean. Coordinates for PRC are: 39°54'34" N and 75°12'11" W.



## Feedstocks

Crude oil for the Point Breeze Sector is received both by railcar at the NYRT (North Yard Rail Terminal) and via Sunoco Logistics' Crude Receiving Terminal at Fort Mifflin on the Delaware River, approximately 5 miles from the site. Sunoco Logistics' Crude Receiving Terminal at Fort Mifflin has two docks: one dock capable of handling vessels up to 120,000 DWT (500,000 bbl) with the other dock accommodating smaller vessels. There is limited tankage at Sunoco Logistics' Crude Receiving Terminal at Fort Mifflin and most crude oil is transferred directly to the site. There are 2 pipelines between the site and Sunoco Logistics' Crude Receiving Terminal at Fort Mifflin:

- 30" crude line
- 30" clean product line

Crude oil for the Girard Point Sector is received simultaneously from 2 sources; by railcar through the NYRT via the Point Breeze Sector #4 Tank Farm and by pipeline from the Darby Creek Tank Farm. There is a pumping station with a pipeline from the Point Breeze Sector to the Girard Point Sector. Darby Creek receives crude oil by vessel through the Fort Mifflin Terminal or the Hog Island Wharf Docks. Those import facilities are owned and operated by Sunoco Logistics Partners L.P. (SXL), and PES has contracted a 10-year supply agreement.

The site typically maintains a storage capacity of 3 days feedstock. Crude oil is sourced from both domestic and foreign sources, including West Africa, Canada, the North Sea, Central and South America. The Refinery has an upper limit of TAN 2 crude oils and generally runs on TAN 1.5 crude oils. Any new feedstocks are subject to the MOC (management of change) procedure.

The PES Inter Refinery Pipelines link Marcus Hook and the Point Breeze Sector, with 3 pipelines running under the river. These 19-mile long pipelines, laid in a common right-of-way, provide further product flexibility while reducing the need for road tanker transfers.

Honeywell is the sole supplier and transporter of HF (Hydrofluoric Acid) for the 433 HF Alkylation Unit. Demand for HF is normally about one truckload per week.

## Process Facilities

The Process Units at PRC include Crude Atmospheric and Vacuum Distillation, Fluid Catalytic Cracking, Hydrodesulphurisation, Catalytic Reforming and both HF and Sulphuric Acid Alkylation. There are also chemicals operations including UDEX and a Cumene Unit that uses propylene and benzene as feedstocks.

Process Block Flow Diagrams are included as Appendix 2 and a summary of the main Process Units is provided in the tables on the following pages. Whilst physical separation between the Point Breeze Sector and Girard Point Sector is generous, the interconnecting streams via 10 pipelines running along a 2-mile Piperack, including:

- 1332 Catalytic Reformer Depropaniser Column overhead liquid from the Girard Point Sector to the 862 Light End Unit in the Point Breeze Sector.
- 1332 Catalytic Reformer Depropaniser Column overhead gas from the Girard Point Sector to the 862 Light End Unit in the Point Breeze Sector.

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- A sour waterline from the Girard Point Sector to the Point Breeze Sector Sulphur Recovery System.
- A hydrogen line.

However, it is still possible to run the refineries independently if required although this is not the routine way of operating.

There are also 3 Inter Refinery Pipelines between the SXL Marcus Hook Industrial Complex and PRC that can be used to transfer products between the two sites, although only the butane line is operational.

**Point Breeze Sector Process Units**

| Unit  | Date                               | Licensor           | Original Capacity              | Current Capacity   | Revamp  |
|---|------------------------------------|--------------------|--------------------------------|--------------------|---|
| 210 A Pipe Stills                             | 1964                               |                    | 45Mbpd                         | 53Mbpd             | 1973  |
| 210 B Pipe Stills                             | 1964                               |                    | 60Mbpd                         | 85Mbpd             | 1973  |
| 210 C Vacuum                                  | 1973                               |                    | 57Mbpd                         | 57Mbpd             | --  |
| 859 Ultra Low Sulphur Diesel (ULSD)           | 1969 (Hydrocracker)<br>2009 (ULSD) | UOP (Hydrocracker) | 30Mbpd<br>50Mbpd               | 30Mbpd<br>50Mbpd   | 2008/2009<br>Hydrocracker re-configured to ULSD   |
| 860 Reformer                                  | 1967                               |                    | 30Mbpd                         | 30Mbpd             | 1980 Additional Preheat Exchangers and Reactor; 1995 Added De-Pentanizer Tower                                |
| 862 Light End                                 | 1967                               |                    | 26Mbpd                         | 26Mbpd             | Includes C <sub>5</sub> <sup>+</sup> caustic treatment & Amine system for fuel gas. R-134A refrigerant system |
| 864 Unifiner                                  | 1971                               |                    | 40Mbpd                         | 40Mbpd             |   |
| 865 Distillate HDS                            | 1973                               |                    | 41Mbpd                         | 50Mbpd             |   |
| 866 Distillate HDS                            | 1973                               |                    | 20Mbpd                         | 20Mbpd             |   |
| 868 FCC                                       | 1981                               | KBR                | 29Mbpd                         | 50Mbpd             | 1991, Added P-P Recovery; 2002 Feed nozzles, Riser Quench, Gas Plant Upgrades.                                |
| 869 H <sub>2</sub> SO <sub>4</sub> Alkylation | 1990                               | Stratco            | 6.7Mbpd                        | 7.5Mbpd            | --  |
| 870 Low Sulphur Gasoline (LSG)                | 2005/2006                          | Exxon Mobil        | 60Mbpd                         | 60Mbpd             |   |
| 867 Sulphur Plant North Claus                 | 1991                               | Parsons Pritchard  | 149L/T                         | 80L/T              |   |
| 867 Sulphur Plant South Claus                 | 1981                               | Arco               |                                |                    |   |
| TGU-1   | 1982                               |                    |                                |                    |   |
| TGU-2   | 2008                               |                    |                                |                    |   |
| Sour Water Stripper North                     | 1981                               |                    | 5,000bpd                       | 5,000bpd           | Redesigned high-pressure boiler 1988.   |
| Sour Water Stripper South/Middle              | 1973                               |                    | 3,500bpd each                  | 3,500bpd           |   |
| DEA Regeneration                              | 1973                               |                    | 180Mscfh<br>Acid Gas<br>19Mbpd | 180Mscfh<br>19Mbpd |   |

**Girard Point Sector Process Units**

| Unit  | Licensor        | Year | Original Capacity (Mbpd) | Current Capacity (Mbpd) | Revamp   |
|---|-----------------|------|--------------------------|-------------------------|--|
| 137 Crude (Atmos/Vacuum)  |                 | 1954 | 180.0                    | 200.0                   | 1980 Capacity Upgrade<br>2009 F3 Heater Upgrades           |
| 231 Gulfiner Naphtha Hydrotreater   |                 | 1956 | 30.0                     | 30.0                    |  |
| 431 Light Ends (DIB & DeProp)   |                 | 1948 |                          |                         |  |
| 433 HF Alkylation   | Phillips        | 1973 | 20.0                     | 20.0                    | 2001<br>2010 REVAP Project                                 |
| 1232 FCC  | KBR             | 1955 | 53.3                     | 85.0                    | 1991; 1998; 2001<br>2007 Capacity Upgrade/Wet Gas Scrubber |
| 1332 Catalytic Reformer (Hydrobon; Reformer; C <sub>3</sub> /C <sub>4</sub> Compressor) |                 | 1956 | 30.0                     | 38.0                    | 2008 C <sub>3</sub> /C <sub>4</sub> Compressor             |
| 1732 Chemicals-Udex   |                 | 1961 | 14.0                     | 18.5                    | Mid 80s; 1999 Benzene recovery enhancement                 |
| 1733 Chemicals-Cumene   | Mobil<br>Badger | 1961 | 4.5                      | 12.0                    | Mid 80&1998  |
| 331 C <sub>4</sub> Isomerisation  | UOP             | 1991 | 7.5                      | 8.8                     |  |
| 531 Amine   |                 |      |                          |                         |  |

The above listing is historic, and in additional unit revamps have been undertaken by PES since taking over.

**Operational Status**

The following improvements have also been made since the last survey to improve various operational unit reliability:

- Upgraded 137 Crude Unit Flash Drum pump driver from fixed speed motor to Variable speed motor (VFD) for improved reliability
- Upgraded SRTF automated blender control system from ABB version to Honeywell advanced control model
- Designed and implemented automated feed divert S/D on 864 Naphtha Hydrotreater utilizing a PKS activated S/D button
- Identified source of fouling for PH1 heater at 864U and eliminated the source to 864U, and rerouted to 210U
- Established Caustic injection systems at 210 and 137 Crude unit for Atmospheric tower overhead chloride reduction and reduced corrosion
- Replaced catalyst in 860 Reformer with new catalyst with improved yield properties

## Utilities

### Steam

The steam raising capacity at the site is 2.05 million lbs/hour. The normal demand is approximately 1.275 million lbs/hour. The primary supply is No. 3 Boiler House in the Girard Point Sector that has 4 boilers:

- Boiler No.37 rated at 300,000 lbs/hour @ 680 psi(g) – historical maximum 260,000 lbs/hour.
- Boiler No.39 rated at 300,000 lbs/hour @ 680 psi(g) – historical maximum 280,000 lbs/hour.
- Boiler No.40 rated at 400,000 lbs/hour @ 680 psi(g) – historical maximum 375,000 lbs/hour.
- Boiler No.45 rated at 200,000 lbs/hour @ 680 psi(g).

Normally these boilers produce 800,000 lbs/hour.

Other steam generators are:

- 1232 FCC Unit CO Boiler - rated at 450,000 lbs/hour @ 680 psi(g) – historical maximum 415,000 lbs/hour.
- 1232 FCC Unit Catalyst Cooler - rated at 350,000 lbs/hour @ 680 psi(g) – historical maximum 350,000 lbs/hour.

In the Girard Point Sector, the 3 STG sets (see below) are run more to balance the 200 psi(g) steam requirements than for the generation of electricity, since the Girard Point Sector has many steam turbine driven items of equipment and only a moderate demand for electricity.

There is a steam line from the Girard Point Sector to the Point Breeze Sector.

### Electricity

The site's normal demand is 100 MW, with the majority required for the Point Breeze Sector. The site's maximum demand is 111 MW. Most of the demand is imported from the Philadelphia Electric Company (PECO), received at 13.2 kV by means of underground feeders through the Point Breeze Sector's North and South Yard Substations. The 2 Yards are understood to have separate distribution systems, with the South Yard also feeding into the Girard Point Sector via dual overhead PECO feeders from one Substation. Feed to each area is as follows:

- AP Substation – 5 feeders – serving HDS, 210, 868, 870, No1 Tank Farm, Belmont, Blender, CCR, BIO, 50% 867 and 50% BFW Plant. No effect if one feeder is lost.
- BP Substation – 2 feeders + 1 backup feeder – serving 869, 870, No.2 , 50% No.4 & No.5 Tank Farms and 50% Tail Gas Unit. No effect if one feeder lost.
- BA Substation – 3 feeders – serving Girard Point, 860, 862, 50% 867, 50% Tail Gas Unit, 50% BFW Plant. If one feeder lost, load shedding plan would be initiated.

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- 11 Substation – 2 feeders – serving all Girard Point, except 1232 FCC. No short-term effect if one feeder lost.
- 12 Substation – 3 feeders – serving 1232 FCC. No short-term effect if one feeder lost.

The feeders are arranged such that loss of any one would not disrupt operation. Complete loss of the North Yard Substation would result in no power to this area. Loss of either Substation in the South Yard would result in significant loss of production.

The above listed substations are owned by PES and fed by 2 PECO owned substations:

- Passyunk Avenue Substation that provides power to all the above listed Substations,
- Penrose Substation, that provides power to the PECO Substation that now supplies the Girard Point Sector and 1232 (12 Substation).

Electricity is also generated on-site at 13.8 kV in the Girard Point Sector from the normal operation of two out of the three pressure reducing (680 psi(g) to 200 psi(g)) STG sets, noted as follows:

- No. 1 Generator – rated at 10 MW/hour, historical maximum 10 MW/hour, currently out of service for maintenance.
- No. 2 Generator (not currently operable) – rated at 10 MW/hour.
- No. 3 Generator – rated at 10 MW/hour, historical maximum 9 MW/hour, normal load 6 MW/hour.

All 3 STG sets export power to No3BH Substation for distribution to the Girard Point refinery.

The STGs are used to match the site's steam balance requirements and are necessary to add reactive power to the electrical system.

Virtually all Substations are designed with dual/split busbar arrangement so that failure of a feeder or bus bar does not interrupt power supplies. Where a radial distribution system still exists on the Point Breeze Sector, auto switch over of feeders is employed to improve reliability. Within the Girard Point Sector however, all power cables are above ground and this includes the extensive use of wooden poles, making them vulnerable.

The supply from PECO has been described as very reliable. A major power supply upset in 1999 precipitated an unscheduled shutdown of the 1232 FCC Unit and associated Process Units, with PECO subsequently upgrading their priority to supply Sunoco, including the Penrose Substation installation in 2007, such that the site has had no major problems.

All instrumentation has battery back-up in the event of power failure, enabling the Process Units to be shutdown safely, and there is an emergency generator for safety lighting etc.

## **Instrument and Plant Air**

In the Point Breeze Sector, there is a centralised compressed air system comprising 2 permanent electric motor driven compressors (K-30 and K-34) located at 210A Pipe Stills Unit/210B Pipe Stills Unit. Only one compressor is necessary to supply the normal requirements for plant and instrument air. The air compressors discharge through 2 air dryers to ensure dry air supply. The moisture dew

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point target for the air system is < (-40°F). 868 FCC Unit 8C-204 compressor provides supplemental capacity when required.

The plant air system operates at 125 psi(g). Instrument air is taken from the plant air system, separately for each Process Unit, with the pressure controlled at 90 psi(g). When system maintenance is required, supplemental air compressors are installed. These compressors are readily available through a service provider. A tertiary backup system is the Point Breeze Sector nitrogen system. Because of the inherent danger associated with the use of nitrogen, managerial approval, an MOC and the refinery-wide radio broadcasts are made whenever nitrogen is used.

The Girard Point Sector, plant and instrument air systems are based on multiple compressors in several locations, interconnected by a piping network. Two permanent air compressors (Joy and Bluebird) and 3 portable electric compressors are utilised for air supply. The 1232 FCC Unit typically operates a portable, with 2 additional rental compressors held in stand-by. In addition, most Process Units, or major group of Process Units, have local air compressors that require manual starting.

## Water

In the Point Breeze Sector, all water including firewater is taken from the Schuylkill River and is distributed through a low pressure main. This low pressure main is supplied by 2 pumps as follows:

| <b>Pump No</b> | <b>Location</b> | <b>Capacity</b> | <b>Driver</b>  |
|----------------|-----------------|-----------------|----------------|
| 20             | South Yard      | 7,000 gpm       | Electric motor |
| 21             | South Yard      | 7,000 gpm       | Electric motor |

In the unlikely event of failure of the low pressure main pumps, back-up can be provided from the high pressure pumps, which also serve as firewater pumps. Cooling water make-up for the closed loop systems is taken from the low pressure main.

In the Point Breeze Sector, water for the boilers is taken from the low pressure main. The Boiler Feed Water Plant was commissioned in 1981 with a capacity of 144,000 gph (each). The current capacity is Winter - 60,000 gph each; Summer - 48,000 gph each. 2 x 100% boiler feedwater pumps are available, one electric motor driven and one steam turbine driven to ensure normal operation in the event of failure of electricity. The Softener had an original capacity of 288,000 gph. The current capacity is Winter - 120,000 gph; Summer - 96,000 gph.

In the Girard Point Sector, water for the boilers is available from the Schuylkill River. There are also city water connections. Water treating appears to be along conventional lines with clarification, filtration, and softening facilities.

## Fuel Gas

In the Point Breeze Sector, off-gases are routed to a central drip drum. There is a connection (1.5 MMSCFH) for natural gas from the Texas Eastern Gas Company. There is a back-up connection (0.6 MMSCFH) for natural gas from PGW. The normal demand for natural gas is 1.0 MMSCFH. Propane and butane can also be vaporised to supplement the system. At each Process Unit, there is a knock-out pot to remove any condensed liquid.

In the Girard Point Sector, off-gases are routed to a large central mixing/KO drum. There is a connection (1.5 MMSCFH) for natural gas from the Texas Eastern Gas Company. There is a back-up connection (0.6 MMSCFH) for natural gas from PGW.

## Nitrogen

Nitrogen is available throughout the site, the system being supplied from the site's own bulk liquid storage facilities. Liquid nitrogen is purchased from Linde.

## Effluent

Drainage at each Process Area is designed to collect oily water and direct this to the local API separator and treatment facility. For excess rainwater etc. in the Point Breeze Sector, there is an overspill pond. For excess rainwater etc. in the Girard Point Sector, there is a holding tank. In the Point Breeze Sector, the Waste Treatment Plant comprises a Drayo DAF/API 1961 with a capacity of 8 MMgpd and an Aerator Clarifier 1973 with a capacity of 8 MMgpd.

## Storage Facilities

Overall crude, intermediate and final product storage is as follows:

| Material            | PB (bbl)  | GP (bbl)  |
|---------------------|-----------|-----------|
| Crude (PES)         | 1,800,000 | 0         |
| Crude (Non-PES)     | 180,000   | 2,360,000 |
| C3                  | 15,000    | 15,000    |
| P/P                 | 10,000    | 0         |
| C4                  | 45,000    | 265,000   |
| Benzene             | 0         | 185,000   |
| Cumene              | 0         | 60,000    |
| UDEX feed/Naphtha   | 500,000   | 240,000   |
| Gasoline - Finished | 520,000   | 870,000   |
| Gas. Comp.          | 675,000   | 875,000   |
| Dist. - Finished    | 720,000   | 1,175,000 |
| Dist. – Comp.       | 525,000   | 75,000    |
| FCC Feed            | 325,000   | 375,000   |
| No.6 oil            | 65,000    | 500,000   |

## Atmospheric Storage

Tank Lists are included as Appendix 3. The largest tanks in crude oil service (PB 884/885/886) each has a capacity of 313,500 bbls, however the volume at maximum filling height is 275,886 bbls. 4 tanks (including PB-847 and PB-885) are equipped with a geodesic dome.

## Pressurised Storage

LPG is stored on site in a number of spheres in the Point Breeze Sector North Yard (a group of two and a group of three, with three now out of service), the Point Breeze Sector South Yard (two spheres in the No. 1 Tank Farm Area) and the Girard Point Sector Alkylation Tank Farm Area. LPG is also stored in bullets in the separate Point Breeze North Yard LPG Terminal.

## Import/Export Facilities

Other property at risk includes facilities for reception of crude oil and other feedstocks by vessels, reception of crude oil by rail through the NYRT (North Yard Rail Terminal), LPG Storage, and various loading facilities, warehouses and workshops.

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A summary of the import and export facilities is as follows:

- PB and GP Gasoline Blenders connect to pipelines, also able to load/unload vessels.
- PB connected to Belmont Truck Terminal.
- Diesel connected to pipelines from PB and GP.
- No. 6 oil transported by barge.
- Butanes by pipeline or ship/barge.
- LPG by rail/truck, truck rack at both sites.
- Cumene by barge.
- Jet fuel by pipeline at either PB or GP.
- Crude receipts by ship/rail.

In the Point Breeze Sector, export facilities include:

- 8" and 12" product pipelines;
- The adjacent Belmont Gasoline Terminal (road);
- The LPG Terminal across from the North Yard (road and rail);
- The North Yard barge docks; and
- The Fort Mifflin Terminal Dock.

In the Girard Point Sector, export facilities include:

- The Schuylkill River Tank Farm (SRTF).

## Rail

Crude oil for the Point Breeze Sector is received by railcar at the North Yard Rail Terminal (NYRT). The facilities at NYRT include:

- Crude railcar unloading facility capable of unloading 20 unit trains/week (120 railcars per unit train ~200,000 bbl/day.).
- Approximately 30,000 ft. of track (6 unloading lines and one switching line).

The system is operated by one 12hr shift per day, and overall there are 60 railcar unloading stations at the site.

The site experiences a seasonal variation in the demand for butane and isobutane. However, there is a large rail loading/unloading/siding facility in an area south of the George C. Platt Bridge that includes:

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- 4 sidings, each siding with 12 loading/unloading spots. Loading/unloading is via hose connections into the top of the rail cars. Whilst there is local indication of effective grounding, there is no interlock system to prevent loading/unloading in the event of lack of effective grounding. The wheels of the rail cars are chocked during loading/unloading. The loading/unloading is manually controlled and there are no automatic systems to prevent overflow of a rail car.
- 10 sidings that can accommodate up to 100 rail cars. The rail cars are used for on-site storage.

There are separate LPG Storage Areas and Road/Rail Loading Facilities located adjacent to the Point Breeze Sector and at the Schuylkill River Tank Farm. The Schuylkill River Tank Farm also stores, blends and ships refined products.

Additionally, there are extensive berths on the Schuylkill River for intermediate and product shipping. There are crude oil receipt and product dispatch docks about 5 miles away at both Fort Mifflin and Hog Island on the Delaware River.

PES also uses Sunoco Logistics' crude oil tankage, located at the Darby Creek Tank Farm, to supply 137 Crude (Atmos/Vacuum) Unit. On-site crude storage at the #4 Tank Farm supplies the 210A Pipe Stills Unit, 210B Pipe Spills Unit and supplements the 137 Crude (Atmos/Vacuum) Unit. The rail unloading facility in the Point Breeze Sector also supplies the Girard Point Sector.

## Projects

### Completed Projects

- PB 864 Naphtha Hydrotreater Heater Upgrades with Safety Instrumented Systems - 1Q2017
- PB 864 Naphtha Hydrotreater Heater Repair - 1Q2017
- PB Facility Turnaround - 1Q2017 - Reformer/Gas Plant
- Variable frequency drive installed on critical crude charge pump at GP crude unit
- Cooling Tower Replacements at PB 868 and GP 137 Units
- Installed Infrared beam detectors at GP HF Alky Unit perimeter for enhanced leak detection
- 2016 - 864 Unit (NHT) modifications

### Future Projects

- Tier III Gasoline project. This project will include modifications to various units throughout the facility in a staged fashion to assure compliance with the 2020 Tier III Gasoline requirements.
- 2017 – 870 Unit (LSG) modifications – begins construction in Summer 2018 and commissioning planned Winter 2019
- EPA Mandated Tier 3 Gasoline-Related Projects

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- 2019- PB Low Sulfur Gasoline Unit upgrades
- GP Facility Turnaround in 2019 (FCC TA, Boiler isolation device replacement, crude unit heater tube replacement)



## 4. Risk Exposures

### Inherent Hazard Exposures

#### Property Damage Exposures

The PRC handles hydrocarbons at elevated temperatures and pressures, and the main fire and explosion hazards associated for this type of facility are:

- Fire and explosion associated with hydrocarbons processed onsite; these hazards are present in most areas onsite, including process units, import / export areas and storage facilities. There is also sufficient inventory of light hydrocarbons in several Process Units that provides the potential for VCE (Vapour Cloud Explosion) and BLEVE (Boiling Liquid Expanding Vapour Explosion).
- Fire in infrastructure buildings, for example, warehouses, control rooms, offices, substations and laboratories.
- The potential for pool and jet fires from storage and process areas.

The level of exposure is considered typical for this type of operation.

#### Machinery Breakdown

Machinery breakdown exposure is high for this type of operation. The main exposure is associated with large rotating equipment, such as the compressors and power generation units. However, there are also hazards associated with smaller rotating equipment, fired heaters, catalyst, vessels and columns.

There are critical items of rotating equipment, the loss of which could cause disruption to production. These include:

| Tag         | Plant | Service                                 | Power (HP)    | Manufacturer | Effect on Operation        |
|-------------|-------|---|---------------|--------------|----------------------------|
| 8C-101      | 868   | Power Recovery Turbine, Main Air Blower | 13,000        | IR/D-R       | Unit shutdown              |
| G12J-101C   | 1232  | Main Air Blower                         | 33,000        | Mann-Turbo   | Unit shutdown              |
| G12J-201A/B | 1232  | Wet Gas Compressors                     | 3,500/machine | Clark/D-R    | Unit rate cut              |
| 8C-210/2    | 868   | Wet Gas Compressors                     | 3,500/1,500   | Elliot       | Unit rate cut              |
| 2C-1        | 860   | Hydrogen Compressor                     | 13,000        | Clark/D-R    | Units 860 and 864 shutdown |

#### Business Interruption Exposures

A property damage or machinery breakdown event could affect gross profit generated by the company. Several units provide feedstock to downstream units and would prevent their operation if shutdown. However, PES has conducted various studies including a Failure Mode Effects and Criticality Assessment to better understand the criticality of unit component equipment parts. These findings have been addressed within the maintenance system and ensuring spares are available.

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## Technology Exposures

No unproven technological exposures are present at the PRC. Established licensor technologies have been used for all units.

## Simultaneous Operations Exposures

There were no major SIMOPS exposures present during the survey, or from future planned works.

## Toxic

With respect to toxic releases, PRC's largest exposure to site personnel, and also to the general public, is from the Girard Point Sector's 433 HF Alkylation Unit. In mitigation, there is an HF rapid dump system. There is also a 7,000 USgpm water deluge system applied from elevated monitors and a containment sump, all of which is CCTV monitored and remotely controlled.

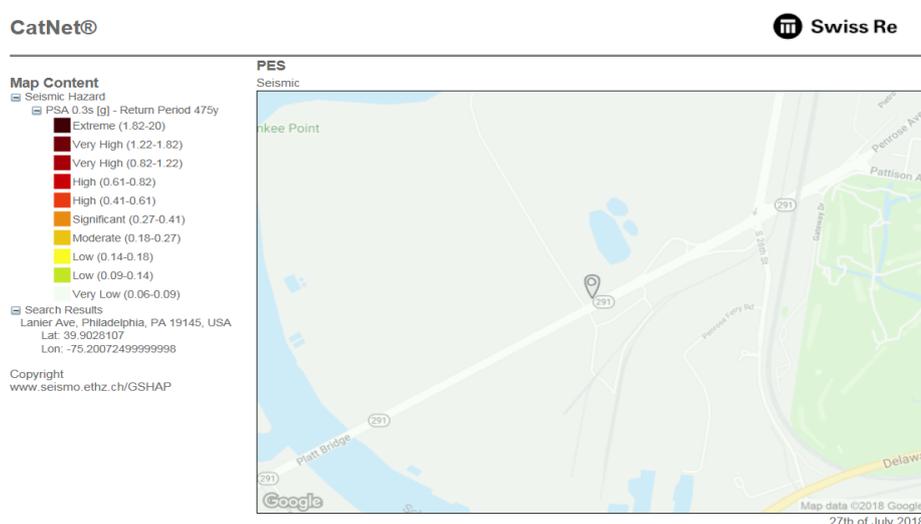
The 433 HF Alkylation Unit's safety systems were also upgraded during previous turnarounds, with the addition of several more ROEIVs (Remotely Operated Emergency Isolation Valves) and the installation of monitored tandem mechanical pump seals. The risk has been further reduced by the introduction of REVAP technology, which is based on an additive which lowers the volatility of HF.

Several Process Units also have the risk of hydrogen sulphide (H<sub>2</sub>S) exposure.

## Natural Hazard Exposures

### Earthquake

The Swiss Re CatNet® natural hazards atlas indicates that the site is considered to be located in a Very Low seismic area. This implies a probable maximum pseudo spectral acceleration 0.06g – 0.09g Pseudo Spectral Acceleration, actual 0.06g. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



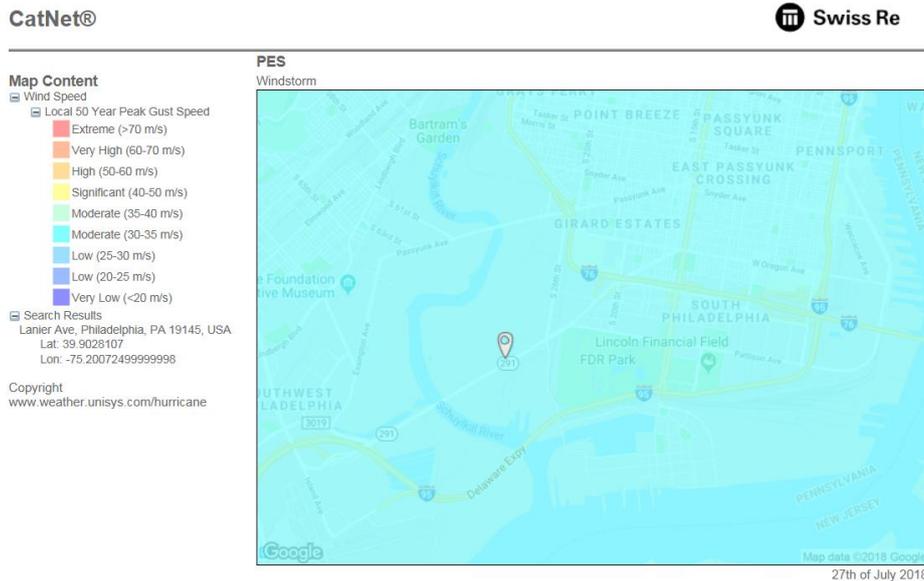
The Tsunami risk is considered very low. It is worth noting that the site is inland, approximately 57 miles from the Atlantic Coast.

## Volcanoes

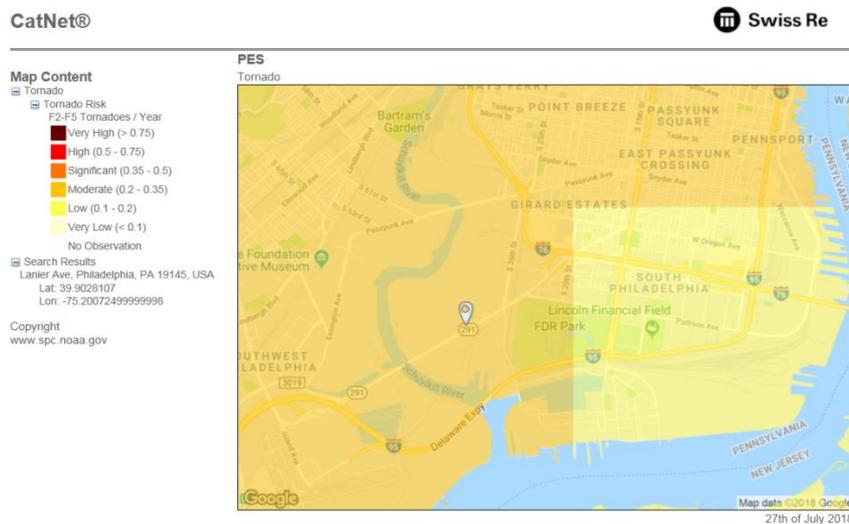
There are no active volcanoes in the region.

## Windstorm and Flood

The Swiss Re CatNet® natural hazards atlas indicates that the site is considered to be located in a Moderate windstorm risk area. This implies Peak Gusts between 30 m/s - 35 m/s, actual 31 m/s. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



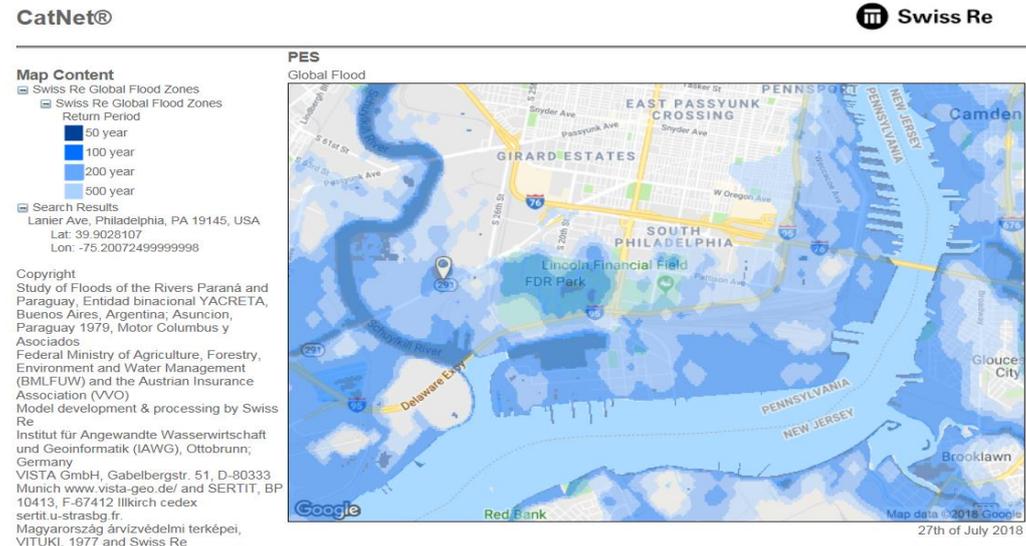
The Swiss Re CatNet® natural hazards atlas indicates that the site is considered to be located in a Moderate Tornado risk area. This implies 0.2 – 0.35 F2-F5 tornados/year, actual 0.22. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



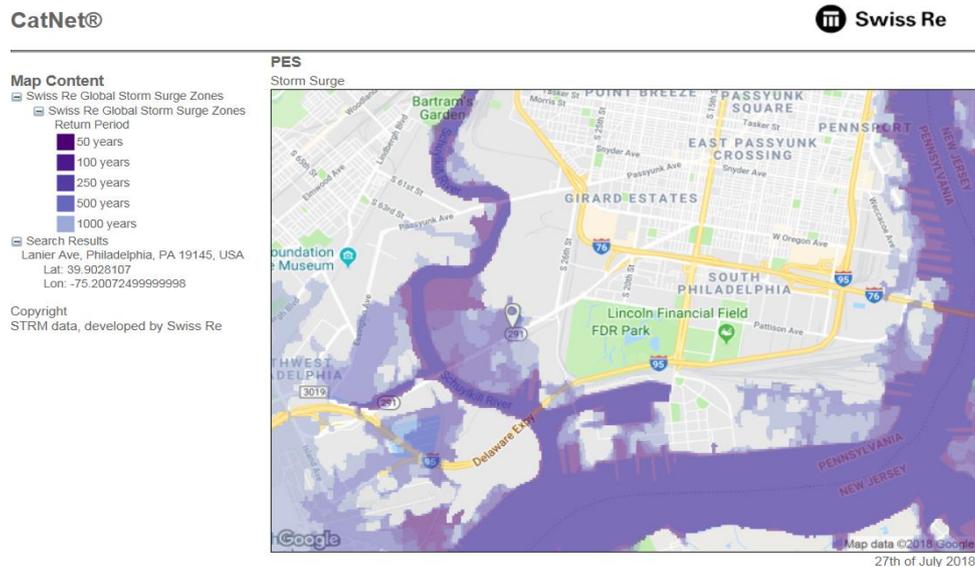
## Flooding

The site ranges from ~9 ft amsl at the Schuylkill River to ~31 ft amsl in the north east corner. From FEMA maps 4207570187G and 4207570189G dated 01/17/2007, there is some exposure to flood along the Schuylkill River. During September 1999, due to Hurricane Floyd, there was some flooding that resulted in a brief shutdown of 137 Crude (Atmos/Vacuum) Unit.

The Swiss Re CatNet® natural hazard information and mapping system indicates that part of the site is within the 100 year return period for Global River Flood. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



Floods triggered by hurricanes and typhoons are a big contributor to site damage. The Swiss Re CatNet® natural hazard information and mapping system indicates that part of the site is within the 100-year return period for Storm Surge. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



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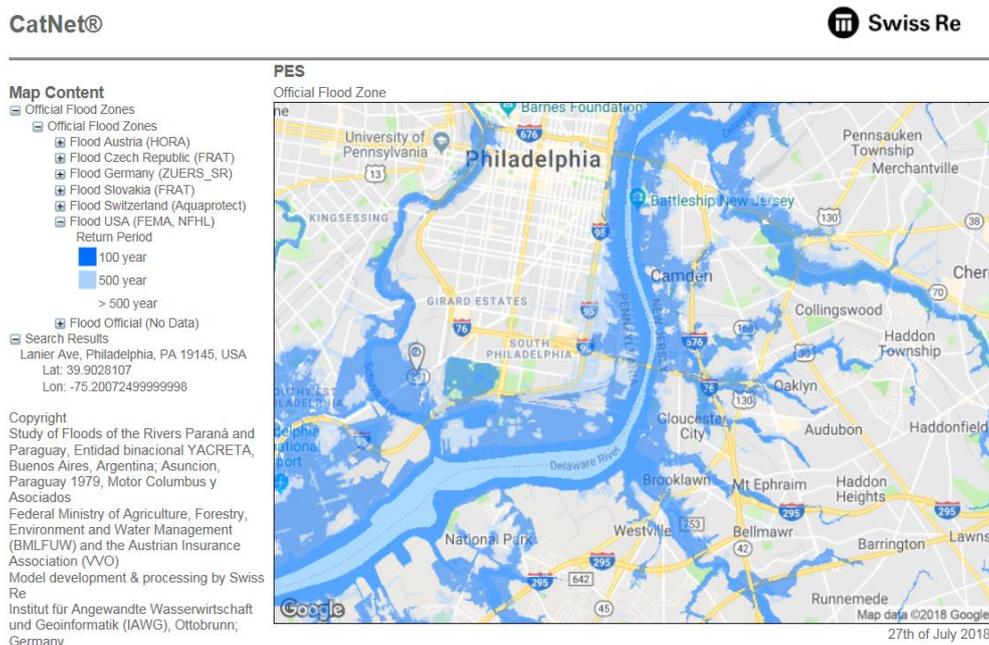
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The Process Units and Logistic Facilities are outside of the official floodway areas. However, a significant part of the Girard Point Sector facilities is situated within a zone AE which is the area subject to flooding by the 1% annual chance flood (100-year flood).

Point Breeze Sector South Yard is situated within a zone X, which is an area determined to be outside the 0.2% annual chance floodplain. Although the southwest corner of Point Breeze Sector North Yard is within zones AE and X, this area was backfilled and elevated to prevent flood exposure to the railcar facilities.

PES also has an ongoing program to upgrade and reinforce the bulkheads along the River edge to better withstand any flooding or river currents. A significant investment has already been made to achieve this.

The Swiss Re CatNet® natural hazard information and mapping system indicates that part of the site is within the 100-year return period for Official Flood zones. The relevant section of the Swiss Re map is shown below with the location of the site indicated.



## Lightning

The Swiss Re CatNet natural hazards atlas indicates that the site is located in a significant risk lightning area. The Swiss Re CatNet natural hazards atlas indicates that the site is located in a significant lightning strike area. This implies an annual flash rate per km<sup>2</sup> of 7-10 flashes per km<sup>2</sup> per year (actually 8).

## Climate

The area is in a temperate zone with four distinct seasons, and is classified as Warm Humid in the Times Atlas. Summers tend to be hot and fairly humid, with peak temperatures around 38°C but with normal highs only in the low 30s°C. Winters are cold, and temperatures can remain below freezing for extended periods, although they rarely drop below -17°C.

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Very long cold and long duration conditions have occurred in the region during the severe winters of 1995/1996, 1993/1994, and 1983/1984. The extended cold period for the winter of 2014 ("Polar Vortex") contributed to the January boiler outage, but did not cause any physical damage to the plant.

Precipitation is constant throughout the year and averages over 2½" (60 mm) per month. Rain can be heavy at times and often occurs in the form of thunderstorms with accompanying high lightning activity, especially in the summer months. Heavy snowfalls can also occur.

The Swiss Re CatNet® natural hazard information and mapping system indicates that, with respect to Hailstorm, the site is in a Low (0.1 – 0.2 Hail days >2 cm per 2,500 km<sup>2</sup> per year).

## Subsidence

Previous discussions indicated that major plant and equipment is on piles and that there is no significant ground subsidence at the locations. We have previously noted, however, a few areas where the concrete pads have settled in the Girard Point Sector, although the effects on structures have been minimal and the situation is well under control.

## Location Exposures

### Exposures from Third Parties

The site is located in a predominantly industrial area. A Community Advisory Panel Members map is included on the following page.

PES continues to hold Community Advisory Panel (CAP) meetings each month with the community leaders. PES also publishes a Newsletter 4-times per year that includes "please call phone numbers" for the public if they "hear, see or smell anything" they think could indicate a problem.

The closest industrial neighbour is the Philadelphia Gas Works. This facility, which is situated between the Point Breeze Sector's North and South Yards, was designed as a synthetic natural gas production facility utilising naphtha feedstock. However, it does not currently produce synthetic gas and only stores liquefied natural gas in a cryogenic low pressure storage tank. The LNG is brought to the location by tanker trucks. The low pressure water sealed gas holder is open and inactive.

Other external industrial neighbours include a number of small commercial properties and a marshalling yard of the CSX Railway in the Point Breeze Sector.

Exposure from third parties to PRC with respect to fire and explosion are considered to be low.

### Exposures to Third Parties

The PRC exposures to the main roads and private dwellings are concentrated along the north-eastern edge of the Point Breeze Sector, where 4 LPG spheres are located close to the perimeter fence, but with the closest to the road currently out of service. These represent a significant exposure to the private dwellings in the vicinity. The most serious exposure to third parties is considered the LPG Terminal located at the north western corner of Point Breeze Sector's North Yard. Within this area, there are a significant number of storage bullets, a small road loading rack and a rail loading rack.

The site is bounded on three sides by a school bus depot, commercial property and a rail marshalling yard. While none of these areas is of a high value as compared to the Philadelphia Gas Works, we

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consider their close proximity to large quantities of LPG and loading facilities represents a moderate third-party liability exposure. At the Girard Point Sector, the Process Units can expose the George C. Platt Bridge, which is busy during commuter rush hours.

**Impact Exposures**

The Philadelphia Area is served by the large Philadelphia International Airport located about 3 miles to the south west of the site. The site is slightly north of the final approach to the Airport and thus large commercial aircraft pass near it frequently – more often on approach than on departure – but rarely overfly the site. Although this is an apparent risk, the incidence of aircraft impact is not sufficiently high to give cause for serious concern.

The George C. Platt Bridge is a large, four-lane, and highly elevated structure which passes above the Girard Point Sector of the site across its width. The bridge's elevation is such as to have no effect on the site's internal roads, and no site structures or equipment is directly below the bridge.

Key but typical impact exposures are present at the site with barge and road truck loading/unloading facilities.

While the size of PRC requires use of vehicles on-site, the numbers are well controlled. The site has a good network of paved roads. Driver discipline was observed to be good during the survey site tours. The speed limit within the facility is 15 mph.

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The Delaware River docks have a normal exposure to collision, and nothing to indicated to be exceptional. Additionally, the docks are subject to the regulations and control of the US Coast Guard.

Exposure to severe impact damage is considered low.

## Security Exposures

According to the 2015 Terrorism and Political Violence Risk Map from Aon and the Risk Advisory Group, the country risk exposure to terrorism is considered medium, and with a very low political risk.

## Loss History

The following loss information for losses since 2016 has been provided ie since the last survey report was issued.

- **December 2016** – 864 Unit Feed Heater Tube Failure - An ignition occurred external to the heater during the shutdown process after a smaller flame had been discovered. An internal inspection of the heater indicated that a fish mouth failure occurred on a tube in the convection section. This was determined to be caused by caustic carryover from a stream that has now been redirected to another unit.

Reference should also be made to the relevant underwriting submission for details of any further losses, and specifically before 2016.

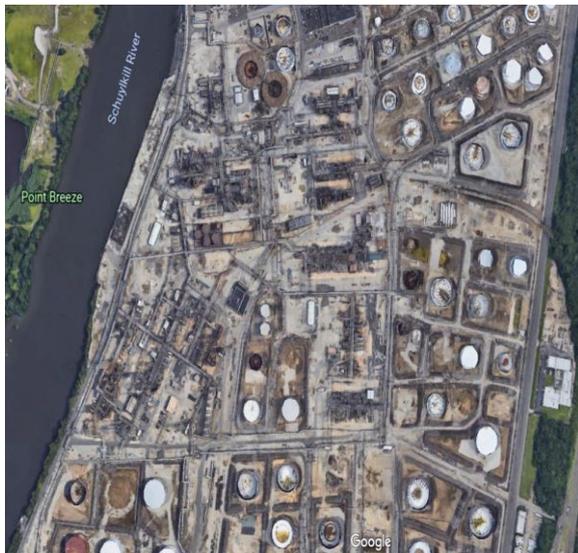


## 5. Layout and Construction

### Layout

Satellite photographs of the two refinery sites are shown below.

**Point Breeze**



**Girard Point**



### Site Layout

PRC occupies a 1,440-acre site on the east bank of the Schuylkill River. A site plan is included as Appendix 1. The site is approximately rectangular with a slight slope towards the Schuylkill River. The Point Breeze Sector occupies the north and central sections of the overall site and the Girard Point Sector occupies the south section of the site. Except for a narrow section of property immediately along the Schuylkill River, they are physically separated from each other by a major public road (Passyunk Avenue) and the non-operating Philadelphia Gas Works. The site is well served by paved roads which give good access to all main areas.

The Point Breeze Sector is itself physically divided into two areas, referred to as the North Yard and the South Yard. The North Yard no longer contains major Process Units. The #22 Boiler House has been shut down and there remains only a few tanks, 5 active butane spheres (2 referred to as the ammonia spheres adjacent to the Schuylkill River and 3 at Vare Avenue), a heavy oil road loading rack, storm water holding ponds and 3 small barge docks remain in service.

The LPG Storage and Road/Rail Loading Terminal is located across a public street at the extreme northern end of the North Yard. NYRT occupies the property along the curve of the Schuylkill River. The South Yard is the principal oil processing and fuels production area of the Point Breeze Sector. It contains the major Process Units and the Workshops, Offices, etc. in its north-west quadrant. The Process Units are laid out in well spaced and distinct areas (i.e. the Crude/HDS Area, the FCCU/Alkylation Area and the original ULSD Unit) and are adequately separated from the main utility and office areas. The other three quadrants of the South Yard are dedicated to mostly tankage or open land on the south end and 3 small barge docks on the west side.

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In the Girard Point Sector, the Process Units are also segregated in the north-west quadrant of the plot, with the rest of the site housing scattered tank farms, utility/off-site systems, buildings, and the docks. The Girard Point Sector is also bisected by a major, highly elevated roadway, the George C. Platt Bridge. There is good separation between Process Units.

With respect to the layout within the Process Units, there is some variation across the site. Generally, those in the Point Breeze Sector are well laid out with wide pump alleys and the pumps located at the edge or just outside. A previous survey noted the 210A Pipe Stills Unit and 210B Pipe Stills Unit as being exceptions.

In the Girard Point Sector, the Process Units were noted to have a tight layout with stacked equipment (e.g. overhead receivers above exchangers) and minimal spacing between equipment. Previous surveys have noted the newer Process Units e.g. 433 HF Alkylation Unit and 331 C<sub>4</sub> Isomerisation Unit, as exceptions, both being well laid out. The Process Units are paved.

In the Girard Point Sector, many of the Process Units include open grated drainage channels within the Process Unit. In the Girard Point Sector in some Process Units, curbs are provided around pumps, exchangers, etc. In the Point Breeze Sector, the drainage systems appear to be adequately graded. In the Girard Point Sector, good progress has been made on most of the water build-up problem areas. In the Point Breeze Sector, 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, the process area is concrete paved/drained to closed systems. Overhead cable racks of the mesh design were also noted.

Most tanks are arranged in individual dikes with average to good separation. Dikes were observed to be in good condition with walls of 6' or over and with capacity for the total tank contents or the single largest tank if more than one in the area. When dikes contain more than one tank, they are fitted with small internal diversion walls to contain and direct small spills. Dike walls are constructed of earth with tar cover or are concrete.

## Construction

PRC dates to the 1870s at the Point Breeze Sector, originating as a whale oil refinery, and the 1920s at the Girard Point Sector. However most of the Process Units currently in operation in the Girard Point Sector date from the 1950s. The oldest Process Units currently in operation in the Point Breeze Sector date from 1964. The previous owners (Gulf Oil, ARCO, Chevron, Sunoco) were major US refinery operators and thus the design at PRC was to standards and codes such as API, ASME, ANSI, NACE, etc. current at the time of construction. Additionally, the Point Breeze Sector Alkylation Unit, LSG, ULSD, the FCC Unit expansion and the Cumene Unit followed Sunoco's Engineering Standards.

Construction is generally of non-combustible materials. Process Units and pipe racks are supported by steel and concrete structures, with, in most instances, concrete pads under equipment and asphalt and stone on the edges of the Process Units. Where Process Units are very near to the Schuylkill River, our understanding is that foundations are supported on piles. Compressors are in open-sided 'houses'. Most of the major buildings are of either concrete or substantial masonry construction. The marine berths are also of concrete. They are built per PES Standard 0300, utilising Uniform Building Code (UBC) before May 2005. Since May 2005 all new equipment is designed and fabricated to latest International Building Code IBC requirements.



## 6. Control and Safeguarding

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### Process Control

All Process Units are controlled from the CCR (Central Control Room), however the process computers are in the field and control is possible from field locations if required. Currently the Utilities in the Girard Point Sector and Oil Movements have local control rooms.

The CCR Building is a very robust construction with a significant degree of resistance to blast and is well located away from the Process Units. The CCR Building is very spacious with well laid out operating stations. There is HC/toxic gas detection in the air inlet interlocked to shut off the air intake. The CCR Building has a fire suppression system (pre-action sprinklers) except in the computer I/O rooms that have high sensitivity smoke/fire detectors. There are dual computer I/O rooms (A & B), each dedicated to one of the dual information highways from the Field. Within the CCR Building is the Process Simulator Room. Access to the CCR is restricted to essential personnel.

The Operator Shelters in the field near the Process Units have been reinforced or replaced by packaged modules rated between 5 psi and 8 psi overpressure. The CPUs are sited either within the Operator Shelters (original Local Control Buildings referred to as "Block Houses") or within RIEs (Remote Instrument Enclosures). The RIEs are pressurised. The RIE in 1232 FCC Unit is protected by an automatic FM200 fire suppression system. The Block House for 137 Crude (Atmos/Vacuum) is air conditioned, blast resistant and fitted with smoke detection. The Block House for 868 FCC Unit is air conditioned and fitted with LEL detection in the air inlet.

Honeywell PKS, Emerson Delta V and are installed for process control. The systems include 147 stations/servers and 88 network devices. There is also a SCADA network for Tank Gauging, Bently Nevada and CCC. Many of the pumps at the site require starting locally e.g. 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit.

### Alarm Management

The alarm rationalisation analysis is now complete. The target for alarms during stable operation is <4 per console per hour. Alarm rates on all Process Units are captured, thus identifying repeat alarms and allowing investigation of the most common alarms.

### Emergency Shutdown and Isolation

A separate ESD system is provided for each unit, with ESD buttons located on each control panel. This is a hardwired and not software driven.

Whilst there are some specific and 'standard' automatic shutdowns on critical equipment items such as exothermic reactors, most process shutdown and isolation actions are generally manually/remotely performed. Plant shutdown actions are thus based on procedure driven responses to process alarms. Control room operated feed valves are provided on most major plant hydrocarbon lines.

The ESD system is essentially manually activated, and the fire and gas detection system is not part of the instrumented cause and effects.

## Remote Isolation

The requirement for additional MOVs has been identified in the PHAs. The following valves have been installed:

- In 1232 FCC Unit, there are 17 MOVs in the Stabiliser Section.
- In 137 Crude (Atmos/Vacuum) Unit, an MOV was noted in the suction line to the Atmospheric Section Fired Heater (F1) Charge Pump (P-200A).
- In 868 FCC Unit, MOVs are installed on V-208, V-210 and the P-205 Pumps. Operation of the MOVs on V-208 and V-210 is possible from the Control Room. Operation of the MOVs on the P-205 Pumps is possible at the MOV and from a remote Field Position.
- In 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, there are 54 MOVs.

## Pressure Relief and Flare System

In the Point Breeze Sector, flare stacks in the South Yard include two at 867 Sulphur Plant Claus, a North Complex Flare and a South Complex Flare. There is also a small flare in the North Yard.

All flares are steel structure and designed to API RP521, RP520 and the PES/ standard 1620. All have liquid knock-out pots with manual pump out. Each flare is approximately 250 ft high and equipped with steam injection. All flares, except for 867 Sulphur Plant Claus, have water and molecular seals. The site includes a Flare Gas Recovery System.

In the Girard Point Sector, there are general refinery flare stacks in a paired operation and an HF acid gas flare. The site's main flares are on the north boundary of the site, close to the Schuylkill River. The flare headers include TIs for early indication of any PSV lifting.

## Equipment Safeguarding

Most major items of critical machinery are fitted with Bentley Nevada 3500 and 3300 series fixed condition monitoring systems (e.g. the 1232 FCC Unit Wet Gas Compressor, Main Air Blower and Propane Refrigeration Compressor) that incorporate alarm and trip functions. A Bentley Nevada System 1 is installed to manage the data. In 1232 FCC Unit, there is a relay based trip system for the catalyst circuit. In 868 FCC Unit, the Wet Gas Compressor (J201A/B) is fitted with a Bentley Nevada 3500 series fixed condition monitoring system (axial and radial). Signals are managed in a B/N Safety Manager system. There are 4 categories of alarms in the B/N Safety Manager; emergency, high, low and journal. In 137 Crude (Atmos/Vacuum) Unit, the Overheads Compressor is fitted with trip systems for overspeed, low lube oil pressure and high level in the suction drum.

PRC uses a single pump seal manufacturer, with the selection of seal type based on PES standards and PHAs. The standard requires that dual seals (tandem or double) are used on higher hazard pumps. PRC continues to review existing pumps and to plan seal upgrades as dictated by LOPA reviews. In the Point Breeze Sector, 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, some pumps are equipped with double seals, with the alarm for the failure of the inboard seal being relayed to the Block House.

In the Point Breeze Sector, 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, some pumps were noted with oil mist lubrication.

## Combustion Safeguarding

The upgrading of the controls and ESD systems on the site's fired heaters, furnaces and boilers continues. In 2013, PES adopted Sunoco's Fired Heater Standard STD-0401.P3, with some revisions. The new standard addresses retrofits to existing heaters and new heaters. For environmental reasons, there is no bleed between the block valves on the fuel gas or pilot gas lines.

In 137 Crude (Atmos/Vacuum) Unit, the fired heater in the new Vacuum Section (F3) is equipped with a single XV valve, both in the main gas supply and the pilot gas supply. In 137 Crude (Atmos/Vacuum) Unit, at the fired heater in the Atmospheric Section (F1), there is a manual valve and a CSO small bore bypass with a manual valve around the FCV. There is also a PCV at Battery Limits. There is no pilot system in F1.

In 868 FCC Unit, the Feed Heater, H-101, is equipped with an FCV in the main gas supply. An upgrade is in progress that appears to comprise a single XV with a bypass valve.

In 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, for the fired heaters, there is a single XV in the main gas supply. The gas supply for the pilots is taken upstream of the XV in the main gas supply and there are no XVs in the pilot gas supply.

## Storage Safeguarding

Each main tank has a Varec level device which transmits an electronic signal to one of three local pump houses. Tank temperatures are also monitored. A computer converts the readings into barrels and calculates the rate of change in level. These must be monitored by an Operator since there is no automatic shut-off. Larger volume tanks have been fitted with independent High-Level Alarms. High level alarms are checked monthly for calibration during the routine tank inspection program. Some of the independent High-Level Alarms are interlocked with an actuated valve in the inlet line to the tank. No PHA has been conducted on the atmospheric tank farms yet.

The spheres, although constructed to the standards of the day, have features that are now considered adverse. The main features include the large manway and the many flanged connections in the underside.

## Import and Export Safeguarding

Refer to Section 8 Loss Mitigation, for the fire protection systems installed.

**In our opinion, control and safeguarding features are rated *standard* when assessed on an industry wide basis.**



# 7. Management

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## Organisation

Organisation charts are included as Appendix 4. Staffing levels at the site are c1,000 Refinery Employees (including NYRT). Approximately 90 employees work in the corporate office. The site is a Union Facility (United Steelworkers) and there are approximately 650 unionised workers. Although two refineries are in operation, a single staffing organization is in place.

After the PES takeover, a significant number of salaried employees then left the organization, but have since been replaced and their development has been well supported. Approximately 50% staff are now the legacy employees. These are now ably supported by the newer engineers who have significantly aided succession plans, and attrition rates are at the usual industry expectation. The Chapter 11 issue has seen some but mostly limited effect on employment levels, affecting corporate positions. Some older facility staff have voluntarily retired.

## Operations

### Organisation

An organisation chart is included in Appendix 4. Reporting to the Director Operations are the Area Managers, GP Area Manager, GP Operations Specialists/OTS, Superintendent Utilities, Operations Area Superintendent Specialist and PB Area Manager. Reporting to the Area Managers are 13 Shift Superintendents. There are 55 Shift Supervisors who manage 360 Operators. The site operates a 2x12 hours shift system using 4 Shift Teams.

Detailed, pro-forma electronic facility shift logs are maintained. These are prepared by the outgoing shift and are locked for editing at shift handover (6am and 6pm). The shift logs are reviewed daily by the Shift Supervisors and Shift Superintendents. A Facility Shift Superintendent Shift Report is also issued every 12 hours. Shift handovers take about 10 minutes and include verbal exchanges between the outgoing and incoming shifts.

This is followed by a facility Shift Team Meeting and a tour of the Process Units by the outside operators. Operators record a range of operating and condition parameters (e.g. temperatures, pressures, seal pot levels, machine vibration data) using an SKF Marlin system, as they follow prescribed routes through the Process Units.

In addition, there are morning meetings between the various department heads and Process Unit tours by the Area Managers.

The Summary communication timetable is:

- 7:30 AM Refinery Staff Update
- 7:30 AM Area Business Team Meetings
- 9:00 AM Operations Coordination Meeting
- Daily Orders – issued by Ops. Area Superintendent for non-daywork staff

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- Follows guidelines issued by Business Optimization to ensure operation consistent with plan
- Oil Flow Plan – issued weekly to outline refinery direction for upcoming week
- Shift Supervisor and Operator Logs – posted each shift on refinery intranet
- Facility Shift Superintendent Shift Report – issued every 12 hours

## Experience, Training and Competency

There is a Training Coordinator and a formal program is in place for training new operators. Once selected, a Trainee is put on a 3-year apprenticeship program starting with an introduction to the site's health and safety policies and procedures. This is followed by a 5-week course in the Fundamentals of Refining, and then structured Process Unit specific training and qualification at an initial Duty Station under the direction of experienced Operators and Trainers. The Trainee stays at the same job for about 6 months before moving to a second Duty Station in the same Area.

Key features of the program include the requirement to pass both written and practical tests which are adjusted in line with the current Process Safety Management (PSM) requirements. The training programs include computer based training modules. Typically, the Trainee will qualify in about 4 Duty Stations during the 3-year program. After 4 years, an Operator may be selected to train as a Console Operator.

For each Operator position or Duty Station, there is a list of procedures with which each Operator must be familiar. All Operators are subject to re-certification every 3 years. This includes both written tests and practical performance reviews, with the knowledge of and response to the EOPs always being tested.

The site has 9 training simulators; Units 868, 869, 870, 1232, 1332, 433, 859, 137, and #3 Boiler House – Boiler #37. 2 simulators are up-to-date (868, 859), and 1 (870) is being updated during the next 12 months.

Process simulators are available and are used by the Operations Trainer/Writers for training apprentices and requalifying operators.

## Documentation

Standard Operating Procedures (SOPs) are controlled documents. They are available to Operators electronically on the site's intranet (PES Portal). Operators are trained to locate all relevant procedures. SOPs are read through annually and updated and reissued every 5 years by the Trainer/Writer. All Operators are involved in the review process. SOPs are also updated if a significant change has occurred.

A hard copy of the EOPs is held in a separate red binder at each console station in the Control Rooms as well as on the site's intranet. This ensures access to procedures during a computer outage. The EOPs are in a step-by-step format for dealing with a wide range of upsets including loss of electricity, steam and air, with the key instructions clearly indicated. Operators expected to fully understand implementation and requirements of emergency procedures. Routine audits are performed to ensure procedures are up-to-date.

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P&IDs are also available in the CCR, with the master copy on the site's computer network. We also noted printed copies in a satellite Control Room. These are printed out as required for a particular job.

There is an extensive Process Information (PI) system that allows electronic access to key operating information across the site. The system also facilitates cross checks between the PI data and the data collected on the SKF Marlins.

## Work Permits

Since 2007, the site has used an electronic Work Permit, comprising a General Work Permit and an Enclosed Work Permit. Each permit is tailored to the requirements of the job, displaying only the relevant sections for completion. Every mechanical job first requires a Job Safety Analysis to be completed before the system will allow the permit to be issued. Similarly, all sections must be completed and the permit signed (digital signature via the employee's badge) by both Operations and Maintenance before the permit is valid for issue. However, a recommendation has been made to avoid the use of generic work permits, where differing work scopes are included within the same permit.

Once issued, the permit is printed off and a copy posted in the Control Room and another copy posted at the job site. At the end of a job, the permit must be signed off by both Maintenance and Operations (electronic signing). Permits are valid for up to one shift, i.e. 12 hours, after which the permit must be revalidated. PRC issues about 200 permits per day.

Open and closed permits are audited weekly against a checklist and at least 10% covered. Any issues are noted and necessary corrective action(s) taken. A recommendation has been made to collect and trend this data to better understand and correct any common findings.

## Isolation Procedure

PRC's physical isolation procedure for hazardous systems, including hydrocarbons and toxic products, normally requires two isolations, typically a block valve and a blind. Per procedure SS-36, Lockout/Tagout, locks are applied to the block valves and Section 5.5 requires a tagging list for all blind points and tagging of all isolation points, including blinds and blanks.

There is a comprehensive electrical isolation procedure that requires applying a lock and a tag to the isolator in the Substation. Fitting and removing the lock is by means of a multi-key system with separate keys for each craft or department involved in the isolated system.

## Trip Bypassing Procedure

There is a safety procedure (SS-23) covering bypassing a trip system. All trip bypasses must go through the eMOC (Management Of Change) procedure. Within eMOC, the Operations Director– or their designee – must approve all trip bypasses. The eMOC records the trip tag, the date of the bypass, the reason, and a risk assessment together with any mitigating measures to be taken while the bypass is in place. Similarly, authorisation is required to remove the bypass. The progress of the bypass and the history of bypassed systems can be tracked through eMOC.

In addition, the number of systems in bypass in each Area is displayed on white boards at the daily 09.00 meeting, where the Operations Manager can query any bypasses in place. The number of systems in bypass is also a KPI.

## Housekeeping

Housekeeping is generally good, but does vary according to the age of the facility. More focus could be detected to the older units.

**In our opinion, the Operations organisation is rated *standard* when assessed on an industry wide basis.**

## Maintenance

### Organisation

An organisation chart is included in Appendix 4. Reporting to the Executive Director Maintenance are: Manager, Construction Superintendent, Maintenance Manager, Planning & E/I Manager, Rotating Engineering Manager, Cost Performance Manager, Turnaround Manager, Superintendent Planning & Scheduling, Manager Field Execution and Maintenance Engineering & Inspection Manager.

The PES employees are: Instrument (39), Electrical (34), Refinery Mechanic (Welder, PF, BM, Carp) - (93) and Refinery Machinist (39).

Contractors are brought in to supplement the PES Workforce for Capital Construction, Expense Projects and Turnaround Activities (135-140 on average),

Work is normally carried out during the days, but there are also 5 Shift Supervisors to coordinate between Operations and Maintenance when there is scheduled overtime work, or if call-out for emergency work is required.

Facilities on site include: a rotating machinery shop, a tool room, a fabrication shop, an instrumentation & electrical shop, a vehicle repair shop, a machinist's shop and heat exchanger cleaning facilities.

Large machines are sent out to approved Contractors. There are no motor rewinding facilities, but this can be carried out locally. All external work is carried out by service shops on the 'PES Approved Manufacturer Lists', which are typically Original Equipment manufacturer (OEM) agency shops or ISO certified shops.

### Experience, Training and Competency

All Managers and superintendents have a minimum of 20 years' experience, and most 30 years' plus. The Maintenance Planners have a combined 19 plus years' planning experience and Maintenance Supervisors have over 80 years' combined Supervisory Experience.

Maintenance has a Training Coordinator. Each year a training schedule is drawn up which includes both specialist courses and refresher / upgrading courses using computer based learning modules.

Most maintenance employees, both hourly and salary, have taken the NCCER (National Centre for Construction Education and Research) craft skills test, which identifies skill gaps and training needs. Existing personnel are provided with skill refresher and enhancement training.

This training system also supports the maintenance 3-year craft hiring plan. Potential sources of new hires include “helmets to hardhats” hiring of military personnel as well as trade school graduates. The target is at end of 6 months new hires will be NCCER qualified.

“Peer to Peer” Safety training is carried out by the Safety Reps, which is an interactive safety training scheme. All employees receive appropriate onsite/offsite education/training to comply with OSHA requirements.

## Philosophy

PRC operates a preventive maintenance program supported by a breakdown service. The preventive maintenance program comprises routine maintenance (OEM specified) and conditioning monitoring. Breakdown work is managed by a workflow process prioritising work requests, with the highest priority given to items considered by Operations to be critical to plant safety (see planning section).

Routine, expense projects and emergency activities utilise PES NCCR certified 204 craftsmen. Large capital and turnaround activities are supplemented with Union Building Trades and specialty contractors.

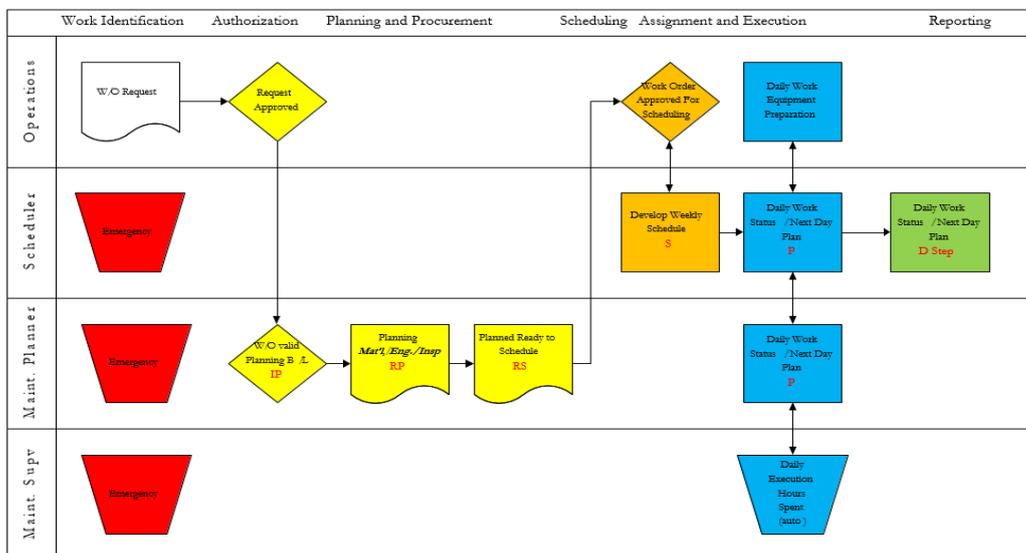
Machinery repairs are mostly done-in house, and there is a comprehensive workshop to carry out repairs. Specialist maintenance is outsourced such as turbine repairs.

## Procedures and Records

EMPAC, a computer maintenance management system, is used for scheduling maintenance activities, including: work order generation, maintenance cost control, maintenance records and spare parts management. EMPAC is being replaced with a new maintenance management system. All tags are populated within the system and maintenance routines are fully developed. However, no safety criticality has been assigned (**see Recommendation 18.02**).

## Planning

The following workflow system is used for work identification, authorisation, planning and procurement, scheduling, assignment and execution and reporting.

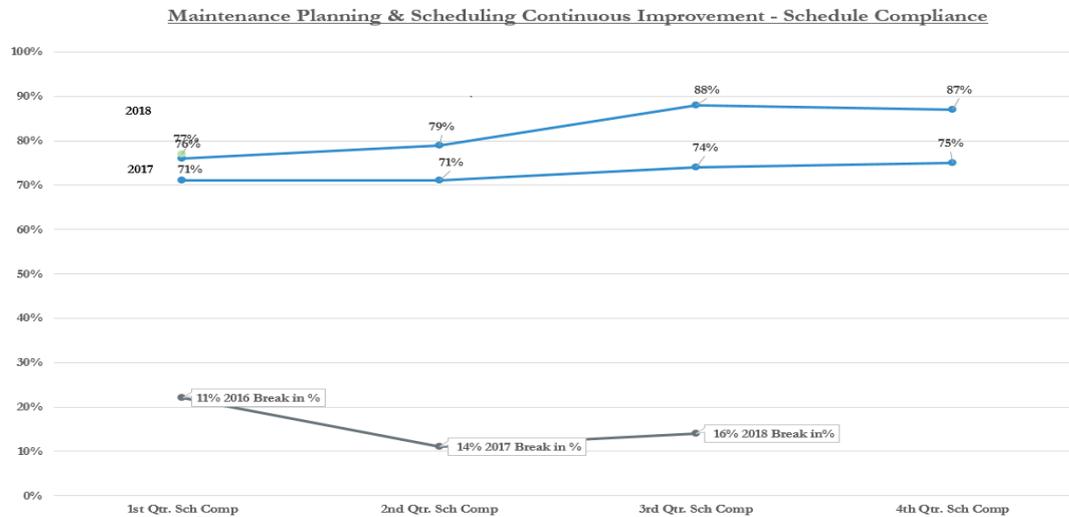


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As of February 7, 2018, 202 Work Orders were more than 120 days past schedule date (199 have mitigation plans in place), 6 Work Orders were more than 90 days past schedule date, 13 Work Orders were more than 60 days past schedule date, and 27 Work Orders were more than 30 days past schedule date. PRC are in the process of optimising PM scopes and frequencies to better match equipment design and operating conditions.



## Turnarounds

In 2015 the role of the Turnaround Group was expanded to include responsibility for planning and execution of scheduled “maintenance” outages. The group is now focused on bringing a new level of standardization and structure to these outages, relying heavily on the existing TA Best Practices. Engineering support provided by refinery engineering department and supplemental turnaround Planning and Contract Administration support provided, as needed, by refinery or third-party professionals.

### Organization:

- 4 Turnaround Managers
- 3 Turnaround Planner
- 1 Project Controls Manager
- 1 Logistics Coordinator
- Cost Control Analyst and Administrative Support

Turnarounds are subject to pre-turnaround Job Hazards Reviews and a Site Assessment. A turnaround readiness index (TRI) is periodically issued. Any postponement of a turnaround or additional work requires a thorough review to ensure all safety and compliance requirements are met.

A 10-year turnaround plan is utilised to integrate the facility turnarounds with the business plan. Turnaround schedules are based on a combination of Process Unit experience plus any inspection, safety or environmental requirements. Currently the schedule is: Crude Units 4-8 years, FCC and Gas Units 5 to 6 years.

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The 860, 862 & 864 units were scheduled for a February 2017 planned outage. In early December 2016 unit 864 experienced a heater fire on PH1A/B Heaters. After evaluating the damage, the decision was made to start the outage and the decision made to replace rather than repair the heaters.

The 137 Crude Unit and 1232 FCC turnaround is now being planned for 2019 (after some 5 ½ years in operation). Two key work areas will be:

- 1232 FCC replacement of Goggle Valves (CO Boiler isolation and bypass) with highly reliable butterfly valves
- Retube of F2 Vacuum Heater with upgraded metallurgy

## Budgets

The department budget consists of two separate amounts for routine maintenance and small projects. The budget for 2018 is similar to recent years:

- Routine maintenance US\$87 million
- Project budget US\$43 million

## Contractors

PRC's procedures include: competitive bidding, a review of the Contractors' safety record, the requirement that the Contractors develop safety plans, an introductory course for every contract employee to the site's safe work practices, insistence that only appropriate and safe equipment is used and an established 'removal from site' sequence for failure to comply with safety issues. 5 Maintenance Contract Administrators and 14 Capital Construction Contract Administrators, together with Safety personnel, monitor and audit onsite work performed by Contractors.

The Contract Administrators use an electronic Contract Management System 'Track' for:

- Advanced work scheduling (i.e. Track interfaces with EMPAC).
- Paperless invoicing & pay formulas (e.g. confirms in and out times based on the sites' electronic access badge system – C-CURE; with the sites now using dedicated contractor turnstiles).
- Providing automatic notification of expiration of a contractor's qualifications to be on-site (e.g. Insurance, PES's required Pre-Qualification Form-PQF, the contractor's employee's status with respect negative result on drug testing, and USA laws for PSM, OSHA, etc. training).

## Mechanical

Rotating equipment maintenance schedules are time based, but have been optimised through experience. However, a Reliability Centred Maintenance approach is now being developed. A Failure Mode Effect and Criticality Assessment was completed for the PRC. This was used to develop business impact failures, and most items were found to be rotating equipment based.

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Portable vibration monitors are used to check all rotating equipment without fixed sensors every month. Approximately 295 vibration surveys per month are carried out. The data is downloaded to a computer system that allows historical peak vibration data to be viewed together with the alarms points, allowing ready identification of trends. The system allows for spectral analysis. Vibration levels are also frequently monitored by Operators as part of their daily SKF Marlin tours, which help to provide early warning of any problems.

Tribology lube oil samples are taken monthly by a Contractor from the larger machines. These are analysed for a wide range of parameters including water, viscosity and metal particles. The reports from the Contractor are colour coded red, yellow or green to indicate a serious problem, a warning or satisfactory condition respectively.

Any equipment which misses a scheduled maintenance check appears on an overdue list until the check has been made. Maintenance reviews work histories to identify 'bad actors', defined as those items with more than three work orders in a year. These are investigated and solutions devised. Seal failures are analysed by an in-house specialist.

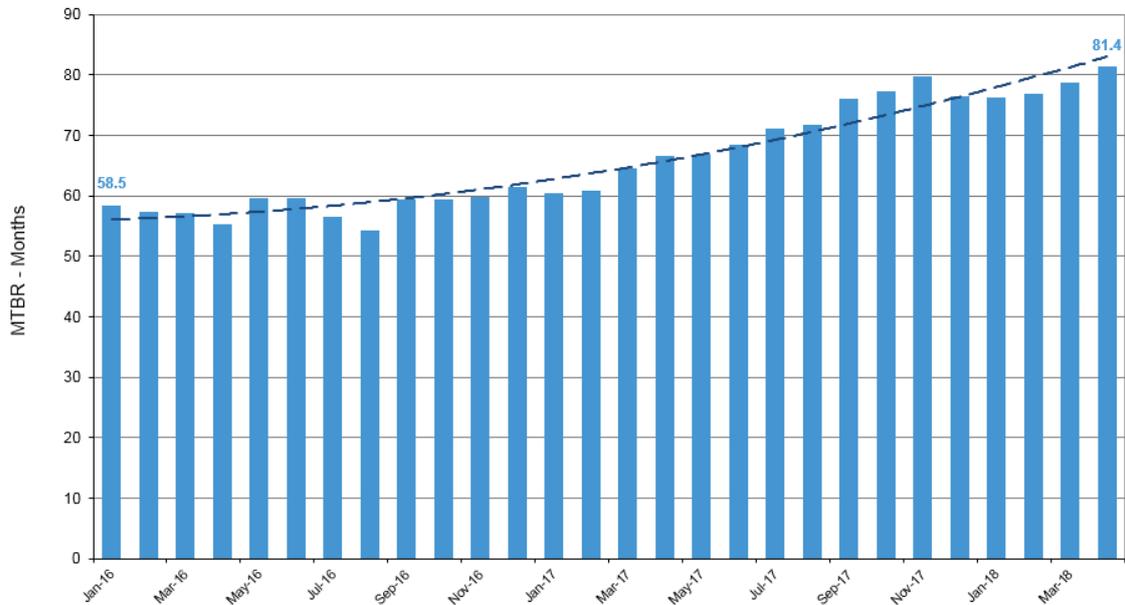
The FCC Units are fitted with air blower check valves. At Point Breeze Sector the external air assist check valve mechanism is exercised monthly. At Girard Point Sector, there is an indicator on the valve that shows the position of the flapper. The movement of the position of this indicator is monitored during a change in feed rate. This assures that the check valves have not seized and are working. Several losses have occurred due to seized check valves allowing backflow.

Pump reliability initiatives include power end upgrades to meet latest API-610 Standards and machine shop quality repair practice improvements. In January 2016 a new PES - Seal vendor pump seal repair agreement was initiated with Flowserve. This gives a 72-hour seal delivery commitment on routine repairs – and 4 hours on identified critical equipment. Flowserve perform all seal assemblies with a full time Seal OEM Application Engineer on site.

Duty pumps in twin service are regularly changed to share load patterns.

Pump MTBR has now increased to a high of 81.4 months (end of April 2018). Improved reliability is the result of increased attention and focus on long term reliability and strategic improvements, such as, root cause identification and defect elimination initiatives, improved pump repair work process, and added steps for better quality assurance and quality control.

**Pump MTBR Trend**  
12-Month Rolling Average 2016 – April 2018



Many KPIs are monthly produced through a Machinery Reliability Report Card, including MTBR (mean time between repairs) for pumps over 1 hp, motors and turbines. Monthly KPI's to end April 2018 (see YTD total at table end vs 2016-year end performance)

| 2 Reliable Operations                             |  |  |  |  |  |  |  |  |  |  |       |       |
|---|--|--|--|--|--|--|--|--|--|--|-------|-------|
| a Pump MTBR (12 Month Rolling Average)            |  |  |  |  |  |  |  |  |  |  | 78.7  | 58.2  |
| b Pump Availability (%)                           |  |  |  |  |  |  |  |  |  |  | 96.5% | 97.0% |
| c Maintenance PM (% Compliance)                   |  |  |  |  |  |  |  |  |  |  | 15%   | N/A   |
| d Safety Instrumented Function Testing % Complete |  |  |  |  |  |  |  |  |  |  | 37%   | N/A   |
| e Authorized E&I PMR Report Only                  |  |  |  |  |  |  |  |  |  |  | 9     | N/A   |

## Electrical

Major inspection and maintenance work on electrical equipment occurs during turnarounds.

Transformer oil from the main transformers is sampled and analysed by a Contractor annually. The analysis is comprehensive and includes Furan levels and dissolved gases in addition to the normal basic parameters such as the dielectric constant. Approximately 220 samples are taken annually, the reports show results over several years allowing trends to be identified. There is no transformer replacement program, but they are replaced as a result of any testing issues. Approximately 3 or 4 were changed last year. Larger transformers are closely monitored.

Annual thermographic surveys of various items including all overhead lines, motors, starters and switchgear are carried out. Several high voltage switchgear cabinets have had windows fitted to enable thermography without the necessity of removing the protective cabinets. There is an electrical power pole inspection program.

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Substation relays are tested every 2 years. UPS systems are checked annually. There is no full load test conducted with the UPS, but Battery Impedance Test Equipment (BITE) is used to determine the health of the cells by taking measurements of the most important battery parameters. PRC has a 3-year replacement program for their 5-year lifetime batteries.

Hazardous area inspections including intrinsically safe enclosure checks and earthing requirements are carried out.

## Instrumentation

PES and the consultancy KENEXIS has classified and documented all the IPF's (Instrument Protective Functions) at the PRC. This documentation includes the ISA 84 Safety Integrity Level calculations and the required test Interval for each IPF, using a Layer of Protection Analysis method.

PES has Standard M.05.002 (Classification & Testing of Instrumentation & Controls), that specifies the testing of Safety Instrumented Functions should adhere to the test frequency guidelines in the SIL analysis. This is scheduled and tracked through EMPAC and spreadsheets, but is moving to the Kenexis Vertigo online database.

The program consists of 250 testing procedures, and is 100% complete and fully compliant. The site utilises "Half cycle fault testing" theory for re-testing of failures after necessary repairs. Test records include 'as found' and 'as left' data.

## Lifting Equipment

The site has both its own lifting equipment and equipment leased from the specialist company, Amquip. All items are subject to daily, monthly and yearly inspections with the documentation on file with the equipment. Crane operators must have training certification and use the job safety analysis (JSA) cards to identify potential problems. For heavy lifts, the site uses pre-plans with an ATLM expert on-site.

## Spares

The site carries a normal stock of consumables plus strategic spares for critical items. Inventories for each item are based on ordering mainly OEM parts.

A substantial inventory of rotating equipment pool items like rotors, bearings, seal kits and major components which have long lead deliveries is kept. Most primary process compressors and many pumps fall into this category. Spares are identified on individual bill of material for specific asset.

Spare parts for other critical items of rotating equipment include rotors for large steam turbines, plus gearboxes and/or internals.

Additional spare transformers are available since the Marcus Hook Refinery was shutdown.

**In our opinion, the Maintenance organisation is rated *standard* when assessed on an industry wide basis.**

# Inspection

## Organisation

Inspection is part of the Capital Projects, Engineering and Inspection Operations (see Appendix for organisation plan). The Field Inspection Superintendent reports to the Executive Director Engineering, and reporting to the Field Inspection Superintendent are 11 Inspectors. In addition, there are 23 contract inspection engineers.

One Infrastructure Engineer and 2 Corrosion Engineers reporting directly to the Maintenance Engineering Manager. Two further corrosion engineers are available and sit within the sulphuric Acid Alkyl unit and RBI group. Many more engineers provide fixed equipment and offsites maintenance engineering support.

- Inspection Engineers are responsible for overseeing and supervising the inspection activity throughout both refineries. Including thickness measurements, remaining life calculations and inspection reporting. Inspectors either perform the required inspections or supervise suitably qualified Contract Technicians.
- The Corrosion Engineers develop, implement and monitor MOEs (Material Operating Envelope) for each Process Unit. Provide corrosion and metallurgy recommendations to improve refinery mechanical integrity and reliability. Conduct failure analyses and investigations for equipment deficiencies. Facilitate Unit Corrosion Reviews and utilizes Risk Based Inspection methods - especially defining scope for other special-emphasis inspection programs.
- Fixed Equipment Engineers are aligned with area business teams to provide front line engineering, and implement long range reliability improvement initiatives.

## Experience, Training and Competency

Inspectors are trained and certified to industry standards, according to work area.

Qualifications required for Entry Level Inspector:

- At least one API Certification (510 or 570)
- At least 5 years NDE background

Qualifications required for Senior Inspector:

- API Certification in 510 and 570
- National Board Certification
- State of PA Commissioned Inspector
- AWS Certified Welding Inspector (CWI)

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There are Level I and II qualified Inspectors in each of these basic NDT techniques. Level III Inspectors from Contractors are used if necessary. All contractor engineers meet the same inspection qualification requirements.

## Philosophy

A Risk Based Inspection (RBI) program has been implemented across all non-utility process units. Each unit is now undergoing a review for damage mechanism update, inspection grading, and data evergreening. Risk-Based Inspection Initiative – every unit is scheduled to undergo an RBI evergreening update in the next 2 years, prioritized by unit criticality, outage schedule, and time since last update. Note - the Inspection program still needs to meet legal compliance requirements from the State of Philadelphia for inspection intervals.

The site has access to a wide range of NDT equipment including: Radiographic Testing (RT) for profiles using computer based processing, Radiographic Testing (RT) for weld quality using film, Ultrasonic Thickness (UT) for spot thickness measurements, Automated Ultrasonic Thickness (AUT) for scanning larger areas for thickness, Phased Array inspection for weld quality and follow up in base metal discontinuities, Time of Flight Diffraction (TOFD) for welds in heavy wall pressure vessels, Thermography Inspection using Infrared Camera (IR) for skin temperatures of equipment, Magnetic Particle Testing (MT) for use in weld quality, Penetrant Testing (PT) for use in weld quality, Brinell Hardness Testing for the toughness of material.

In addition, specialist contractors also provide same day service inspection methods as follows: Eddy Current Testing for use of thinning or discontinuities in heat exchanger tubes, Pulsed Eddy Current (PEC) for CUI Inspection without the removal of insulation, Guided Wave Ultrasonic (GWT) for long pipe runs and underground pipe applications, Magnetic Flux Leakage (MFL) for tank bottoms.

## Planning

The following table summarises the frequencies that are used for inspection of the different items of equipment.

| Category                  | Frequency  | Type of inspection    | Comments               |
|---------------------------|------------|-----------------------|------------------------|
| Pressure vessels          | 3 yrs      | External              | Statutory Requirement  |
| Process piping            | Risk Based | As required           |                        |
| Atmospheric storage tanks | 20yrs      | Internal (5 yrs Ext)* | Statutory Requirement  |
| Pipelines                 | 5 yrs      | External              | Outside Battery Limits |
| Pressure safety valves    | 5 yrs max  | Includes pre-pop      | Risk based frequency   |

\*Annual roof inspection, but data now supports moving to 5 years.

Inspections are scheduled and the data recorded on the computer application PCMS (Plant Corrosion Management System).

Inspection Work Requests (IWR) are raised to address inspection findings. IWRs are integrated into the Maintenance work system. IWR compliance is tracked on the ABT scorecard and reviewed at the ABT monthly meeting.

Cold Eye Reviews are performed prior to scheduled Turnaround to develop detailed work scopes.

A 3rd party analysis has been completed for all assets deemed susceptible to HTHA, based on the new Nelson curves. Some additional vessels were added to the program as a result. Revised

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inspection schedules and plans have been implemented for all assets in the program. Capital projects have been initiated for metallurgical upgrades on several assets to further reduce risk.

MOEs have been completed for 19 of 22 Process Units. Revalidation has been completed on 3 units (137, 210, 1332), with 3 more under way (1232, 231, 867), and 1 additional scheduled (433).

The following initiatives are now underway:

- Critical Equipment lists have been developed for each process unit. Engineers and Inspectors are currently in the process of performing design reviews and Failure Mode Effects Analysis for these critical assets, with a long-term goal of developing Asset Management Strategies.
- Every unit is scheduled to undergo an RBI evergreening update within the next 3 years, prioritised by unit criticality, outage schedule, and time since last update. This refresh will allow for more accurate inspection planning, threat assessment, and risk management.
- Inspection Work Request Improvement Team has reduced overdue IWR count to 0 month to month, with a renewed focus on timely inspections, accurate reporting and analysis, and field execution.

Inspection information is used to launch quality improvement initiatives, e.g. soil-to-air inspection program, annual coatings restoration projects, and corrosion-under-insulation (CUI) program development. E.g. in 2018 – US\$600M PMR funding was secured for general coatings program improvements, and in 2017 – a Soil-to-Air PMR addressed associated coating issues.

## Pressure Vessels

There are 1,391 pressure vessels on the site. Their details and inspection data are recorded in PCMS, which calculates corrosion rates and estimates retirement dates. For each pressure vessel, there is a sketch kept in a separate database. This shows and identifies the location of the TMLs (Thickness Measurement Location). Within PCMS, data recorded or calculated includes: the TML identification, the nominal wall thickness, the minimum wall thickness, the measured wall thickness, the corrosion rate and the retirement date. TML thickness gauging data is mainly collected at turnarounds.

External pressure vessel inspections are performed for the State of Pennsylvania every 3 years.

## Piping

Piping inspection data is handled in the PCMS database developed specifically for inspection management. The site has +62,000 Thickness Measurement Location's for all piping system loops. For each loop, there is an isometric kept in a separate database which identifies the location of the TMLs. Within PCMS, data recorded or calculated includes: the TML identification, the nominal wall thickness, the minimum wall thickness, the measured wall thickness, the corrosion rate and the retirement date.

All piping dead-legs have been identified and have either been removed or are closely monitored. Inspection includes small bore pipework, vents and drains.

## Fired Equipment

Fired equipment is subject to regular maintenance and testing as part of the maintenance group responsibility. This includes burner safety system checks in line with the emergency shutdown cause and effect matrix.

## Tanks

Inspection of tanks is driven by the jurisdictional inspections of the State of Pennsylvania. They are based on a 20-year frequency. The site has a tank inspection program based on API 653. There is 1 dedicated Tank Engineers. There were no overdue inspections at the time of the 2018 Survey.

## Pipelines

Pipelines are protected by cathodic protection systems that are part of the maintenance inspection PM system.

## Pressure Safety Relief Valves

The site has 2,800 Pressure Safety Relief Valves (PSRVs). Most of the tests are carried out during turnarounds by a specialist contractor. New PSRVs are tested after 5 years. Thereafter the test interval is based on the operating and test history. A pop test is made prior to the valve being dismantled and this 'pre-pop' pressure is recorded. Individual test reports and test history records are maintained for each PSRV.

Fail/pass criteria are driven by ASME Code Section I and VIII. The PSRV passes its 'pre-pop' test if it pops between 95% and 99% of the Test Set Pressure (TSP) for the lower limit and between 106% and 120% for the upper limit. If the valve 'over-pops' (i.e. pre-pops at a pressure ranging from the acceptable pressure and 150% of the TSP), the inspection interval is reduced by 25%. For 'stuck' valves (i.e. pre-pop value over 150% of the TSP), the inspection interval is reduced to 50% and failure analysis with correction active actions are carried out.

## Corrosion Under Insulation

There is a CUI inspection program as part of the overall site inspection requirement, and CUI inspections have been completed on all the units.

In addition to the CUI inspection, fireproofing is inspected on 2-3 units per year, with repairs made on high priority items from the previous year's inspections. A new system is being implemented in 2018 dividing the refinery into 5 areas for inspection. The inspection frequency is then at 5-year intervals. Technical guidance is being written to carry out these inspections. This was part of a wider structural study at unit 210 vacuum gasoil.

Prior to the acquisition by PES, Sunoco implemented a specific inspection program for pipe supports (pipe racks), including Corrosion Under Fireproofing (CUF).

## Positive Materials Identification (PMI)

The site has a formal Positive Material Identification (PMI) program. This includes material fabrication receipt, and installation.

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Inspection examines all new equipment and incoming spare materials. This entails a review of the accompanying mill certificates and manufacturers' test reports. A Niton Alloy Analyser is used to confirm the specification of all alloy materials as they are received at the warehouse, when dispatched to the field and as installed (including welds). The PMI program includes 100% testing for critical and large items, and random testing for less critical items e.g. tray clips.

Retrospective PMI has been completed on all the units, with an active Onsite PMI program for all such alloy material.

## **Welding**

The Welding Inspector is responsible for monitoring the quality of all welding on the site. Requirements for weld quality are based on recognised ASME codes. Welding procedures and welder qualification are required to conform to ASME Section IX. All weld repairs are documented for each piece of equipment.

## **Planning and Deferral Management**

The Inspections Workflow team was formed to improve the efficiency and effectiveness of the inspections work flow process and standardize the process. The team utilized data collected from PCMS and EMPAC as well as discussions with Operations, Maintenance and Inspections Workflow team members. A comparison of IWRs open vs closed by month and new definitions have been developed for Inspection Work Requests (IWRs) and Inspection Work Request-Recommendations (IWR-Recs). A new standardized process for IWRs has been developed based on a gap assessment of the existing process. Any deferrals require a risk based review prior to being approved.

## **Equipment Deficiency Management**

Attention is paid to pipe clamps and other temporary repairs with the Reliability Engineers, Planners and others receiving specialised training in clamp design and installation. These items are monitored and tracked by the MOC procedure.

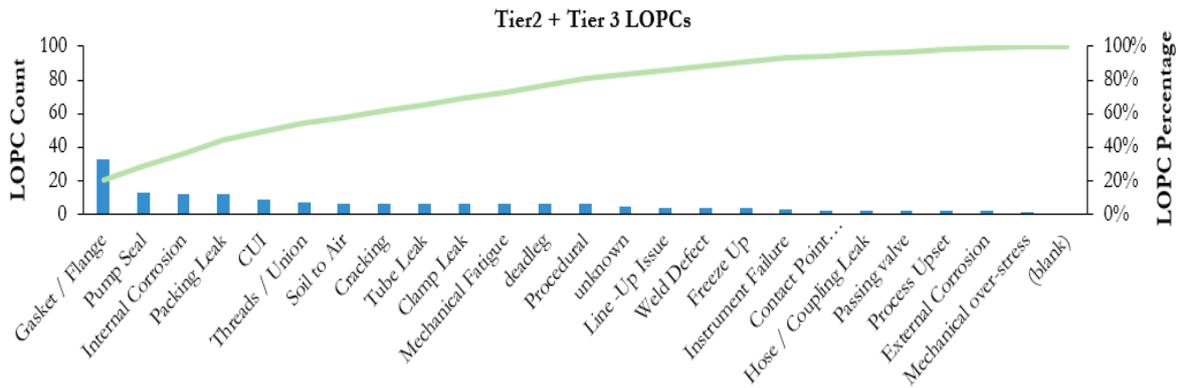
As of survey date, total clamp and temporary repairs active in the yard reached 488. Of the 488, 148 contained the words "steam" or "water" in the headline, i.e. non- hydrocarbon service. This number includes precautionary repairs in which a leak did not occur. Most are scheduled to be addressed in planned turnarounds or Process Unit outages.

## **Operational Changes and Deviations**

These are managed through the management of change procedure.

## **Performance Monitoring and Audit**

Key metrics tracked and analysed for continuous improvement like Loss of Primary Containment (LOPC). All Mechanical Integrity LOPC's are assigned to the unit engineer for review and causal failure analysis.



The summary below shows a summary of overdue inspection items and the good results being obtained:

| Category                                      | Total # of Items in the Program | Items Scheduled This Year | YTD Items Completed | Remaining Backlog by Year End | Past Due |      | Target Compl. Date for Past Due Items |
|---|---------------------------------|---------------------------|---------------------|-------------------------------|----------|------|---------------------------------------|
|   |                                 |                           |                     |                               | #        | %    |                                       |
| <b>Piping Inspections</b>                     |                                 |                           |                     |                               |          |      |                                       |
| Condition Monitoring Class 1 TML's            | 23556                           | 2898                      | 5783                | 337                           | 106      | 3.7% |                                       |
| Tactical (Corrosion Driven)                   | 891                             | 271                       | 379                 | 13                            | 0        | 0.0% |                                       |
| Strategic (Class Driven)                      | 22665                           | 2571                      | 5404                | 324                           | 106      | 4.1% |                                       |
| Condition Monitoring Class 2 & Other          | 45575                           | 1852                      | 7922                | 140                           | 58       | 3.1% |                                       |
| Tactical (Corrosion Driven)                   | 2631                            | 646                       | 1179                | 21                            | 0        | 0.0% |                                       |
| Strategic (Class Driven)                      | 42944                           | 1068                      | 6743                | 119                           | 58       | 5.4% |                                       |
| API-570 Visuals Class 1 Circuits              | 749                             | 108                       | 112                 | 3                             | 0        | 0.0% |                                       |
| API-570 Visuals Class 2 & Other Circuits      | 1916                            | 523                       | 586                 | 33                            | 0        | 0.0% |                                       |
| <b>API 510 Pressure Vessels</b>               |                                 |                           |                     |                               |          |      |                                       |
| - External 510 Inspections                    | 2104                            | 542                       | 611                 | 0                             | 0        | 0.0% |                                       |
| <b>Relief Device Inspection &amp; Testing</b> |                                 |                           |                     |                               |          |      |                                       |
| - Process PRDs                                | 2821                            | 365                       | 613                 | 0                             | 0        | 0.0% |                                       |
| - Utility & Thermal PRDs                      |                                 |                           |                     |                               | 0        | 0.0% |                                       |
|   | Current                         | YTD                       |                     |                               |          |      |                                       |
| - RV Failed Stuck @ Pre-test                  | 0                               | 0                         |                     |                               |          |      |                                       |
| <b>Preventive Maintenance</b>                 |                                 |                           |                     |                               |          |      |                                       |
| - Inspection Work Requests                    | 938                             | 323                       | 460                 | 0                             | 0        | 0.0% |                                       |

## Documentation and Records

All piping wall thickness documents (e.g. piping isometric drawings) are maintained on a CAD system. We understand that all paper files are backed-up (e.g. scanned into electronic format).

**In our opinion, the Inspection organisation is rated *above standard* when assessed on an industry wide basis.**

## Engineering

### Organisation

Organisation charts for Engineering & Technology are included in Appendix 4.

Technical Manager oversees three Lead Tech Service Engineers and one Process Controls Superintendent. The experience level of direct reports ranges from 10-20+ years in industry

Lead Tech Service Engineers are aligned with the Operations team and each Lead is assigned a process area: Point Breeze, Girard Point, and Blending & Shipping (B&S) / Utilities. The Point Breeze Lead manages the college co-op program and supervises 5 process engineers. The B&S/Utilities

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Lead supervises the Energy Coordinator and Tier 3 roles in addition to 4 process engineers. The Girard Point Lead supervises 4 process engineers. The average level of industry experience for current process engineers is just over 4 years, and developmental rotations occur through various technologies and departments.

Process Controls and Control Systems department has recently been integrated with Technical Services in order to capture synergies and align with troubleshooting and optimization efforts. The department consists of Process Control Engineers (6), Control System Specialists (5) and 2 IT Professionals (Network administrators).

They have the following Roles & Responsibilities: Alarm Response Analysis (ARA) & Alarm Rationalization, Control loop performance monitoring and improvement, Advanced Process Control / Operator training simulator, DCS systems support & security, Advanced applications support, Alarm configuration manager / Alarm event analysis, Operations Monitoring Reporting, Capital project support.

## Engineering Standards

All Process Unit upgrades and any new projects are designed to the current company standards (although PRC uses Sunoco's engineering standards). These are being progressively reviewed and changed to the current PES templates. There is also a technical effort to convert from existing legacy PES Engineering Standards to a third-party maintainer, Equity Engineering Group (E2G).

Most of the PES standards utilise recognized industry standards such as API, ASME, IEEE and PIP as the seed documents. PES's engineering and design standards are reviewed by the Engineering Department when there is a change to the related National Standard. These standards are issued in the bid packages to contractors.

In addition, capital projects pass through the Front End Loading (FEL) process, which is designed to minimise both financial and safety related risks (using the MOC procedures at the FEL3 level).

## Process Hazard Reviews

There is an established PHA (Process Hazard Analysis) system in place in compliance with OSHA requirements. All 33 Process Units and Utilities have received an initial Hazop and a LOPA (Layers of Protection Analysis).

The current procedure requires PHAs shall be conducted prior to beginning a construction project or start-up of a process; whenever a significant change is made and on a 5-year frequency to revalidate the previous unit PHA. ROEIVs Installed, Power Monitors, Tandem Pump Seals and Critical Alarms.

Typical technique is Hazop method with LOPA. Other PHA Methods include: Checklist, What-if, Hazop. Total Processes: 33 Covered Processed (~300 Sessions). Teams comprise: PHA Leader, Technical, Operator, Other SMEs.

During 2018, PHAs are scheduled on 5 Process Units that will involve ~67 further sessions. 2018 Status at time of survey: 2 completed and 3 remaining.

An initial Layer of Protection Analysis for Safety Integrity Level determination was completed for all units 4 years ago, and subsequent reviews are continuing. All action items have been completed.

## Management of Change

PRC has a well-established Management of Change (MOC) procedure. The procedure has been designed to meet the essential elements of OSHA's Process Safety Management (PSM) Standard 1910.119.

The MOC procedure provides a formal approach for the review of potential hazards that result from permanent and temporary changes. The MOC program provides: guidance; identifies responsibilities; defines approvals required and defines training requirements. eMOC.net, redesigned in 2015, provides a methodology for tracking and executing work. eMOC Training is required for all users. An initiative is in place to further develop the eMOC process.

The MOC procedure is used for Permanent or Temporary change. Examples include various types such as General, Clamp or TPR, Minor Instrument Change, Procedural and Tank. In addition, there are Special Categories:

- SS-23 Bypass of Protective Systems
- SS-45 Securing Block Valves for Safety-Related Purposes
- SS-50 Permanent & Temporary Utility Connections to Process Streams
- SS-64 Permanent & Temporary Alarm System Changes
- SS-65 Fire System Impairment & Safety System Bypass

Additionally, a PSSR (Pre-Start-up Safety Review) forms part of the procedure.

General MOC requirements are:

- All deficiencies must be corrected within 90 days of the signing of the PSSR
- Temporary MOC time limits:
  - SS #23 – 14 days
  - SS #65 – 45 days
  - Clamp MOCs – Resolved Next Turnaround
  - All other Temporary MOCs - 6 months
- Risk Reviews/Face to Face Review
  - PHA Checklist questions assigned a point value (0 to 3)
  - Score of 4 or more requires a face to face meeting
  - Team may recommend a Risk Review or Hazop
- MOC Audits performed by the PSM Safety Reps
  - 14 scored MOC audits per month

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- Each audit scored from 0% to 100%
  - MOCs randomly selected
  - A monthly MOC audit score communicated to the site
- Should operators return to work after an extended absence, the return to work protocol requires them to review MOC's issued during their absence.

In May 2018, there were 143 MOCs in eMOC that are in service but have not yet been completed – with reference to close-out documentation. Although only 57 have been open for >90 days.

**In our opinion, the Engineering organisation is rated *above standard* when assessed on an industry wide basis.**

## Process Safety

### Organisation

An organisation chart is included in Appendix 4. The Director, HSSE reports to the VP & General Manager, PB. Reporting to the Director, HSSE are Manager, PSM/Safety Program and Manager, Corporate Security & Emergency Services. Reporting to the Manager, PSM/Safety Program are a DOT Specialist; an Industrial Hygienist; a PSM Lead Engineer; 3 H&S Safety Specialists and an Administrative Assistant. Reporting to the PSM Lead Engineer are 2 PSM Engineers (1 vacant).

### Process Safety Framework

The PRC safety management framework utilises a conventional management system model:



The Operations Excellence (OPX) Management System supports this framework and comprises 14 elements:

- Policy and Leadership
- Risk Management
- Legal and Other Requirements (LOR)

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- Goals, Objectives, Targets and Metrics
- Structure, Roles and Responsibility
- Programs and Procedures
- Awareness, Training and Competency
- Emergency Preparedness
- Non-Conformance and Corrective and Preventive Action (CAPA)
- Communication
- Documents and Records Control
- Mechanical Integrity
- Audits
- Review and Improve

There are >60 Safety Standards at the site that are owned by SMEs (Subject Matter Experts). These are reviewed every 5 years.

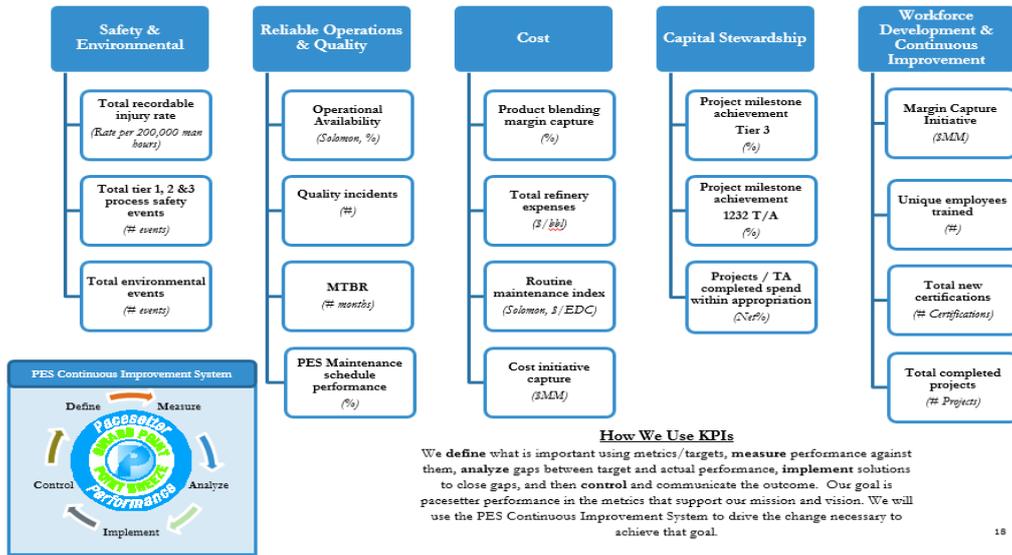
### **Process Safety Performance Indicators**

The refinery has several discipline KPI's that are used to steward performance. Process Safety KPI's are part of this overall suite.

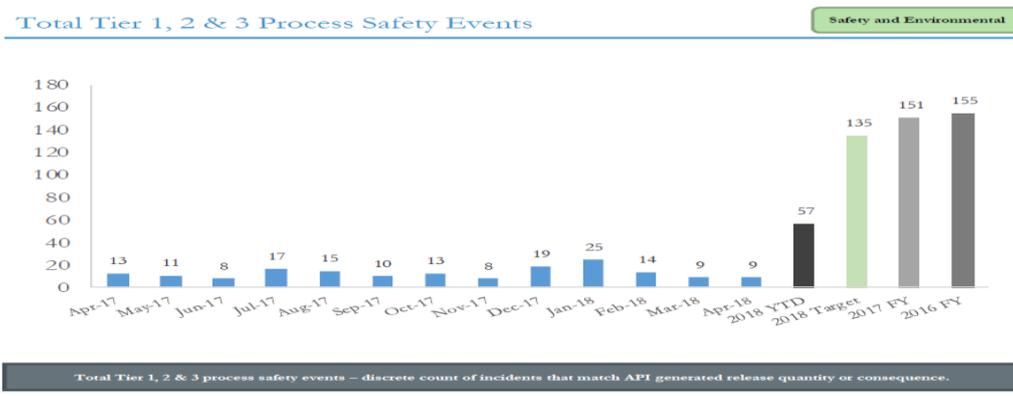
Process Safety Scorecard is updated each month by the Corporate HS&E Department and sent to the Board of Directors. The Process Safety Scorecard is a list of safety related parameters designed to measure the safety status of the site. It includes for example: the number of safety events (spills, incidents, accidents etc.), unapproved overdue piping and tank inspections, the number of bypassed ESDs, the number of PSRVs that failed their inspection and the average alarm rate per console.

All KPIs and other PSM topics are reviewed at safety briefings, and generally raise worker understanding and participation in the continual drive towards a safer working environment.

**PES corporate KPI suite:**

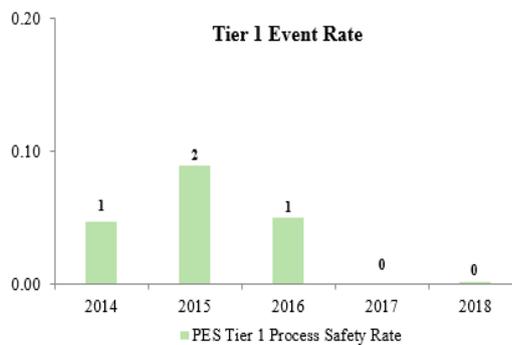


**April 2018 Process Safety Results:**



**Process Safety**

- 2018 PES Tier 1 PSE Rate of 0.00
- 2017 PES Tier 1 PSE Rate of 0.00
- 2018 Focus Areas
  - PSM/RMP Third Party Compliance Audit – March 2018
    - Zero findings during audit
  - API RP-751 HF Alkylation Audit – June 2018
  - PSSR Continuous Improvement Team – February 2018
  - Quarterly Process Safety/Area Business Team Reviews
  - IPL/Alarm improvement initiatives
    - Interface with Controls and Instrument groups



**Incidents**

The site uses an established accident and incident reporting and investigation system, IMPACT. Investigations are driven by required Impact System input. Risk-Based decisions are made as part of investigations which helps bring focus to high potential near misses as well as events.

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There are ~50 trained Lead Investigators. SIRIS requires a Preliminary Investigation by the immediate Supervisor, as soon as practicable, followed by a formal investigation by a multidiscipline team (including contractors where appropriate) within 48 hours. The investigating teams carry out a root cause analysis using the Apollo software and make recommendations to help prevent a recurrence.

Operations Shift Supervisors have also attended training, and became qualified as Incident Investigators to begin incident investigation process immediately following an event.

All employees and contractors are encouraged to report Near Misses using the electronic Fact Finding Forms (FFF). These are reviewed by Safety to ensure that the event is of a reasonable and useful quality before being classified and entered into SIRIS. Near Misses are analysed to identify common themes. These then form topics for the regular safety briefings.

Accidents and Incidents are also subject to the USW TOP (Triangle of Prevention) program. Introduced over 10 years ago, TOP is a union lead procedure for investigating an event with the view of eliminating the hazard by removing one of its three essential elements.

Follow-up actions from investigations are managed via an application called eSuite that was first implemented in 2008. The system sends e-mail reminders for overdue action items, and once overdue cannot be reset. The system has developed onto a PRC wide tracking system and audit follow-up actions are also captured in there. A review showed that just 11 items were overdue.

## Inspections and Audits

Operations have worked with Safety department to refresh area safety audits, where each business unit performs area safety audits weekly with findings handled through Area Business teams and Facility Shift Superintendents. Known as the ABT Safety Audit Program (ASAP).

Each ABT (4) audits a Process Unit each week. Audit teams comprise SMEs who are also familiar with the Process Unit. Scoring is based on compliance and action item correction. Trends are analysed and shared quarterly.

An API Process Safety Site Assessment audit based on API RP 751 was conducted on HF Alky Unit in August 2015. Five assessors conducted comprehensive review of HF Unit facility and operations, and PES was 16th site to have API HF Assessment. Overall 2nd quartile performance – ranked above industry score. Next 751 Audit is scheduled for June 2018.

PSSAP Basic Protocol Assessment – November 2015. API Process Safety Site Assessment – Basic Protocol. Assessment performed in November 2015 with seven assessors conducting a comprehensive review of various unit procedures and records. PES was 36th site to have such an API Assessment. A 2nd quartile performance was achieved and ranked above industry score, with 31 Highlights/Good Practices.

In addition, there is a series of internal Process Safety Audits covering specific PSM topics for example: Facility Siting, eMOC, Car Seals, and fire systems.

**In our opinion, the Process Safety organisation is rated *above standard* when assessed on an industry wide basis.**

## Personal Safety

### Organisation

The Personal safety organisation is part of the process safety organisation. This ensures a consistent approach with functional representatives being part of the same organisation.

Three eight-hour sessions are dedicated to safety training for new employees during Fundamentals of Refining (FOR) school. Risk Training is held annually for all employees and administered by the Health and Safety Department in conjunction with the Fire Department. Training is also available on Computer Based Learning (SABA) Modules.

The Safety Program was refreshed in 2015 and included reviews and changes to: Supervisor safety meetings, updated incident investigation process, better lessons learned sharing, better safety standard reviews in weekly briefings, an updated audit program, improved contractor safety program, and an updated hazard ID program – Take 2.

### HSE Policy

PES has the following Safety and Environmental mission statement:

**OPERATIONS EXCELLENCE POLICY**

Our mission is to make the Philadelphia Refining Complex the most competitive supplier of refined petroleum products to the markets that we supply. We will operate a safe, environmentally responsible, profitable business that strives to be a good neighbor in our surrounding community all while providing competitive wages for our employees and value creation for our owners. We will accomplish this by attracting and retaining top talent from diverse backgrounds, focusing on reliable operations, making quality products, managing our costs and being responsible stewards of capital all with a resolute focus on operational excellence and continuous improvement in all facets of our business.

We have an Operating Excellence Management System that will drive the attainment of this goal. The principles identified below are critical to our success:

**HES Leadership**

- We make incident prevention a first priority. We investigate all incidents and near misses. We identify root causes, take corrective action, and communicate learnings to continually improve.
- We plan our work, mitigate risks, and recognize no job is so important that we cannot take the time to do it safely.
- We understand change brings additional risk and must be managed well. We follow a disciplined process to evaluate and manage change.
- We recognize we are part of the community and continuously work to remain as good neighbors.

**Reliable Operations**

- We design, operate and maintain our refining complex in a manner that ensures high reliability and minimizes risks to employees, contractor service providers, the community, and our assets.
- We operate our equipment within established limits and comply with all laws, regulations, and standards that apply to our business.

**Performance Improvement**

- We review and continually improve the health, environmental, safety, security, reliability, quality and operational integrity performance of our business
- We set Key Performance Indicator targets annually and review monthly performance against these targets to ensure continuous improvement.
- We audit our work processes vs. industry best practices and drive continuous improvement via gap closure plans.



Mark Brandon VP/GM  
Refining Complex



**OPERATIONS  
EXCELLENCE  
MANAGEMENT SYSTEM**

“Refining has risk – we must keep our people safe and minimize our impact on the community and the environment or we will lose our right to operate. The Philadelphia Energy Solutions Refining Complex is committed to achieving Operations Excellence. Operating Excellence is defined as world-class HES performance, reliable operations, quality products and a commitment to continuous

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improvement. We have a rigorous Operating Excellence Management System that will drive the attainment of this goal”.

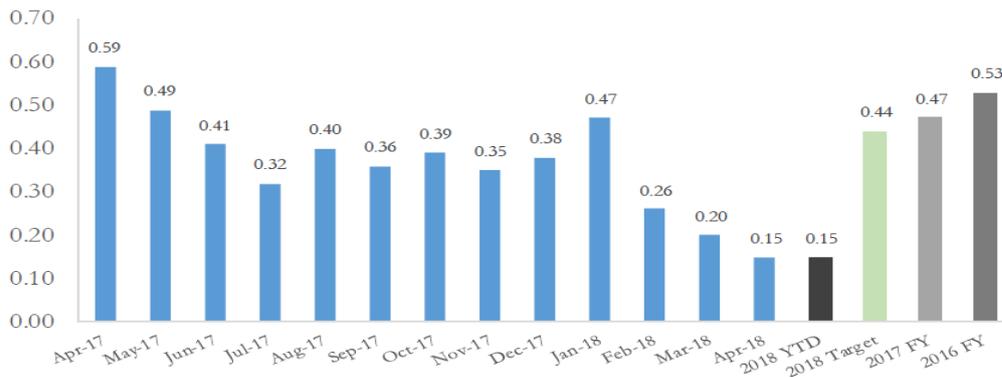
**Committees**

There is a Joint Health and Safety Committee that is scheduled to meet every fourth Tuesday of the month or more often if needed. This is initiative-focused for best practice sharing and safety steward training. It provides a means of communication back to workforce and for Safety Standard review.

**Safety Performance**

TRIR YTD (Total Recordable Injury Rate)

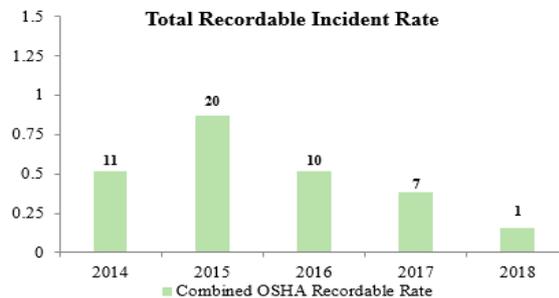
Safety and Environmental



Total recordable injury rate – TRIR – Number of Recordable Injuries (PES and Contractor)/(cumulative total hours)\*200,000.

**Personal Safety**

- Achieved IMM safe workhour milestone on 4/25/18
- 2018 YTD Combined Injury Rate of 0.15 (as of 5/15/18)
  - 1 Recordable injury year-to-date.
- 2017 Combined Injury Rate of 0.38
- 2018 Focus Areas
  - Hands-On demonstration approach for annual safety training delivered to all employees by PES/USW
  - Develop leading indicators for safety performance
  - Safety Spotlight program to focus on compliance in key areas
  - Continuous improvement of incident investigation process and lessons learned sharing
  - Enhance third party hauler safety program



**Inspections and Audits**

USW Safety Rep Audits are undertaken that focus on LOTO, JSA, PPE, Confined Space Entry, Fall Protection, Facility Siting. I.e. HSE task related safety systems, which promotes employee involvement.

**Contractors**

A comprehensive contractor safety management system is in place.

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- Weekly and Monthly Safety Meetings are carried out led jointly by contractor reps and PES Safety, to communicate procedure changes, recent incidents, lessons learned, etc.
- On-site contractors' safety and/or management reps in place
- PES Management participation in contractor safety initiatives
- Contractor company safety presentations to PRC audience
- Good Catch / Near Miss program
- Weekly site audits by team of contractor safety reps
- 2017 distributed awards for excellent safety performance to 40 companies

**In our opinion, the Personal Safety organisation is rated *above standard* when assessed on an industry wide basis.**

## Security

### Organisation

PES's Corporate Security Function liaises with the various Government Security Agencies and ensures that the site remains compliant with Coast Guard regulations. The site is also compliant with the Transportation Worker Identification Credential (TWIC) initiative. This provides a tamper resistant biometric identity card to persons who need unescorted access around the site. The site is also compliant with respect to the Chemical Facility Anti-Terrorism Standards (CFATS), which results in such benefits as a reduction in the number of government security inspections of trucks and vessels entering the site.

The site has completed all the 5-year re-submittals of the Facility Security Plans required under the Maritime Transportation Security Act (MTSA) of November 2002. There is off-site visitor parking and a very good main gate electronic security system. Through the MTSA, as administered by the US Coast Guard, US\$1.37 million has also been spent to improve dockside and perimeter security.

### Preventive Measures

The site's land boundaries have a 7 ft standard security chain link fence topped with 1 ft of barbed wire, with illumination provided in a few key areas. The site has 9 gates. Many of these are card controlled turnstiles. Gates for non-PES personnel are permanently manned. Electronically controlled vehicle access barriers are installed, requiring the identification of vehicle and driver by use of a transponder card. Entrance to the site requires visitor sign-in, with identification before issuing of an electronic badge. Visitors' vehicles are not normally allowed on site.

Security guards make patrols of the site and these are monitored by swiping a card at various stations on the route. Police make external patrols of the perimeter.

About two-thirds of the perimeter is covered by CCTV cameras relayed to the Main Gatehouse.

The site speed limit is 15 mph. Occasional speed checks are made and traffic citations are issued with associated points.

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PES has a drugs and alcohol policy. Drug testing includes pre-employment, post-accident, for cause and random. All employees and contractors are subject to the testing policy. Alcohol is prohibited from the site.

**In our opinion, the Security organisation is rated *standard* when assessed on an industry wide basis.**



## 8. Loss Mitigation

### Fireproofing

In the Point Breeze Sector concrete based fireproofing in the Process Units is to a good standard for those units visited. However, the fire proofing for the VGO Unit 210 C heat exchanger supports needs attention (*see recommendation 18.01*).

Fireproofing includes vertical pipe supports up to about 6-8 m and includes at least the first horizontal, and in some Process Units the second and third horizontals. Some vessel skirts are fireproofed both inside and outside.

In the Girard Point Sector, the standard of concrete based structural fireproofing in the Process Units varies. In 1232 FCC Unit, some structural steel in the hot oil area is protected by water sprays rather than passive fireproofing. Some vessel skirts are fireproofed both inside and outside.

PRC has a rolling 5-year plan for maintaining current fireproofing and upgrading the fireproofing in the Process Units where the fireproofing does not meet the PES standard. Funding for repairs and upgrades is about US\$1.5 million per year.



### Fire & Gas Detection

LEL and Hydrocarbon (HC) detection is installed in the air inlets to various buildings, e.g. some Substations, Block Houses, RIEs and Analyser Houses. In 868 FCC Unit, LEL detection is installed at the CWT-868 Cooling Tower.

Details of the gas detection in the Process Units are as follows:

| Unit                             | LEL                                  | H <sub>2</sub> S | HC |
|----------------------------------|--------------------------------------|------------------|----|
| 868 FCCU                         | -                                    | 3                | -  |
| 860 Reformer                     | -                                    | 4                | -  |
| 433 HF Alkylation                | 6 (5 of which are in the Flare Area) | -                | -  |
| 1733 Cumene                      | -                                    | -                | 7  |
| 331 C <sub>4</sub> Isomerisation | 8                                    | -                | -  |
| 331 C <sub>4</sub> Isomerisation | 8                                    | -                | -  |

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The diked area of the LPG spheres near to the 433 HF Alkylation Unit has 24 LEL detectors. In the North Yard Oil Movements Area, there are 42 LEL detectors and a combustible gas detector. In the Schuylkill River Tank Farm, there are 60 LEL detectors.

There are no floating tank roof rim seal fire detection systems in the PRC tank farms.

Alarms systems are located in; Office Buildings (New system in PB MOB), Control Rooms. Motor Control Centers, Remote Instrument Enclosures, Testing Laboratories.

## Firewater System

The maximum firewater demand is reportedly for a 200 ft diameter floating roof tank in crude service (Tank 886) with a fully involved surface fire together with bund coverage and cooling of adjacent tanks.

The demand for the scenario is circa 6,000 USgpm, based on a model of the site firewater system using KY Pipe. Some field flow tests were conducted in Girard Point Sector Unit 137 to calibrate the model.

The site has a good water supply with significant capacity from the adjacent Schuylkill River. There are 13 firewater pumps in 6 different locations as listed below:

| Location              | Source           | Pump      | Description  |
|-----------------------|------------------|-----------|--|
| PB South Yard         | Schuylkill River | 24P-1     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
|                       |                  | 24P-2     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
|                       |                  | 24P-3     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
|                       |                  | 24P-4     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
| PB North Yard         | Schuylkill River | 24P-5     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
|                       |                  | 24P-6     | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual Remote   |
| South Tank Field      | Schuylkill River | 24P-7     | Diesel – Vertical Turbine – 3,000 gpm @ 150 psi, Manual Remote   |
|                       |                  | 24P-8     | Diesel – Vertical Turbine – 3,000 gpm @ 150 psi, Manual Remote   |
| GP Schuylkill         | Tank/City        | 10950 (4) | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual          |
| River Tank Farm       | Water            | 10952 (5) | Diesel – Vertical Turbine – 2,000 gpm @ 125 psi, Manual          |
| GP Unit#433           |                  | EP-1150A  | Diesel – Horizontal Turbine – 3,500 gpm @ 135 psi, Manual Remote |
| Mitigation Pump House | Tank             | EP-1150B  | Diesel – Horizontal Turbine – 3,500 gpm @ 135 psi, Manual Remote |
| Terminal Godwin       | Schuylkill River |           | Diesel – Horizontal Turbine – 3,000 gpm @ 142 psi, Manual Remote |

In addition to these fixed facilities, further pumping capacity can be provided through the use of city pumpers or the city fire boats, stationed near the site, for which connections have been added.

The following pumps maintain the pressure in the reticulation system:

| Location                 | Source                    | Pump | Description  |
|--------------------------|---------------------------|------|--|
| GP #2 Boiler House       | Low Pressure Water System | #1   | Electric – Horizontal Centrifugal – 700 gpm @ 134 psi, Manual Remote |
|                          |                           | #2   | Electric – Horizontal Centrifugal – 700 gpm @ 134 psi, Manual Remote |
| GP Alley A & Ave L       | Low Pressure Water System | #938 | Steam – Horizontal Centrifugal – 1,500 gpm @ 138 psi, Manual         |
| Service Water Pump House | Schuylkill River          | #426 | Electric – Horizontal Centrifugal – 1,500 gpm @ 134 psi, Manual      |
|                          |                           | #427 | Steam – Horizontal Centrifugal – 1,500 gpm @ 150 psi, Manual         |

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| <b>Location</b>   | <b>Source</b>             | <b>Pump</b> | <b>Description</b>   |
|-------------------|---------------------------|-------------|--|
| East of PB Garage | Low Pressure Water System | #38         | Electric – Horizontal Centrifugal – 2,500 gpm @ 109 psi, Manual Remote |
| PB Change House   | Low Pressure Water System | #37         | Electric – Horizontal Centrifugal – 1,500 gpm @ 105 psi, Manual Remote |

The fire main system is installed such that all areas are covered by a loop which is provided with sectional isolation (approximately 1,000 PIVs). The Point Breeze Sector's mains are generally constructed of cast iron, of 24" to 5" diameter, and a large part was renewed in the 1990s and early 2000s. The Girard Point Sector had a major replacement of the main 12" above ground main in 1996. The firewater main serves a network of hydrants and monitors located in key areas. In total, there are 855 hydrants, combination hydrant/monitors and fixed monitors.

The fire pumps re manually started from the security monitoring room in the CR. A recommendation has been made to autostart fire pumps and reduce the potential for delay in a fire emergency.

## Fixed Protection

### Process Equipment

- In the Point Breeze Sector, there is manual water deluge over a number of hot pumps.
- In the Point Breeze Sector, there are water spray screens segregating gas compressors from the remainder of the equipment.
- In 1232 FCC Unit in the Girard Point Sector, manual deluge is installed for the fin-fans Level 2 (25 ft above ground).
- In 1232 FCC Unit in the Girard Point Sector, an elevated monitor is installed on the west side of the Compressor Deck - Level 2 (25 ft above ground).
- In 1232 FCC Unit in the Girard Point Sector, a dry riser is installed up the Main Fractionator.
- In 137 Crude (Atmos/Vacuum) Unit in the Girard Point Sector, fixed snuffing steam rings are installed around the seal area on some hot pumps (Atmos P208A/B; Vacuum P18/18A).
- In 137 Crude (Atmos/Vacuum) Unit in the Girard Point Sector, there is a semi-fixed foam system for the open grated drainage channels within the Process Unit. Additionally, there are 2 ground level monitors with foam pick-up (55 USg) inside the pump alley.
- In 137 Crude (Atmos/Vacuum) Unit in the Girard Point Sector, there is an elevated monitor Atmospheric Tower – Top Deck – West of the F-1 Heater.
- In 868 FCC Unit in the Point Breeze Sector, a manual deluge system is installed over the Wet Gas Compressor at main deck level.
- Snuffing steam is also provided on the main fired heaters in the Process Units. In the Point Breeze Sector, 210A Pipe Stills Unit, 210B Pipe Stills Unit and 210C Vacuum Unit, the snuffing steam connections are both within the firebox and the pass tubes.

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- 15 hydrants and 6 elevated monitors have been placed in the South Tank Field Butane Rail Unloading Area

**Buildings**

10 Suppressions Systems (Gaseous and Dry Chemical) covering:

- Testing Laboratories
- Control Rooms
- Remote Instrument Enclosures
- Computer Rooms

The Alarm and Communication activation is from local control rooms and the Communications Center. A new system is capable of making unique sounds to enhance unit specific evacuations. Highlights include tone and “voice” capable, with strobe lights for heightened visibility. It has been installed in the following areas:

- North Yard Rail Unloading
- #2 Boiler House

Plans exist to now extend the system.

**Storage**

All spheres are fitted with directional water spray systems and coverage has been ensured by the inclusion of a ring of sprays around the bottom of the sphere to compliment the top application.

The bullets in the LPG Terminal are fitted with an extremely comprehensive deluge system.

In the Girard Point Sector, there is a fixed foam system with the following pumps.

| <b>Location</b>            | <b>Source</b> | <b>Pump</b> | <b>Description</b>  |
|----------------------------|---------------|-------------|---|
| Schuylkill River Tank Farm | Tanks 213/214 | 45P-525     | Gasoline – Horizontal Centrifugal – 100 gpm @ 175 psi, Manual |
|                            |               | 45P-524     | Electric – Horizontal Centrifugal – 100 gpm @ 175 psi, Manual |

In the Point Breeze Sector, there is foam rim seal protection to all floating roof tanks. All external floating roof tanks are equipped with a foam dam on the roof.

In the Point Breeze Sector, there is a semi-fixed foam system on all cone roof tanks with an internal floating roof. The foam inlets extend outside the bund wall.

In the Point Breeze Sector, there is a semi-fixed subsurface foam system on some cone roof tanks. The foam inlets extend outside the bund wall.

The 4 tanks with geodesic domes have full surface foam systems.

## Import/Export Facilities

The railcar loading racks in the LPG Terminal are fitted with an extremely comprehensive deluge system. This is supplied by two new river submersible fire pumps. Contributor pumps have also been upgraded.

## Mobile Equipment

### Fire Appliances

Mobile equipment that includes the following is stationed at the site.

- 1 Foam Pumper/Tanker – 750 USg foam concentrate - Universal Gold; 1,500 USgpm pump.
- 1 Foam Pumper/Tanker – 1,000 USg foam concentrate - Universal Gold; 1,500 USgpm pump.
- 1 Foam Pumper/Tanker – 3,000 USg foam concentrate – Universal Gold; 2,000 USgpm pump.
- 1 Foam Trailer – 3,000 USg foam concentrate – Universal Gold.
- 1 Foam Tanker – 3000 USg foam concentrate – Universal Gold.
- 1 Trailer Mounted Pump - 6,000 USgpm.
- 1 Quick Attack Unit.
- 1 Snorkel 75' - 1,000 USg foam concentrate - Universal Gold; 1,000 USgpm pump, 1,000 USgpm monitor.
- 1 HazMat Vehicle.
- 2 Trailer Mounted Foam/Water Monitors – 2,000 USgpm.

Total mobile foam storage 10,750USg (Ex Snorkel)

The mobile equipment is divided between the separate Fire Stations at the Point Breeze Sector and the Girard Point Sector.

### Foam Stocks

In addition to the foam that is held in the mobile equipment, the following stocks are available:

- AR-AFFF 6 totes, each 330 USg, i.e. 1,980 USg
- AR-AFFF 4 totes, each 270 USg, i.e. 1,080 USg
- XL-3 10 totes, each 270 USg, i.e.2,700 USg

Additionally, 1,920 USg AR-AFFF (3 X 6) are available for training purposes.

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A 3,000-gallon tanker was purchased and modified for foam concentrate operations. Additionally, an existing truck was modified to hold a 3,000-gallon foam tank.

## Testing of Equipment

There are > 5,000 Emergency Response Assets, and inspections are performed as per an agreed PM schedule and tracked in electronic database (Marlin).

The City of Philadelphia Fire Department requires all fire pumps, firewater systems and fixed spray protection systems to be tested and certified, with outside observers, every year. The site's Fire department is responsible for all fixed fire protection equipment including the firemain, pumps and specific detection and suppression systems, with detailed records kept on the systems' maintenance and inspection work.

The site carries out annual pump performance tests in accordance with the requirements of NFPA-25, even though some of the pumps are not UL listed and therefore not expected to meet all NFPA flow/pressure criteria. Pumps which fail are addressed and rectified on a priority basis. Fire pump test reports for 2018 were supplied that stated all pumps passed the test.

Every hydrant is flow tested on an annual basis by a third-party contractor.

Toxic and hydrocarbon gas detectors are tested every 3 months.

## Impairment Management

Process Safety SS-65 System is employed to track impairments. This covers Procedures, Employee Training & Documentation and Tracking. Contingency equipment deployed as needed (mobile pumps, monitors, etc.). There are 12 such impairments being managed now.

## Emergency Response

### Organisation

An organisation chart is included in Appendix 4. The Director, HSSE reports to the VP & General Manager, PB. Reporting to the Director, HSSE are Manager, PSM/Safety Program and Manager, Corporate Security & Emergency Services. Reporting to the Manager, Corporate Security & Emergency Services are 5 Shift Supervisors, Emergency Response; 4 Plant Protection Officers and 4 Communications Specialists.

The ERT (Emergency Response Team) is a 70 Member Volunteer Response Team. There are 40 First Responders (OPS Shift Supervisors), who have had advanced emergency response training.

There is an Emergency Control Centre in the Main Administration Building and a Mobile Incident Command Post.

## Experience and Training

The Emergency Team receives training in 7 specific modules including: gas & liquid fires, structural fires, rescue and spill control. These courses are held monthly, either on site or at external fire schools such as the Dover Fire School, Delaware. Attendance at these courses is mandatory.

In addition, there is a program of regular drills at different areas of the site, simulating realistic emergency scenarios. Pre-plans have been used by the ERT during live drills. These drills are observed, a report prepared and critically reviewed. 'What If' drills are performed quarterly.

Members of the response team receive regular medical reviews and fitness tests.

## Mutual Aid

Additional support would be provided by the public municipal brigades (e.g. the Philadelphia Fire Department located 5 blocks from the site). The municipal brigades are familiar with the site through visits and attendance at major drills. They also review the emergency plans every year.

The Philadelphia Fire Department has immediate notification of all fires, and Two-Way Radio Communications exist between the PRC and fire brigade. Both fixed tenders and a fire boat are available. Annual orientation and training with the Industrial Firefighting Group (IFG) is carried out.

A Mutual Aid agreement for manpower from 4 other refineries (Paulsboro, Monroe, Sunoco, Delaware City) is in place. PES still has a mutual aid agreement with the former Marcus Hook Refinery, but now in limited quantities.

## Emergency Plan

There is a written Emergency Plan. There are Process Unit Pre-Emergency Planning Worksheets for: 137 F-1 Heater; 137 North Pump Room; 1232 FCC Fractionator Tower and 1232 FCC Recovery Unit. PES has compiled a list of critical compressors and developed specific fire pre-plans to address the issues for each location. Following units have had updated plans: 137 Crude Unit, 1232 FCCU, 331 ISOM, 433 HF Unit, 210 Crude Unit, 868 FCCU, 859 ULSD, GP 217, PB 26, 36, 42, 83, 821, 884, 886 and SRTF 90.

The plans are maintained on a new database that gives ready access to the plans

Incidents are reported primarily by phone using a reserved phone number. One of the site's 8 radio channels is reserved for emergency response. There are emergency phone points located strategically across the site and several of the emergency response vehicles have cellular telephones. In addition, there is radio communication to the area's emergency fire and river commands.

## Simulations

A program of exercise drills is regularly carried out and learning point actions followed up. This tracking process is managed using the application eSWEEP. The USCG are also reviewing this to ensure items are addressed.

Annually, there is an industry drill co-ordinated by the USCG, this involves all five large hydrocarbon and petrochemical industry fire teams in the Philadelphia industrial region and 3<sup>rd</sup> party support. Municipal authorities also participate, although overall onsite responsibility is retained by the onsite operator.



## 9. Loss Estimates

### Property Values

PES has provided an overall Replacement Cost Value (RCV) for both sites. For the Insurance Period from 1<sup>st</sup> November 2017 through to 1<sup>st</sup> November 2018, a value of US\$6,851,249,884 for Physical Damage has been declared. The origin of the value is a Valuation Exercise performed by IHS Global Inc. that was performed during August 2015, and escalated for inflation using FM Global cost trends.

A breakdown over the different process areas has also been provided. This has been used to derive the following value distribution, which has been used to establish loss estimates. The following values have been extracted from the IHS Global Inc. report.

|   |                | 2015-2016               | 2016-2017     | 2017-2018 *              |
|---|----------------|-------------------------|---------------|--------------------------|
| GIRARD POINT PROCESS UNIT DETAIL            |                |                         | 1% Escalation | Flat Equip & 1% Bldg Esc |
| Unit  | Capacity MB/SD | Replacement Cost (\$MM) | 1.01          | 1.00                     |
| <b>Crude Area</b>                           |                |                         |               |                          |
| Unit 137 Crude Unit                         | 203.0          | 254.4                   | 256.9         | 256.9                    |
| Unit 137 Vacuum Unit                        | 80.0           | 134.0                   | 135.3         | 135.3                    |
| <b>Total Fuels Crude Area</b>               |                | <b>388.4</b>            | <b>392.3</b>  | <b>392.3</b>             |
| <b>Conversion Units</b>                     |                |                         |               |                          |
| Unit 231 Gulf iner HDS                      | 34.0           | 108.4                   | 109.5         | 109.5                    |
| Unit 1232 FCC No. 2 (RFCC)                  | 85.0           | 697.2                   | 704.2         | 704.2                    |
| Unit 433 Alkylation - HF                    | 20.0           | 204.4                   | 206.4         | 206.4                    |
| Unit 1332 Hydrobon (Naphtha HDS)            | 40.0           | 93.5                    | 94.4          | 94.4                     |
| Unit 1332 Ref ormer No. 1                   | 38.0           | 168.1                   | 169.8         | 169.8                    |
| Reformate Splitter                          | 24.0           | 25.8                    | 26.1          | 26.1                     |
| Unit 331 C4 Isomerization (includes DIB)    | 8.8            | 69.8                    | 70.5          | 70.5                     |
| <b>Total Conversion Units</b>               |                | <b>1367.2</b>           | <b>1380.9</b> | <b>1380.9</b>            |
| <b>Chemicals</b>                            |                |                         |               |                          |
| Unit 1732 Udex Unit (Benzene Extraction)    | 18.0           | 83.0                    | 83.8          | 83.8                     |
| Unit 1733 Cumene Unit                       | 11.5           | 142.9                   | 144.3         | 144.3                    |
| <b>Total Chemicals</b>                      |                | <b>225.9</b>            | <b>228.2</b>  | <b>228.2</b>             |
| <b>Misc. Fractionation</b>                  |                |                         |               |                          |
| Unit 431 Light Ends - Abs,Str,Deprop,Debut. | 14             | 35.3                    | 35.7          | 35.7                     |
| <b>Total Misc. Fractionation</b>            |                | <b>35.3</b>             | <b>35.7</b>   | <b>35.7</b>              |
| <b>Ancillary Process Units</b>              |                |                         |               |                          |
| GP Amine Plant, LT/D                        | 40 LT/D        | 20.4                    | 20.6          | 20.6                     |
| <b>Total Ancillary Process Units</b>        |                | <b>20.4</b>             | <b>20.6</b>   | <b>20.6</b>              |
| <b>TOTAL PLANT</b>                          |                | <b>2037.2</b>           | <b>2057.6</b> | <b>2057.6</b>            |

|   |                | 2015-2016               | 2016-2017     | 2017-2018 *              |
|---|----------------|-------------------------|---------------|--------------------------|
| POINT BREEZE REFINERY PROCESS UNIT DETAIL               |                |                         | 1% Escalation | Flat Equip & 1% Bldg Esc |
| Unit  | Capacity MB/SD | Replacement Cost (\$MM) | 1.0           | 1.00                     |
| <b>Crude Area</b>                                       |                |                         |               |                          |
| Unit 210 A Crude Unit                                   | 57.0           | 92.1                    | 93.0          | 93.0                     |
| Unit 210 B Crude Unit                                   | 90.0           | 132.7                   | 134.0         | 134.0                    |
| Unit 210 A Vacuum Unit                                  | 27.0           | 58.7                    | 59.3          | 59.3                     |
| Unit 210 C Vacuum Unit                                  | 57.0           | 103.6                   | 104.6         | 104.6                    |
| <b>Total Crude Area</b>                                 |                | <b>387.1</b>            | <b>391.0</b>  | <b>391.0</b>             |
| <b>Conversion Units</b>                                 |                |                         |               |                          |
| Unit 864 Unifiner HDS (Naphtha HDS)                     | 40.0           | 93.5                    | 94.4          | 94.4                     |
| Unit 860 Magnaformer (Semi-Regen Reformer)              | 32.5           | 151.1                   | 152.6         | 152.6                    |
| Reformate Splitter                                      | 23.4           | 25.5                    | 25.8          | 25.8                     |
| Unit 868 FCC  | 47.5           | 368.5                   | 372.2         | 372.2                    |
| Unit 870 LSG (Cat Gasoline HDS)                         | 60.0           | 166.4                   | 168.1         | 168.1                    |
| Unit 869 H2SO4 Alkylation Unit                          | 6.5            | 82.2                    | 83.0          | 83.0                     |
| Unit 859 Distillate HDS                                 | 50.0           | 140.9                   | 142.3         | 142.3                    |
| Unit 865 Distillate HDS                                 | 50.0           | 140.9                   | 142.3         | 142.3                    |
| Unit 866 Gas Oil HDS                                    | 23.0           | 152.8                   | 154.3         | 154.3                    |
| <b>Total Conversion Units</b>                           |                | <b>1,321.8</b>          | <b>1335.0</b> | <b>1,335.0</b>           |
| <b>Misc. Fractionation</b>                              |                |                         |               |                          |
| Unit 862 Light Ends-A bs., Deprop., Debut.              | 26.0           | 42.9                    | 43.3          | 43.329                   |
| <b>Total Misc. Fractionation</b>                        |                | <b>42.9</b>             | <b>43.3</b>   | <b>43.3</b>              |
| <b>Ancillary Process Units</b>                          |                |                         |               |                          |
| Unit 867 Sulfur Plant North Clause (includes A mine Reç | 149 LT/D       | 84.6                    | 85.4          | 85.4                     |
| Unit 867 Sulfur Plant South Clause (includes A mine Reç | 149 LT/D       | 84.6                    | 85.4          | 85.4                     |
| Tail Gas Unit - 1, LT/D                                 | 100 LT/D       | 40.4                    | 40.8          | 40.8                     |
| Tail Gas Unit- 2, LT/D                                  | 100 LT/D       | 40.4                    | 40.8          | 40.8                     |
| <b>Total Ancillary Process Units</b>                    |                | <b>250.0</b>            | <b>252.5</b>  | <b>252.5</b>             |
| <b>TOTAL PLANT</b>                                      |                | <b>2,001.8</b>          | <b>2021.8</b> | <b>2,021.8</b>           |

## Business Interruption Values

For the Insurance Period from 1<sup>st</sup> November 2015 2017 through to 1<sup>st</sup> November 2018, an amount of US\$547,800,000 (annual) has been declared on a gross earnings basis. The indemnity period is 2 years with 60 days waiting period for any one occurrence.

## Estimated Maximum Loss

### Estimated Maximum Loss Definition

Our definition of Estimated Maximum Loss (EML) is as follows:

"The **largest, low** probability loss which could be caused by a single occurrence of the peril in question. Reasonably adverse conditions are assumed to exist; fixed protection systems are assumed to be inoperable".

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**Note:** Unless there is a very severe exposure this would not normally include a consideration of Natural Hazards.

It is worth noting that within the Insurance industry there is no single, universal definition of an EML. A number of (slightly) different definitions are in common use, originating from different Brokers and Insurers. In fact certain Insurers use a slightly different terminology, such as Maximum Foreseeable Loss (MFL). Despite the differences some common characteristics of an EML are found, in particular:

- Expressed in monetary value.
- Linked to a single event.
- Having a low probability of occurrence.
- Only passive systems effective.
- Based on Industry loss history.

Based on the above, the approach which has been adopted to calculate the EML for the site has been to model a limited number of well-defined and carefully selected worst case credible scenarios, which could possibly constitute an EML event, and selecting the maximum of the modelled scenarios. This is outlined in the next sections.

The tool which has been used for the modelling of the loss scenarios is the Aon Loss Estimation Risk Tool – ALERT. This is a software tool which has been custom built for Aon by TNO, and is based on the TNO's consequence modelling package EFFECTS. It can model EMLs from Vapour Cloud Explosions (VCE), high pressure ruptures, jet fires, pool fires and tank fires.

## Property Damage EML

### Vapour Cloud Explosion

Within some of the site's unconfined or semi-confined process plants there is a risk of a VCE. This risk arises from the accidental release of volatile hydrocarbons present in the process. If a flammable vapour cloud were to accumulate within the process areas before ignition, damaging overpressures, with subsequent knock-on fires, could be produced.

Fundamental research and experiments carried out over the last decades have demonstrated that the strength of the vapour cloud explosion will depend on a number of parameters. These include fuel reactivity, ignition strength, degree of confinement, energy in the vapour cloud, geometric proportions, and obstacle layout. Moreover, it has been demonstrated that damaging overpressures cannot be produced by, even large, vapour clouds in open area (ref. Maplin Sands and China Lake).

The above characteristics and explosion mechanisms have been incorporated into the TNO Multi-Energy Model, following the Guidance on the Application of Multi-Energy (GAME) correlations, which are used in the ALERT software tool.

In order to model the vapour clouds, use is made of the discharge and dispersion models included in TNO's EFFECT model. These model the vapour cloud accumulation within the different process areas near the release over time, and provide the input into the Multi-Energy Model, which is used to assess overpressure as a function of distance.

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Other key features of the ALERT model are the asset vulnerability models for different classes of onsite plant to determine direct overpressure damage as well as “knock-on fire” damage.

## Girard Point Refinery

Based on the information provided by the site, the following process vessel was identified as likely to be the source of a VCE:

| <b>Vessel</b> | <b>Description</b>  | <b>Representative Material(s)</b> | <b>Normal Operating Pressure (bar)</b> | <b>Normal Operating Temperature (°C)</b> | <b>Hold-up at normal liquid level (tonnes)</b> |
|---------------|---------------------|-----------------------------------|--|--|--|
| F 203         | Propane Accumulator | Propylene                         | 7.0                                    | 38                                       | 34.7   |

The following block values were used for the EML calculation.

| <b>Block</b> | <b>Description</b>                                 | <b>Value (US\$ Million)</b> |
|--------------|--|-----------------------------|
| 1            | 137 Crude/Vacuum                                   | 392                         |
| 2            | 1232 FCC   | 704                         |
| 3            | 433 Alkylation HF                                  | 206                         |
| 4            | 1332/331 Hydrobon/Reformer/Reformate Splitter/Isom | 360                         |
| 5            | 1732/1733 Udex/Cumene                              | 228                         |
| 6            | 231 Gulfiner                                       | 110                         |

The case that results in the largest loss is a release from the F-203 in the 1232 FCC unit. An accidental release through a 150mm diameter hole has been modelled as the worst case credible event. The consequences of this event as modelled in ALERT, with the overpressure isobars plotted to scale on a plot plan of the site, are detailed below. The graph shows the VCE with the cloud drifted towards the area with the largest property value density to maximise property damage. The table details the corresponding damage caused.



| Maximum estimated loss: F-203 150mm Continuous Release |                      |                       |          |              |          |          |                |
|--|----------------------|-----------------------|----------|--------------|----------|----------|----------------|
| Property   |                      |                       |          | Overpressure |          |          | Damage         |
| Name   | Value [million US\$] | Type                  | 700 mbar | 350 mbar     | 200 mbar | 100 mbar | [million US\$] |
| [2] 1232 FCC   | 704                  | Refinery process unit | 95 %     | 5 %          | 0 %      | 0 %      | 697            |
| [3] 433 Alkylation Unit                                | 206                  | Refinery process unit | 0 %      | 0 %          | 0 %      | 95 %     | 10             |
| <b>Total</b>   | <b>910</b>           |                       |          |              |          |          | <b>707</b>     |



### Jet Fire

There are significant pressurised liquid and gaseous inventories at the site which present a jet fire exposure, however the consequences are not considered to exceed that of a vapour cloud explosion

### Spill Fire

There are significant liquid inventories at the site which present a spill fire exposure, however the consequences are not considered to exceed that of a vapour cloud explosion described above.

### Conclusion

The worst case scenario is considered to be associated with a vapour cloud explosion event as evaluated above. In arriving at an EML, additional costs need to be added to this loss estimate as follows:

| Estimated loss  |  |                       |
|---|--|-----------------------|
| #   | Scenario                                   | Damage [million US\$] |
| 1   | F-203 150mm Continuous Release (Equipment) | 707                   |
| Additional Costs  |  |                       |
| Item  |  | Value [million US\$]  |
| Calculated loss   |  | 707                   |
| Plus inventory  |  | 0                     |
| Plus cost inflation to current date ( <u>year(s)</u> @ 0% p.a.)                 |  | 0                     |
| <b>Sub total</b>  |  | <b>707</b>            |
| Allowance for associated buildings and utilities                                |  | 0                     |
| Allowance for interconnecting pipework, etc.                                    |  | 0                     |
| Redesign, procurement engineering, supervision, testing and commissioning (10%) |  | 71                    |
| <b>Calculated loss at beginning of policy year</b>                              |  | <b>778</b>            |
| Plus removal of debris (9%)   |  | 66                    |
| Plus fire fighting (0%)   |  | 0                     |
| Plus Inflation to end of policy year (1 year(s) @ 2% p.a.)                      |  | 16                    |
| Plus cost escalation on "S" curve (3 year(s) @ 2% p.a.)                         |  | 24                    |
|   | <b>Total</b>                               | <b>884</b>            |

We would therefore recommend a Property Damage Estimated Maximum Loss based upon a vapour cloud explosion event at **US\$890 million** (rounded).

Note the reduction in the EML value compared to the previous report is due to re-evaluating the vessel source term. It is thought the new vessel choice now being used has a more credible hydrocarbon content, albeit its volume is somewhat less. The Alert calculation method is also a further consideration.

### Point Breeze Refinery

Based on the information provided by the site, the following process vessel was identified as likely to be the source of a VCE:

| Vessel | Description         | Representative Material(s) | Normal Operating Pressure (bar) | Normal Operating Temperature (°C) | Hold-up at normal liquid level (tonnes) |
|--------|---------------------|----------------------------|---------------------------------|-----------------------------------|---|
| 8V 208 | Propane Accumulator | Propylene                  | 7.0                             | 41                                | 34.7                                    |

The following block values were used for the EML calculation.

| Block | Description                     | Value (US\$ Million) |
|-------|---------------------------------|----------------------|
| 1     | 210 A/210 B Crude, 210 A Vacuum | 286                  |
| 2     | 210 C Vacuum                    | 105                  |
| 3     | 865/866 HDS                     | 297                  |
| 4     | 864 Unifiner                    | 94                   |
| 5     | 868 FCC                         | 372                  |
| 6     | 869 H2SO4 Alkylation            | 83                   |
| 7     | 870 LSG                         | 168                  |
| 8     | North Complex 859/86            | 616                  |

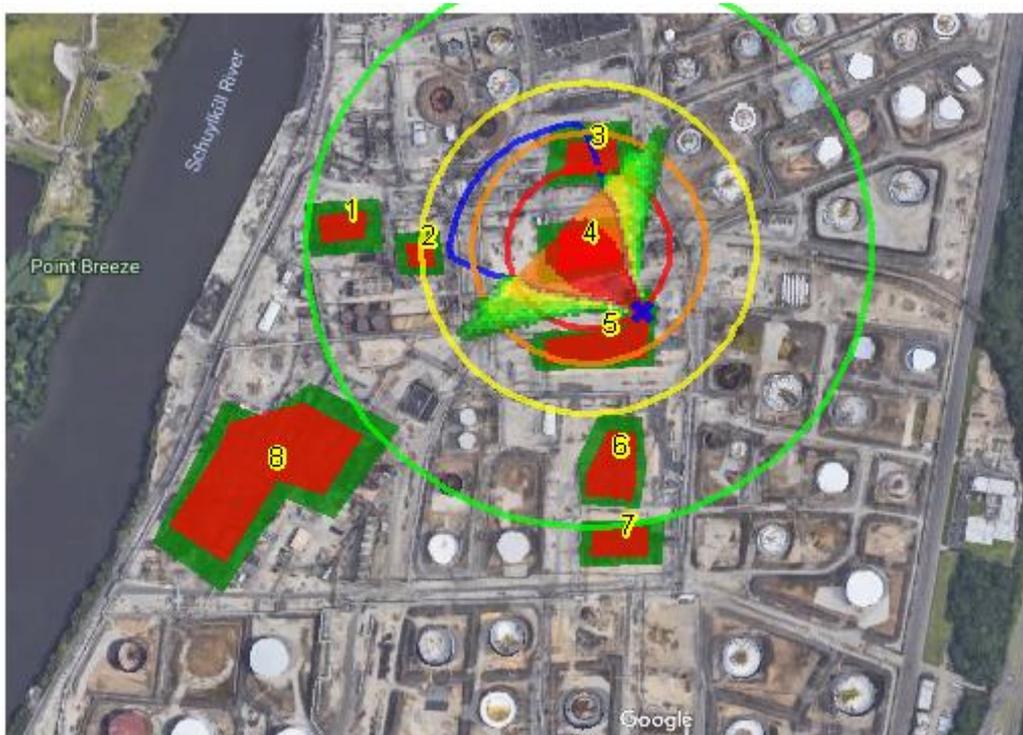
The case that results in the largest loss is a release from the 8V-208 vessel in the 868 FCC unit. An accidental release through a 150mm diameter hole has been modelled as the worst case credible event. The consequences of this event as modelled in ALERT, with the overpressure isobars plotted

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to scale on a plot plan of the site, are detailed below. The graph shows the VCE with the cloud drifted towards the area with the largest property value density to maximise property damage. The table details the corresponding damage caused.



| Maximum estimated loss: 8v-208 150mm Release Flammable cloud scenario |                      |                       |          |          |          |          |                |
|---|----------------------|-----------------------|----------|----------|----------|----------|----------------|
| Property  | Overpressure         |                       |          |          |          |          | Damage         |
| Name  | Value [million US\$] | Type                  | 700 mbar | 350 mbar | 200 mbar | 100 mbar | [million US\$] |
| [1] 210 A & B Crude/ 210 A vacuum                                     | 286                  | Refinery process unit | 0 %      | 0 %      | 0 %      | 99 %     | 14             |
| [2] 210 C Vacuum  | 105                  | Refinery process unit | 0 %      | 0 %      | 45 %     | 55 %     | 26             |
| [3] 865/866 HDS   | 297                  | Refinery process unit | 17 %     | 64 %     | 18 %     | 0 %      | 232            |
| [4] 864 Unifiner  | 94                   | Refinery process unit | 100 %    | 0 %      | 0 %      | 0 %      | 94             |
| [5] 868 FCC   | 372                  | Refinery process unit | 10 %     | 69 %     | 20 %     | 0 %      | 283            |
| [6] 869 H2S04 Alkylation  | 83                   | Refinery process unit | 0 %      | 0 %      | 0 %      | 100 %    | 4              |
| [8] Property Block  | 616                  | Refinery process unit | 0 %      | 0 %      | 0 %      | 2 %      | 1              |
| [7] 870 LSG   | 168                  | Refinery process unit | 0 %      | 0 %      | 0 %      | 7 %      | 1              |
| <b>Total</b>  | <b>2021</b>          |                       |          |          |          |          | <b>654</b>     |

| Additional Costs  |                      |
|---|----------------------|
| Item  | Value [million US\$] |
| Calculated loss   | 654                  |
| Plus inventory  | 0                    |
| Plus cost inflation to current date (year(s) @ 0% p.a.)                         | 0                    |
| <b>Sub total</b>  | <b>654</b>           |
| Allowance for associated buildings and utilities                                | 0                    |
| Allowance for interconnecting pipework, etc.                                    | 0                    |
| Redesign, procurement engineering, supervision, testing and commissioning (10%) | 65                   |
| <b>Calculated loss at beginning of policy year</b>                              | <b>720</b>           |
| Plus removal of debris (9%)   | 63                   |
| Plus fire fighting (0%)   | 0                    |
| Plus inflation to end of policy year (1 year(s) @ 2% p.a.)                      | 14                   |
| Plus cost escalation on "S" curve (3 year(s) @ 2% p.a.)                         | 22                   |
| <b>Total</b>  | <b>820</b>           |

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## Jet Fire

There are significant pressurised liquid and gaseous inventories at the site which present a jet fire exposure, however the consequences are not considered to exceed that of a vapour cloud explosion

## Spill Fire

There are significant liquid inventories at the site which present a spill fire exposure, however the consequences are not considered to exceed that of a vapour cloud explosion described above.

## Conclusion

The worst case scenario is considered to be associated with a vapour cloud explosion event as evaluated above. In arriving at an EML, additional costs need to be added to this loss estimate as follows:

| Additional Costs  |                      |
|---|----------------------|
| Item  | Value [million US\$] |
| Calculated loss   | 654                  |
| Plus inventory  | 0                    |
| Plus cost inflation to current date (year(s) @ 0% p.a.)                         | 0                    |
| <b>Sub total</b>  | <b>654</b>           |
| Allowance for associated buildings and utilities                                | 0                    |
| Allowance for interconnecting pipework, etc.                                    | 0                    |
| Redesign, procurement engineering, supervision, testing and commissioning (10%) | 65                   |
| <b>Calculated loss at beginning of policy year</b>                              | <b>720</b>           |
| Plus removal of debris (9%)   | 63                   |
| Plus fire fighting (0%)   | 65                   |
| Plus Inflation to end of policy year (1 year(s) @ 2% p.a.)                      | 14                   |
| Plus cost escalation on "S" curve (3 year(s) @ 2% p.a.)                         | 22                   |
| <b>Total</b>  | <b>820</b>           |

We would therefore recommend a Property Damage Estimated Maximum Loss based upon a vapour cloud explosion event **US\$820** million.

## Machinery Breakdown EML

Machinery breakdown exposures are typically those affecting the cost of replacing or repairing large items of mechanical equipment following breakdown. For such a failure to be considered as potentially insurable it needs to occur in a sudden and unforeseen manner. The following is a brief summary of the key higher risk items.

There are critical items of rotating equipment, the loss of which could cause disruption to production. These include:

| Tag         | Plant | Service                                 | Power (HP)    | Manufacturer | Effect on Operation |
|-------------|-------|---|---------------|--------------|---------------------|
| 8C-101      | 868   | Power Recovery Turbine, Main Air Blower | 13,000        | IR/D-R       | Unit shutdown       |
| G12J-101C   | 1232  | Main Air Blower                         | 33,000        | Mann-Turbo   | Unit shutdown       |
| G12J-201A/B | 1232  | Wet Gas Compressors                     | 3,500/machine | Clark/D-R    | Unit rate cut       |

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|          |     |                     |             |           |                            |
|----------|-----|---------------------|-------------|-----------|----------------------------|
| 8C-210/2 | 868 | Wet Gas Compressors | 3,500/1,500 | Elliot    | Unit rate cut              |
| 2C-1     | 860 | Hydrogen Compressor | 13,000      | Clark/D-R | Units 860 and 864 shutdown |

Generally, the major items of rotating equipment are provided with on-line monitoring systems that should shut the machine down before excess vibration or over speed results in a catastrophic loss. However, assuming these protections fail, the event that would probably result in the largest loss is a failure causing the destruction of the 33000 HP Main Air Blower in the 1232 FCC Unit, resulting in a property loss of about **US\$ 30 million**.

### Steam Generators

- Girard Point Boiler House US\$ 44 million RCV
- Point Breeze Boilers US\$31million RCV.

### High Value Fixed Equipment Items

Fixed items such as pressure vessels, columns, heat exchangers and transformers are of conventional design and to established codes. The risks of failure are therefore considered as low.

### Conclusion

Based on an AERE estimate on the value of specific individual items, we would suggest a catastrophic failure of equipment item to be the maximum loss event. A Machinery Breakdown EML of **US\$30 million** is proposed.

## Business Interruption EML

In evaluating a business interruption EML we look at the scenarios that could lead to an interruption, and the factors that could affect the rebuild period.

The overall discussion of the vulnerability of different systems which affect the production process is to be provided in the Business Continuity Management section. The purpose of this section is to provide a quantification of the critical loss scenarios where relevant; effectively the conclusion from the discussion in the previous section and a quantification for the EML critical scenarios for CBI and BI.

### Contingent Business Interruption

PES conducted a CBI (Contingency Business Interruption)/inter-dependency exposures assessment that details CBI financial exposures and identifies contingency plans for scenarios such as: electricity supply, catalyst and hydrofluoric acid supply or Delaware River closure. Critical service providers were reported to be PECO (electrical power), Honeywell (hydrofluoric acid), DuPont (sulphuric acid), Linde (liquid nitrogen) and Texas Eastern.

The Refinery is dependent on external suppliers for various feedstocks and utilities. These include the following (updated for 2017/2018 renewal):

#### Suppliers with spend above US\$ 25 MM

AmeriGreen Energy Inc.

#### Products

Biodiesel

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*Proprietary and Confidential***Suppliers with spend above US\$ 25 MM****Products**

|                                |  |
|--------------------------------|--|
| Archer Daniels Midland Company | Ethanol  |
| BNSF Railway Company           | RR Transport   |
| BP                             | Iso Butane (International)                                       |
| BP North America Petroleum     | Gasoline Components  |
| BP Products (NA) (IL)          | Naphtha FBR  |
|                                | Gasoline Components; Naphtha FBR ; Naphtha-Heavy ; Naphtha-Light |
| BP Products NA Inc. (Products) |  |
| Centennial Energy LLC          |  |
| Centennial Gas Liquids, LLC    | Iso Butane (Rail)  |
| Citigroup Global Markets Inc.  |  |
| Constellation New Energy Inc.  |  |
| Continental Resources, Inc.    |  |
| Crestwood Services, LLC        |  |
| Eco-Energy Fueling Solutions   |  |
| Eighty-Eight Oil LLC           |  |
| Freeport Commodities LLC       | Crude  |
| Hartree Partners, LP           |  |
| Hess Corporation               | Crude-Reduced (VGO)  |
| J J White Inc                  |  |
| J.P. Morgan Chase Bank         |  |
| Koch Supply & Trading, LP      | Naphtha FBR ; Naphtha-Heavy ; Udex Raffinate                     |
| Lansing Ethanol Services, LLC  | Ethanol  |
| MacQuarie Bank Limited         |  |
| MacQuarie Bank Limited London  |  |
| Mark West Hydrocarbon Inc      |  |
| Merrill Lynch Commodities      |  |
| Nereus Shipping S.A.           |  |
| Noble Americas Corp.           |  |
| North Yard Logistics L.P.      |  |
| Oasis Petroleum Marketing LLC  |  |
| OSG Bulk Ships Inc.            |  |
| PBF Holding Company            | Iso Butane   |
| Petroleum Products Corporation |  |
| Plains Midstream Canada ULC    |  |
| PNC Capital Markets, LLC       |  |
| Shell                          | Iso Butane (International)                                       |
| Sunoco LLC                     |  |
| Sunoco Partners Marketing      |  |
| Vane Line Bunkering Inc        |  |
| Vitol Inc.                     | Naphtha FBR  |

Give the diversity and criticality of suppliers, the loss of supplier exposure is generally considered significant. However individual product dependencies have not been developed due to time constraints.

**Customers**

Loss of Customers updated below to include values provided for 2017/2018 renewal, except 121 Point Breeze Management Corp.

**Customers with revenue above US\$ 25 MM to PES**

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121 Point Breeze Management Corp  
AdvanSix Inc.  
Ahold Fuel LLC  
AOT Energy Americas LLC  
Arfa Enterprises Inc.  
Apex Oil Company  
APPROVED OIL COMPANY OF BROOKLYN INC.  
ASTRA OIL COMPANY LLC  
Atlantic Trading and Marketing, Inc.  
BP Products (NA)  
BP Products NA Inc. (Jet)  
BP Products NA Inc. (Products)  
Braskem America, Inc.  
Buckeye Energy Services, LLC  
Cargill, Inc Petroleum Trading  
CASTLETON COMMODITIES MERCHANT TRADING L.P  
CHEVRON PRD CO DIV CHEVRON USA  
CITGO PETROLEUM CORPORATOIN  
Colonial Oil Industries, Inc.  
DSST Corporation  
Edw. J Sweeney & Sons, Inc  
ENTERPRISE PRODUCTS OPERATING  
EXXONMOBIL OIL CORPORATION  
FREEPOINT COMMODITIES LLC  
GEORGE E. WARREN CORPORATION  
GLENCORE LTD.  
GLOBAL COMPANIES LLC  
GULF OIL LIMITED PARTNERSHIP  
GUTTMAN OIL CO. (BULK)  
HARTREE PARTNERS, LP  
HESS ENERGY TRADING CO., LLC  
HONEYWELL INTERNATIONAL INC  
JP MORGAN VENTURES ENERGY CORP  
KOCH SUPPLY & TRADING LP  
Long Island Lighting Company dba LIPA  
Lukoil North America LLC  
Mansfield Oil Company  
MACQUARIE ENERGY NORTH AMERICA TRADING INC  
MARATHON PETROLEUM CO. LP  
MERCURIA ENERGY TRADING INC  
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Merrill Lynch Commodities, Inc.  
MONROE ENERGY, LLC  
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Motiva Enerprises LLC  
Multani Enterprise Inc.  
MUSKET CORPORATION (BULK)  
Mutual Oil Co., Inc.  
NIC HOLDING CORP  
NOBLE AMERICAS CORPORATION  
NOBLE PETRO INC.  
Papco, Inc  
PBF HOLDING COMPANY LLC  
PennJ Petroleum LLC  
PETROBRAS GLOBAL TRADING BV  
PETROLEUM PRODUCTS CORPORATION  
PETROLEUM TRADERS CORPORATION  
PHILLIPS 66 COMPANY  
Pilot Travel Centers LLC  
PLAINS MARKETING LP  
PPL ENERGYPLUS RETAIL, LLC  
PYRAMID DE LLC  
QT FUELS INCORPORATED  
Riggins, Inc  
ROLYMPUS (US) COMMODITIES GROUP LLC  
Ross Fogg Fuel Oil Co.  
Sat Raj Inc  
Service Energy, LLC  
SHEETZ INC.  
SHELL TRADING US CO. (PRODUCTS)  
Shipley Fuels Marketing, LLC  
SJ Fuel South Co Inc.  
SPRAGUE OPERATING RESOURCES LLC  
Sunoco Partners Marketing and Terminals LP  
SUNOCO, LLC  
SUPERIOR PLUS ENERGY SERV LLC  
TA Operating LLC  
TRAFIGURA AG  
TRAFIGURA TRADING LLC

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Turkey Hill LP D/B/A Turkey Hill Minit Markets  
 UNITED ENERGY PLUS TERMINALS, LLC  
 US VENTURE INC  
 VALERO MARKETING AND SUPPLY CO  
 VITOL INC.  
 WAWA INC.  
 WORLD FUEL SERVICES, INC.  
 WOROCO MANAGEMENT LLC

Due to the diverse customer slate the loss of customer exposures are considered low. However individual product dependencies have not been developed due to time constraints.

**Loss of Import Facilities**

Given there are several crude oil import routes and suppliers, the loss of import facilities exposures are considered low.

**Loss of Process Units**

Whilst physical separation between the Point Breeze refinery and Girard Point refinery is generous, the interconnecting streams via 10 pipelines running along a 2 mile piperack, including:

- Lean and Rich Amine piping connecting Girard Point Sector to the Point Breeze Sector 867 Sulfur Recovery Unit.
- A 600# high pressure steam supply line from the Girard Point Sector to the Point Breeze Sector.
- A sour water line from the Girard Point Sector to the Point Breeze Sector Sulphur Recovery System.
- A hydrogen line.

This means that the Girard Point refinery cannot operate independently of the Point Breeze refinery.

**Girard Point Refinery**

The following outage times for the various unit blocks have been developed in accordance with typical rebuild times following the EML VCE event.

| <b>Block</b> | <b>Description</b> | <b>Outage (Months)</b> |
|--------------|--------------------|------------------------|
| 2            | 1232 FCC           | 36                     |
| 3            | 433 Alkylation HF  | 24                     |

Following the VCE event previously presented, it is assumed that the entire Girard Point Sector would be shut down for an initial period of 3 months. This would provide time for debris removal and investigations. Thereafter the VCE damage requires units 1232 FCC and 433 Alkylation to be fully rebuilt. The remaining units are assumed to be operational following any repairs during the initial 3 month outage, but still obviously require their feedstock.

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The loss of 1232 FCC Unit represents almost two-thirds of the FCC capacity of the combined Point Breeze and Girard Point refinery system, and it would not be feasible to maintain full system crude rates and manage the resulting FCC feedstock production.

To maximize crude throughput in this scenario, a crude throughput reduction would necessarily be taken so that the Girard Point 137 Crude/Vacuum unit could continue to be used to most effectively separate VGO and residuum.

Reformers, hydrotreaters, and alkylation units would be slacked proportional to match the reduction in crude and FCC throughput.

It is assumed that an equivalent of 36 months of FCC Unit capacity, crude capacity, and other miscellaneous downstream processing capacity associated with the crude and FCC units is lost.

A loss assumption of the crude throughput loss times the crack spread times the margin capture - would be appropriate for the remaining 33 months outage period of 1232 FCC Unit.

In summary, most of the financial loss would be represented by the loss of the 80 mbpd of 1232 FCC throughput, and an associated loss of the 170 mbpd of crude rate; effectively the full-barrel margin on 170 bpd of crude throughput until the FCC could be rebuilt.

**Calculation**

Note – optimised unit throughputs tabulated based on input from Operations.

| Unit   | Current Capacity (Mbpd) |
|--|-------------------------|
| 137 Crude (Atmos/Vacuum)                     | 203.0                   |
| 231 Gulfiner Naphtha Hydrotreater            | 34.0                    |
| 433 HF Alkylation                            | 20.0                    |
| 1232 FCC                                     | 85.0                    |
| 1332 Catalytic Reformer (Hydrobon; Reformer) | 38.0                    |
| 1732 Chemicals-Udex                          | 18.5                    |
| 1733 Chemicals-Cumene                        | 12.0                    |
| 331 C <sub>4</sub> Isomerisation             | 9.6                     |

**Typical Distillation Throughput of 190 MBPD. Refer to EML 2018 v3 for values below**

- All Girard Point Units down for 3 months (190 MBPD)
- Crude oil distillation capacity loss of 170 MBPD for 33 months
- Gross Crude Oil Processing Margin:
  - Year 1 \$5.26/bbl
  - Year 2+ \$5.30/bbl
- Operating Expense Savings:
  - 1<sup>st</sup> 3 months ~\$1.47/bbl
  - Rest of period \$10,153,510/month (equivalent to ~\$2.01/bbl)  
(\$10,271,200/(170,000\*30) This is from Forecast Expense

1<sup>st</sup> 3 months

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|                                 |                           |   |                         |
|---------------------------------|---------------------------|---|-------------------------|
| Loss of Crude Processing        | $3 * 30 * 190$            | = | 17,100 Mbbls            |
| Loss of Margin                  | $17,100 * 1,000 * 5.26$   | = | \$89.925 million        |
| Less reduction in variable cost |                           |   |                         |
|                                 | $17,100 * 1000 * (~1.47)$ | = | (\$25.139 million)      |
| <b>Business Exposure</b>        |                           | = | <b>\$64.786 million</b> |

Remaining 33 months (9 Mths at 5.26 \$/bbl, and 24 Mths at 5.30 \$/bbl)

|                                 |                            |   |                          |
|---------------------------------|----------------------------|---|--------------------------|
| Loss of Crude Processing        | $9 * 30 * 170$             | = | 45,900 Mbbls             |
| Loss of Margin                  | $45,900 * 1,000 * 5.26$    | = | \$241.378 million        |
| Loss of Crude Processing        | $24 * 30 * 170$            | = | 122,400 Mbbls            |
| Loss of Margin                  | $122,400 * 1,000 * 5.30$   | = | \$648,137 million        |
| Less reduction in variable cost |                            |   |                          |
|                                 | $168,300 * 1000 * (~2.01)$ | = | (\$338.950 million)      |
| <b>Business Exposure</b>        |                            | = | <b>\$550.565 million</b> |
| <b>Total Business Exposure</b>  |                            | = | <b>\$615.351 million</b> |

**Point Breeze Refinery**

The following outage times for the various blocks have been developed in accordance with typical rebuild times following the VCE EML.

| <b>Block</b> | <b>Description</b>              | <b>Outage (Months)</b> |
|--------------|---------------------------------|------------------------|
| 1            | 210 A/210 B Crude, 210 A Vacuum | -                      |
| 2            | 210 C Vacuum                    | 24                     |
| 3            | 865/866 HDS                     | 36                     |
| 4            | 864 Unifiner                    | 36                     |
| 5            | 868 FCC                         | 36                     |
| 6            | 869 H2SO4 Alkylation            | 24                     |
| 7            | 870 LSG                         | -                      |
| 8            | North Complex 859/86            | -                      |

Following the Point Breeze VCE event previously presented, it is assumed that the entire Point Breeze Sector would be shut down for an initial period of 3 months. This would provide time for debris removal and investigations. Due to Girard Point refinery being dependent on Point Breeze, it too would shut down.

During the period following the 3 months total outage, Point Girard Unit 137 Crude/Vacuum Unit would operate at nearly full rate, as limited by hydrogen and intermediates balances, in particular naphtha and FCC feed.

The 869 H2SO4 Alkylation Unit would be shut down upon the shutdown of 868 FCC Unit. With 865/866 HDS Units down, distillates would be processed at 231 Gulfiner Unit and 859 Ultra Low

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Sulphur Diesel (ULSD) Unit to produce ULSD2 as limited by hydrogen supply and 231 Gulfiner Naphtha Hydrotreater and 859 Ultra Low Sulphur Diesel (ULSD) Unit capacity.

The loss of 864 Unifiner Unit forces the shutdown of the 860 Reformer Unit. The only source of reformer feed will be the Point Breeze 1332 Catalytic Reformer (Hydrobon) Unit, which can supply the 1332 Catalytic Reformer at maximum rate or the same amount of naphtha divided between 860 Reformer Unit and 1332 Catalytic Reformer (Reformer) Unit should the refinery change routings to allow this. Either way, total reformer rate will be the same as limited by the capacity of the 1332 Catalytic Reformer (naphtha pretreater) Unit.

The facility would operate in this manner until the 868 FCC Unit and 864 Unifiner could be rebuilt. It is not assumed that there would be any temporary measures that could be employed (excluding the means, above) to replicate the 868 FCC Unit's operations without a full rebuild. This assumption has the effect to extend the most serious of the financial loss (the FCC rate loss) over a further period of 33 months.

**Calculation**

Note – optimised unit throughputs tabulated as per advice from Operations.

| Unit  | Current Capacity |
|---|------------------|
| 210 A Pipe Stills                             | 57Mbpd           |
| 210 B Pipe Stills                             | 90Mbpd           |
| 210 C Vacuum                                  | 57Mbpd           |
| 859 Ultra Low Sulphur Diesel (ULSD)           | 50Mbpd           |
| 860 Reformer                                  | 32.5Mbpd         |
| 862 Light End                                 | 26Mbpd           |
| 864 Unifiner                                  | 40Mbpd           |
| 865 Distillate HDS                            | 50Mbpd           |
| 866 Distillate HDS                            | 23Mbpd           |
| 868 FCC                                       | 47.5Mbpd         |
| 869 H <sub>2</sub> SO <sub>4</sub> Alkylation | 7.5Mbpd          |
| 870 Low Sulphur Gasoline (LSG)                | 60Mbpd           |

**Typical Distillation Throughput of 125 MBPD**

- All crude oil processing down for 3 months (315 MBPD)
- Point Breeze crude oil distillation units (125 MBPD) shutdown for 33 months
- 190 MBPD Point Girard crude oil distillation unit able to operate, but at reduced capacity (140 MBPD) due to lack of reforming and FCC capacity (loss of 15 MBPD processing capacity).
- Gross Crude Oil Processing Margin:
  - Year 1 \$5.26/bbl
  - Year 2+ \$5.30/bbl
- Operating Expense Savings:
  - 1<sup>st</sup> 3 months ~\$1.47/bbl
  - Rest of period \$8,231,240/month (equivalent to ~\$1.96/bbl)  
(\$8,231,240/(140,000\*30). This is from Forecast Expense

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1<sup>st</sup> 3 months

|                                 |                           |   |                    |
|---------------------------------|---------------------------|---|--------------------|
| Loss of Crude Processing        | $3 * 30 * 315$            | = | 28,350 Mbbbls      |
| Loss of Margin                  | $28,350 * 1,000 * 5.26$   | = | \$149.086 million  |
| Less reduction in variable cost |                           |   |                    |
|                                 | $28,350 * 1000 * (~1.47)$ | = | (\$41.678 million) |
| Business Exposure               |                           | = | \$107.408 million  |

Remaining 9 months of first year

|                          |                         |   |                   |
|--------------------------|-------------------------|---|-------------------|
| Loss of Crude Processing | $9 * 30 * 140$          | = | 37,800 Mbbbls     |
| Loss of Margin           | $37,800 * 1,000 * 5.26$ | = | \$198.782 million |

Less reduction in variable cost

$$37,800 * 1000 * (~1.96) = (\$74.088 \text{ million})$$

|                   |  |   |                   |
|-------------------|--|---|-------------------|
| Business Exposure |  | = | \$124.701 million |
|-------------------|--|---|-------------------|

Remaining 24 months

|                          |                         |   |                   |
|--------------------------|-------------------------|---|-------------------|
| Loss of Crude Processing | $24 * 30 * 140$         | = | 100,800 Mbbbls    |
| Loss of Margin           | $100800 * 1,000 * 5.30$ | = | \$533.760 million |

Less reduction in variable cost

$$100,800 * 1000 * (~1.96) = (\$197.550 \text{ million})$$

|                          |  |   |                          |
|--------------------------|--|---|--------------------------|
| <b>Business Exposure</b> |  | = | <b>\$336.210 million</b> |
|--------------------------|--|---|--------------------------|

|                                |  |   |                          |
|--------------------------------|--|---|--------------------------|
| <b>Total Business Exposure</b> |  | = | <b>\$568.318 million</b> |
|--------------------------------|--|---|--------------------------|

**Machinery Breakdown**

During the repair period of the failure causing the destruction of the 33000 HP Main Air Blower in the 1232 FCC (estimated at up to 18 months), the same units would be shutdown as described above in the Girard Point VCE scenario. The loss of 1232 FCC Unit capacity would result in a shutdown/slowdown of crude, alkylation, reforming, and hydrotreating capacity proportional to the percentage of FCC capacity loss.

The difference between this scenario and the Girard Point VCE scenario is with the blower failure there is no collateral damage, but simply an oil flow interruption to be managed, and the refinery in general would soon be back online.

This is equivalent to a **Business Interruption Estimated Maximum Loss of US\$ 300 million.**

**Loss Estimates Summary**

A summary of the loss estimates (rounded) is as follows:

| <b>EML Event</b>                                       | <b>Property Damage (PD)</b> | <b>Business Interruption (BI)</b> | <b>PD + BI</b>    |
|--|-----------------------------|-----------------------------------|-------------------|
| Girard Point VCE from the Propane Accumulator F-203 in | US\$890 million             | US\$615 million                   | US\$1,505 million |

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 the 1232 FCC Unit.

Point Breeze VCE from the

Depropaniser Accumulator (8V-208) in the 868 FCC Unit.

US\$820 million

US\$570 million

US\$1,390 million

Machinery Breakdown of Air Blower (K-7401) in FCC Unit

US\$30 million

US\$300 million

US\$330 million

The BI EML is considered to be associated with a potential 3 year outage, with a risk based consideration being taken by PES to insure for a 2 year outage event.



# 10. Risk Improvement Recommendations

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## Definitions

We have assigned a category to each recommendation using a basic risk rating approach:

**Category A** Recommendation to remedy a situation or practice considered to be 'Poor' or even a 'Critical Flaw' according to our Risk Rating . It should receive the urgent attention of plant management who should put forward a plan to mitigate the risk immediately; and then to fully address the risk as soon as practicable.

**Category B** Recommendation to remedy a situation or practice considered to be 'Below Standard' according to our Risk Rating

**Category C** Recommendation to bring the site into line with current Best Practice according to our Risk Rating.

**Observation:** An Observation is a survey finding worthy of addressing to remedy a situation or practice that is not consistent with the site's normal standards. Found only in isolated or very limited cases, and not considered a systemic issue, such a finding is not considered to warrant a recommendation but is brought to the attention of plant management for further investigation and review.

The following comments on the status of recommendations, which were discussed on site, make no claim to completeness or identification of all the hazards that may exist at the site. As suggestions for risk improvement and for minimising potential losses, they are based on brief general observations and discussions at the site and are not the result of detailed engineering study.

## Observations and Recommendations From This Visit

The following observations and recommendations, which were discussed on site, make no claim to completeness or identification of all the hazards that may exist at the site. As suggestions for risk improvement and for minimising potential losses, they are based on brief general observations and discussions at the site and are not the result of detailed engineering study. They should therefore be fully reviewed through the site's Management of Change procedures prior to any final decision to implement on the site.

### Observations from This Visit

- Safety Critical process valves were observed to be Car sealed Open or closed depending on process requirements. E.g. Outlet PSRV isolating valves were car-sealed open. Best practice is to also (Car) seal open-closed fire system valves, including fire pump valve and deluge valve water supplies.

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- Housekeeping varies across the units from excellent to some improvement justified. This was mostly linked to the age of the units. However, a more common standard would help improve this.
- Resetting shelved alarms in the DCS should be captured as part of unit return to service, and be part of the post operations start-up checklist.
- The eMOC system should capture fire plan updates as a specific prompt in the eMOC checklist. I.e. if a unit has changes made to it (especially layout), a check should be made to ensure the Fire Plan is still up to date.

**Recommendations from This Visit**

The following recommendations were made because of this survey.

---

**18.01 Fire Proofing Condition at Point Breeze VGO Unit 210 C Category B**


---

During the process plant walkaround the fire proofing condition at Point Breeze VGO unit heat exchangers was observed to be in very poor condition. Significant fireproofing concrete spalling had occurred across all vertical and horizontal support members. Metal banding was then being used to ensure the concrete did not fall from the structure itself. However, its effectiveness would be significantly impaired in a fire situation, and would not protect the structure as per required design.

It is recommended that a remedial plan is put in place to repair the fire proofing at the VGO heat exchangers as soon as practicable. A review should also be carried out to identify if any other process units with concrete fire proofing are in a similar condition. Likewise, similar repair plans should then be put in place as needed.

It is understood that a fire proofing upgrade is ongoing at the plant, and various units are scheduled for review and upgrade. Given the state of the VGO heat exchanger fire proofing, the prioritisation of the unit upgrades should be reviewed.

**2018 Client Comment:**

In progress. The damaged fireproofing at 210 Unit identified during the inspection has been prioritized.

---

**18.02 Identification of Safety Critical Items in the CMMS Category B**


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The Computerised Maintenance Management System lists all refinery equipment tags for maintenance planning and recording. However, there is no safety criticality rating applied to the equipment database. This would highlight safety critical maintenance required for items such as Fire Pumps, Fire and Gas detection loops, and Safety Instrumented Function loops. It enables such maintenance work to be prioritised and then carried out in preference to less critical activities. Appropriate stewardship reports for safety critical maintenance can also be produced.

It is recommended safety critical maintenance criteria ratings are developed, and used to populate the CMMS database. Suitable stewardship KPI's for such maintenance should also be produced.

**Client Comment:**

Process Safety will work with maintenance and operations to identify safety critical items. Those items will be tagged in the CMMS as safety critical allowing for proper prioritizing during maintenance planning.

### 18.03 Use of Generic Work Activity Permits

Category C

During the site survey a permit had been issued for generic work activities. This was for both hot and cold work, although each presented differing safety hazards and associated risk control requirements. Potential confusion then exists between the controls required for each specific work item underway. E.g. it was observed that a standby fire extinguisher had not been placed at the worksite during grinding work as required, but was then not required for shuttering work that was subsequently underway.

It is recommended the use of generic work permits is stopped when work activities present different hazards and require different controls. Training sessions and safety meetings should be used to communicate this change.

**Client Comment:**

*The current expectation is that the work scope allowed by a work permit is clearly defined and specific. The current safety standard for work permits will be reviewed with the Joint Health and Safety Committee to determine if there is an opportunity to clarify that expectation. Training will be provided for permit writers on the scope of work that should be included on a single permit. Additionally, a focus will be added to permit audits to ensure compliance.*

### 18.04 Work Permit Audit Review and Analysis

Category C

A significant number of work permit audits are carried out that formally record any issues for subsequent follow up. However, the issues are kept discrete to each permit and individually dealt with. It is recommended that there is an opportunity to collect, categorise and trend this data to determine common issues. The results can be shared with permit users and also fed back into the work permit training programs. This then closes the management process system cycle, and this type of activity demonstrates continuous improvement in the area of Process Safety Management.

**Client Comment:**

*The refinery is currently using an electronic audit system that will allow for better collection of data from permit audits. Results of these audits will be shared with the Joint Health and Safety Committee and operations. Corrective actions will be taken based on audit trends.*

### 18.05 Fire Pump AutoStart Upon Fire Detection

Category C

Several process unit fixed fire protection systems at PRC have automated starts upon fire detection. I.e. the associated fire system or deluge valve automatically opens should a fire be detected within the immediate area. However, all fire pumps are then manually started from the security control room (located in the CCR). This is inconsistent with the automated concept for activating the fixed systems themselves. In a fire situation it is essential that cooling water is applied as soon as possible to minimise the opportunity for escalation. Manual activation introduces the probability of failure upon

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demand due to human error that would exceed Safety Instrumented Function failures. The following research study tabulates typical human failure probabilities under various conditions.

| <b>Description</b>   | <b>Error Probability</b> |
|--|--------------------------|
| General rate for errors involving high stress levels                                 | 0.3                      |
| Operator fails to act correctly in the first 30 minutes of an emergency situation    | 0.1                      |
| Operator fails to act correctly after the first few hours in a high stress situation | 0.03                     |
| Error in a routine operation where care is required                                  | 0.01                     |
| Error in simple routine operation  | 0.001                    |
| Selection of the wrong switch (dissimilar in shape)                                  | 0.001                    |
| Human-performance limit: single operator   | 0.0001                   |
| Human-performance limit: team of operators performing a well designed task           | 0.00001                  |

This contrasts to the four Safety Integrity Levels for Instrumented Functions, that are set according to the probability that the combined system function may fail on demand (PFD), with the associated level of risk reduction for that level:

SIL level 1: Required PFD 0.1 to 0.01 and risk reduction 10 to 100

SIL level 2: Required PFD 0.01 to 0.001 and risk reduction 100 to 1,000

SIL level 3: Required PFD 0.001 to 0.0001 and risk reduction 1,000 to 10,000

SIL level 4: Required PFD 0.0001 to 0.00001 and risk reduction 10,000 to 100,000

It is recommended that a suitable risk assessment is carried out for activation of the various fixed fire protection systems, which should consider them as composite systems. I.e. from detection to application of fire water. Similar to a Layer of Protection (LOPA) type analysis. This would consider the consequences of fire escalation vs the potential time delay to activate and then apply water from the fire system.

By example, the consequences of a fire escalating onboard an offshore facility result in all fixed systems being automatically activated. Likewise, for High Hazard product road and rail loading facilities onshore. It is not expected the higher risk reduction levels for SIL 3 or 4 would be required, but the requirement would be similar to those currently seen at PRC.

It should be noted Global Asset Protection Services LLC, Guideline GAP.14.0.1 and NFPA 20 Fire Protection Standard, call for automatic starting of fire pumps on pressure drop (in fire main). The GAP are intended to provide GAPS' philosophy of and interpretations to various nationally recognized standards are underwriter driven and deal with all types of property loss prevention subjects.

**Client Comment:**

Emergency Services will evaluate #1 & #2 Electric Fire pumps for the auto start feature. These pumps were recently installed and have the most up to date controllers. Their total pumping capability (at the NFPA requirement of 150%) is 2,250 gpm at 100 psi. The evaluation of the AutoStart feature will include high and low-pressure sensors, fiber communications between the controllers and the Communications Center and alarms that will indicate that the pumps have been activated. This system will fill the pressure and volume void should there be an activation of a fire

mitigation system. The alarms will also prompt the Communications Center Specialist to prepare to start diesel fire pumps should the need exits.

## Recommendations from Previous Visits

The following recommendations are outstanding from previous insurance surveys and were reviewed during the current survey. The status of these recommendations is given below based on our discussions with the management team and site tours. Where the status of a recommendation is noted as **CLOSED** it will not appear in subsequent reports. All other recommendations will be considered as **OPEN**, awaiting further attention by the site, and will be carried forward in the next report.

---

**16.01**      ***Develop a Standard for Retro-fit of Double and Tandem Mechanical Seals in Hot (above auto-ignition and >600Deg. F) and light material flash point <100Deg. F. Category C***

---

During the survey, different designs of shaft sealing systems (single/double/tandem) and different arrangements for indication of the loss of the inboard seal (local indication/signal relayed to control room) were noted.

It is recommended that PRC develops a standard for retro-fit of double and tandem mechanical seals in hot (above auto-ignition and >600Deg. F) and light material flash point <100Deg. F.

### **Client Comment 2018:**

PES follows API STD-682 for shaft sealing systems. According to PES STD 1303.2 we require Arrangement No 2 for installing pump double seals:

- When pumping flammable fluids at temperatures above their auto-ignition temperature at atmospheric pressure,
- When pumping light hydrocarbon services (S.G.<0.6 at ambient temperature) at suction pressures above 250psig,
- When required by the local Health, Environmental and Safety Refinery group (Note – This would usually be from a PHA Finding).

**Status**

**Closed**

---

**16.02**      ***QA/QC Step in Maintenance Work Order Closure Category B***

---

During the survey, several instances were noted where the fire-resistant enclosure of an actuator of an MOV was missing.

It is recommended that the QA/QC step in Maintenance work order closure is implemented or more rigidly enforced to ensure that fire resistant enclosures, fire proofing, sprinkler protection and other safeguards are re-instated following Maintenance activities on the actuators as well as other process equipment prior to returning the equipment to service.

**Client Comment 2018:**

Planners are now required to include a step to remove and re-install fireproofing. This process has been in place since 3/15/2017.

**Status****Closed****16.03 Acquire a Foam Tanker (8,000 USG)****Category B**

The site has a Foam Tanker (Tanker 9) that has a capacity of between 1,980 USg and 2,640 USg foam concentrate. In an emergency, this amount of foam concentrate will rapidly be depleted.

It is recommended that PRC acquires an additional Foam Tanker with a capacity of at least 8,000 USg.

**Client Comment 2018:**

A 3,000-gallon tanker was purchased and modified for foam concentrate operations. Additionally, an existing truck was modified to hold a 3,000gal foam tank.

**Status****Closed****14.01 Deluge Riser Valves in PB Unit 868 (FCCU)****Category B**

During the survey it was observed that the control valve arrangement for the deluge system in Point Breeze Unit 868 consisted of an underground OS&Y valve (kept closed) feeding to individual OS&Y valves in the manifold board that feeds to the various deluge systems. The underground valve is kept closed for freeze protection, even though the manifold is insulated. Owing to the time-consuming nature of operating the present valves, a significant time delay will occur before critical water could be applied to a fire.

In order to expedite operation, it is recommended that the current valves be replaced with quarter turn quick-operating valves. Also, if the underground valve cannot be replaced with a suitable substitute, the valve should be kept open unless the potential for freezing weather is present. The manifold could then be drained, or heat tracing could be applied to the insulated manifold piping.

**Status June 2016:****Closed**

The deluge system manifolds on Units 868, 865, 866 and 210 have been modified to a "wet design".

**14.02 Central Control Room I/O Room Fire Division****Category B**

The building has two separate computer rooms (I/O Rooms), each of which can operate the entire control system. The rooms are separated by a fire wall, but there are several penetrations in the wall that carry control cables between the computers. The penetrations above the raised floor were properly sealed with UL listed fire stopping material ("pillows"). However, an opening beneath the raised floor was not adequately sealed and had a high volume of air flowing between the rooms. In order to prevent an incident in one of the highly critical rooms from affecting the adjacent room, the following is recommended:

- a) The observed opening should be immediately sealed and the wall completely checked to verify no other unstopped openings are present, either in the room, below the floor or above the drop ceiling.

- b) A procedure should be developed and implemented by the I & E department – similar to a work permit in the plant – that would include a visual check by the control room supervisor any time work is done in the I/O rooms that requires removal and replacement of the fire seal materials. The check should be done on completion of the work and the procedure signed off.

**Status June 2016:****Closed****13.03 FCC Unit Main Air Blower Check Valve****Category B**

FCC Main Air Compressor check valves sticking in the open position have cost the insurance industry, and petroleum refining industry, many millions of dollars over the last 30+ years. There is a potential for backflow of catalyst to the main air blower.

It is recommended to exercise the check valve in the FCC Unit Main Air Compressor discharge piping on a regular frequency; a weekly frequency should be considered. Also, perform inspection and preventive maintenance on this check valve and its appurtenances in strict accordance with the check valve manufacturer's instructions.

**Status June 2016:****Closed****13.05 FCC Unit Low Riser Temperature Interlock****Category B**

It is recommended that a low Riser temperature interlock is added to the FCC Unit control system. This interlock should automatically divert oil feed from the reactor Riser any time the riser temperature becomes too low to adequately vaporize the oil feed. To avoid nuisance trips, all elements of the Riser temperature interlock system should be sufficiently redundant such that the failure of any single component (sensor, transmitter, cable, power supply, etc.) will not result in either a loss of interlock protection or a nuisance diversion of oil feed from the Riser.

This recommendation is based on insurance loss experience. It has been our experience that, during periods of unusual operation or process upsets, operators sometimes wait too long to reduce oil feed to the Riser. They think they will be able to restore stable operation soon, and they are hesitant to reduce or stop oil feed to the Riser because that is the definition of reducing or stopping unit production. With the Riser temperature too low to properly vaporize oil feed, oil coats the catalyst. When the catalyst enters the regenerator, the oil vaporizes rapidly. In other refineries, the rapid vaporization has resulted in severe damage to the reactor, regenerator, and flue gas system including fires and explosions.

We feel a process interlock is the best means of protecting against this type of damage in an FCC Unit. To avoid nuisance actuation of the interlock, all elements of the interlock system should be fully redundant. Triple redundancy and two-out-of-three voting logic are justified.

**Client Comment**

- Plan to install Low Riser Temperature interlock on 1232 FCCU during the next turnaround to automatically divert oil feed any time the riser temperature becomes too low to adequately vapourise the oil. Project has been approved and is at detailed engineering stage.
- Added scenario to Leader File for inclusion in next 5 Year PHA.
- Project progressing through FEL process and being reviewed by engineering.

- In the Point Breeze Sector, 868 FCCU, a low riser temperature interlock has been installed.

**Status June 2018:****In Progress – Open****13.08 Gas Detectors****Category B**

We noted that in both Girard Point and Point Breeze there was a lack of flammable gas detection in the process areas and LPG storage; this is out of compliance with industry best practice. There is a risk that flammable gases could leak from equipment introducing a fire/explosion risk and early detection of such leaks is important, if an escalation of the incident is to be avoided.

It is recommended that the site review the PHAs for all units and carry out an analysis of the LPG storage areas to determine the potential locations for gas detection using their own Fire Protection Standard as a guide.

**Status June 2016:****Withdrawn – Closed****13.10 Improve the Level of Fixed Fire Protection on the Girard Point Units and Develop Fire Pre-Plans****Category B**

During the site tour, it was evident that there is a different standard of fixed fire protection between the Point Breeze and Girard Point process units. Fixed fire protection is taken to be fixed deluge systems on pumps, process vessels, compressor houses etc. as well as fixed monitors within and around the process unit. An accentuating factor for the business critical Girard Point units (137 and 1232) is the high levels of congestion.

In addition it is understood that emergency preparedness plans currently consist of identification of fire protection equipment at unit level only rather than being scenario specific fire pre-plans.

It is therefore recommended that:

- a) The level of fixed fire protection be improved on the Girard Point process units starting with the critical units 137 and 1232.

In terms of a methodology to identify the areas requiring additional protection, it is suggested that a gap analysis against relevant sections of the 'RS-ALL-ES-STD-FPC-203 Refinery Fire Protection' standard be carried out (this standard makes reference to 'API RP 2001 Fire Protection in Refineries').

The Energy Institute's Model Code of Safe Practice Part 19 'Fire Precautions at Petroleum Refineries and Bulk Storage Installations' also provides guidance on risk based Fire & Explosion Hazard Management (FEHM) techniques.

**Status June 2016:****Closed****11.02 Fireproofing****Category A**

There is a good standard of fireproofing in the units visited in Point Breeze. However the standard of structural fireproofing in the units visited in Girard Point was well below current standards, particularly Crude unit 137. It is recommended that:

- (a) A review is carried out of the fireproofing in the Girard Point units, using API 2218 as a reference.
- (b) Fireproofing rated for at least 2 hours resistance is provided in those areas where the review indicates that it is deficient.

***Client Comment***

- High priority areas identified
- Based on proximity to Fired Heaters, Process Vessels, and High-Capacity Pumps
- 137 – 40% of the work was completed in 2015; work continues in 2016 with an expected completion date of Q4
- 1232 – Work began in May 2016 with an expected completion date of Q4

**Status 2018:****Closed**

# 11. Appendices

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## Appendix 2: Process Block Flow Diagrams

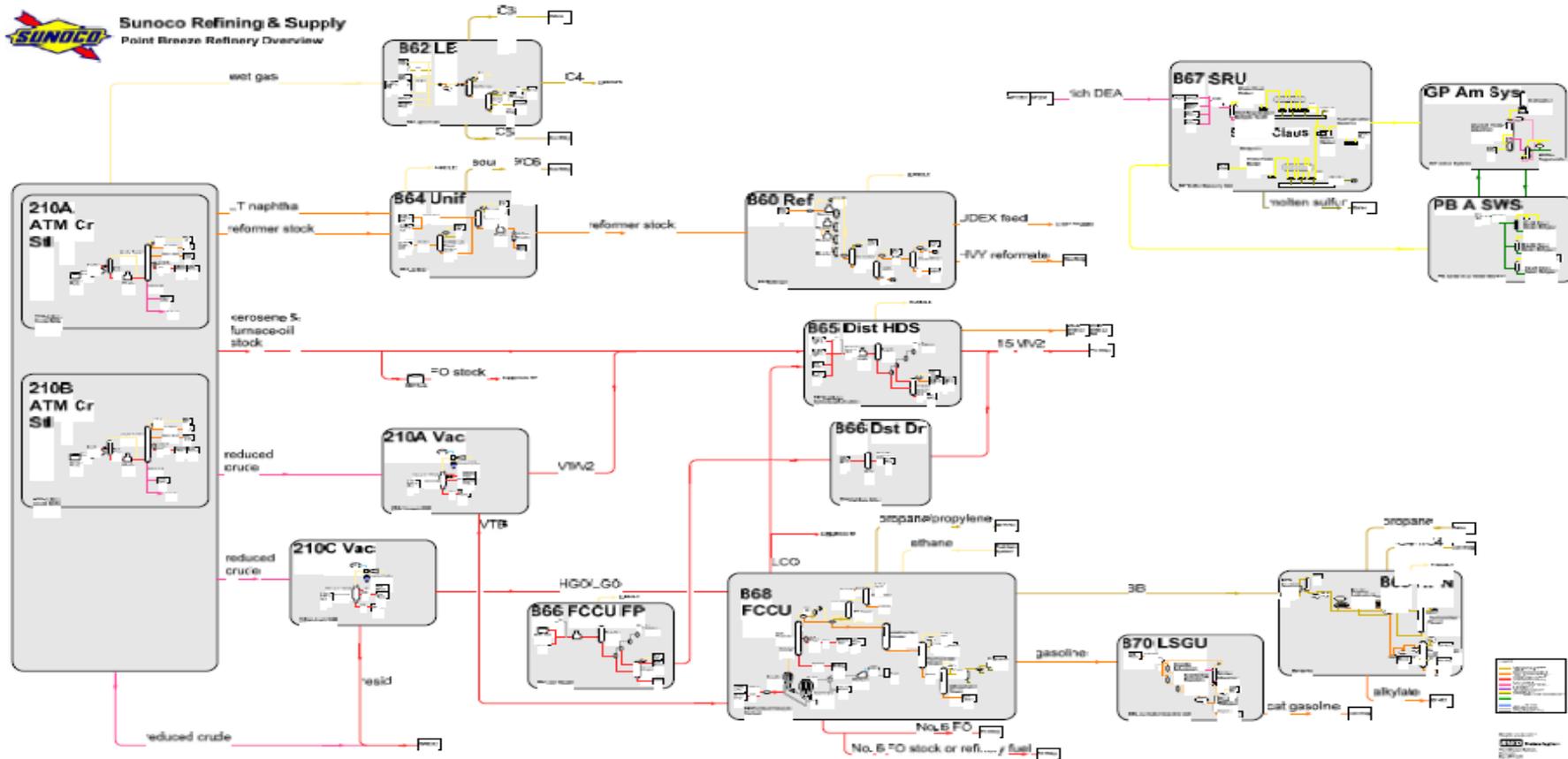


Figure 2-1: Philadelphia Point Breeze Refining Overview Diagram

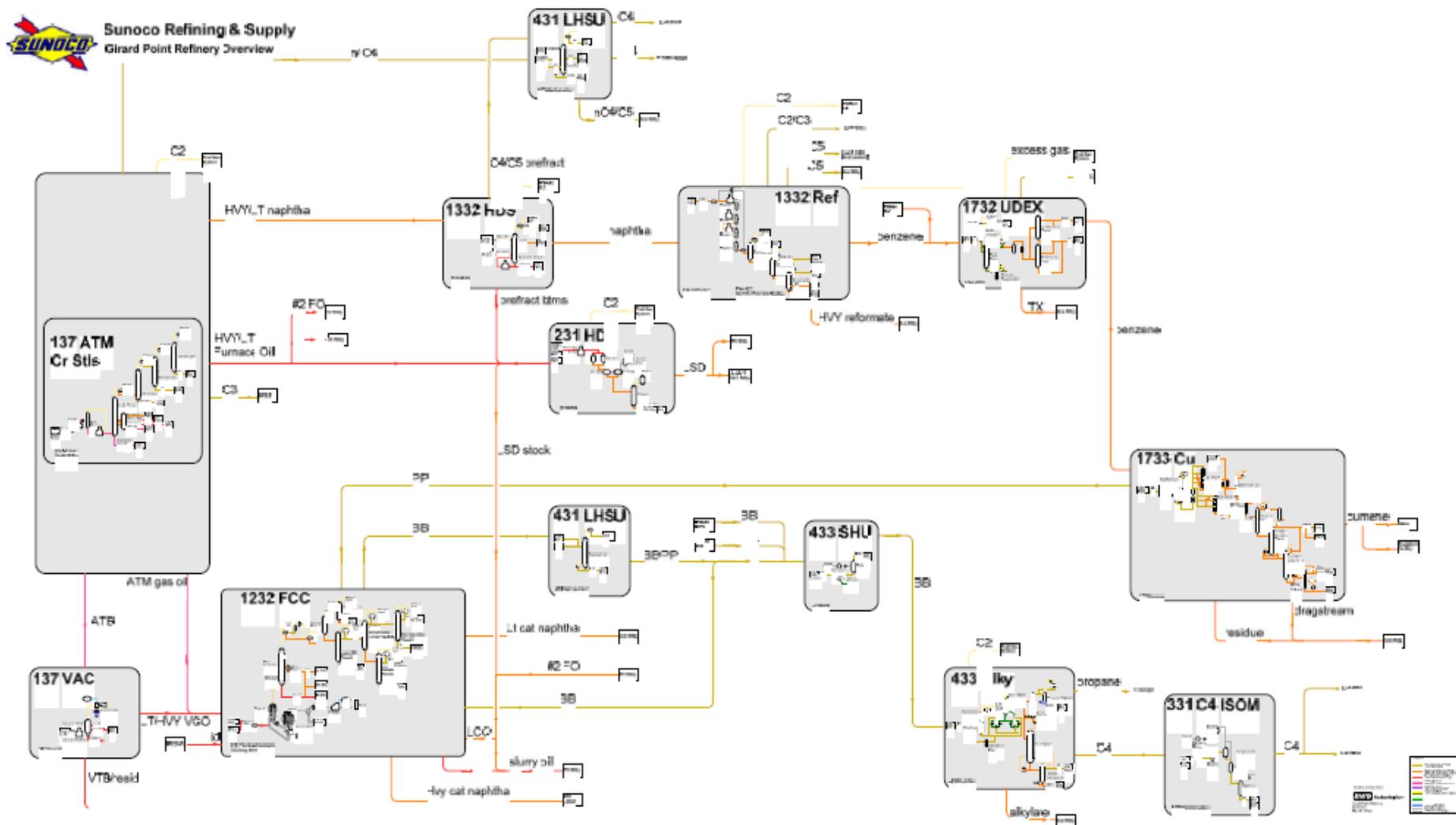
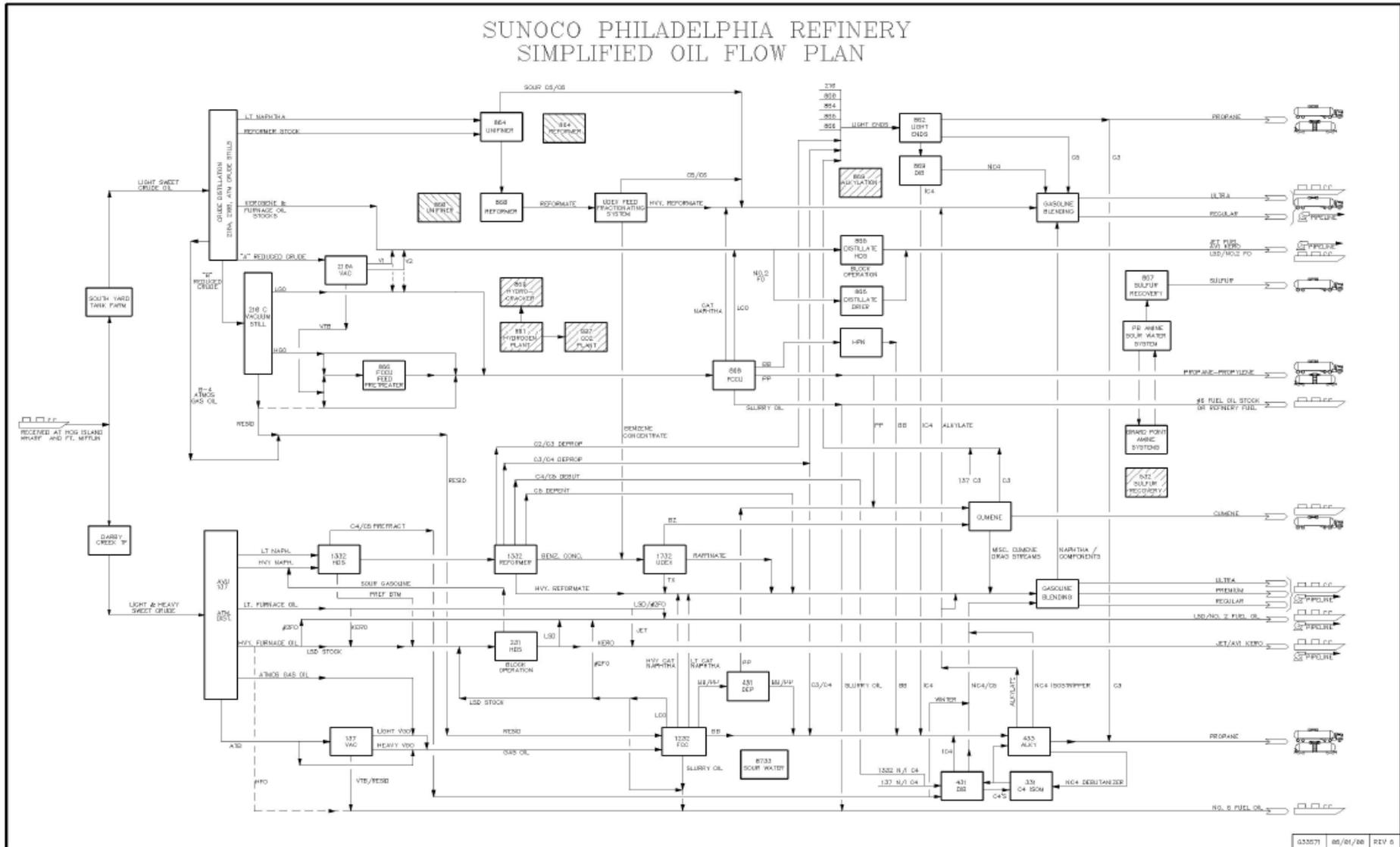


Figure 2-2: Girard Point Philadelphia Refining Overview Diagram



## Appendix 3: 2018 Capital Project Listing (And Stage)

### FY 2018 Capital Budget

- 1 Point Breeze PB LSG Tier 3 Gasoline Compliance Project PH1400061 Construction 2019
- 2 Point Breeze PB LSG Additional HDS Reactors PH1700070 Construction 2019
- 3 Facility FAC Flare Monitoring System Upgrades PH1600102 FEL 1 2019
- 4 Point Breeze PB 867 Flare Upgrades PH1700033 FEL 2 2019
- 5 Point Breeze EPA Section 608 – Compressor Improvement Project \*\*\* PH1700030 FEL 0 2019
- 6 Facility FAC Pressure Release Device Monitoring PH1600101 FEL 1 2018
- 7 Facility Risk Rank 1 and 2 HAZOP/LOPA Items from Multiple Units PH1700047 FEL 0 2018
- 8 Girard Point GP 137 F-1, F-2 Fired Heater Safety Systems Upgrade PH1700036 FEL 0 2023
- 9 Point Breeze PB 868 V-206 Internal Modifications PH1600024 FEL 3 2021
- 10 Girard Point GP 1232 Low Riser Temperature Interlock PH1400033 FEL 3 2019
- 11 Girard Point GP 137 Reroute PSV's into Relief Line to Desalters \*\*\* PH1700001 FEL 0 2019
- 12 SRTF SRTF Basement Pump Motor Replacement PH1500191 FEL 3 2018
- 13 Facility Facility-wide Emergency Notification System PH1200122 Construction 2018
- 14 Point Breeze LEL Detection on PB PP Bullets and HDS Hydrogen Compressor \*\*\* PH1700061 FEL 0 2018
- 15 Girard Point GP 433 Upgrade Walkway \*\*\* PH1500193 FEL 2 2018
- 16 Facility TWIC Phase II Biometrics \*\*\* PH1800001 FEL 1 2018
- 17 Girard Point GP 137 C-1 Monitoring and Protection Upgrades PH1700072 FEL 1 2019
- 18 Girard Point Install Permanent Piping from 4SEP to tank GP-272 PH1800011 FEL 0 2018
- 19 Point Breeze PB Tk-128, Component PH1700050 FEL 0 2018
- 20 Point Breeze PB Tk-43, Distillate PH1700048 FEL 0 2019
- 21 Point Breeze PB Tk-821, LCO PH1700051 FEL 0 2019
- 22 Girard Point GP Tk-270, Naphtha PH1700052 FEL 0 2019
- 23 Point Breeze PB Tk-848, Distillate/Crude PH1400013 FEL 1 2018
- 24 Point Breeze PB Tk-882, Crude PH1800024 FEL 0 2018

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- 25 Girard Point GP Tk-1117, Udex Feed PH1700054 FEL 0 2019
- 26 Girard Point GP OSBL PH1700024 FEL 0 2019
- 27 Girard Point GP 1232 Cat Dump Line Redesign and Replacement PH1400068 FEL 1 2019
- 28 Girard Point 10" VDA Return Line Replacement PH1800014 FEL 0 2019
- 29 Point Breeze PB Low Pressure Flare Line Replacement PH1800015 FEL 1 2019
- 30 Girard Point GP Dock Bulkhead Rehab - Section C PH1300065 FEL 1 2019
- 31 Girard Point GP 137 Cooling Tower Structural Repair PH1600094 Construction 2018
- 32 Point Breeze PB 868 TDC2000 Upgrade PH1300015 FEL 3 2019
- 33 Girard Point GP 1232 Honeywell DCS Upgrades PH1700027 FEL 1 2019
- 34 Girard Point GP 3BH Create Stand-Alone Console in the CCR PH1700025 FEL 1 2019
- 35 Facility Honeywell Experion Migration and Hardware PH1700018 FEL 3 2018
- 36 Point Breeze Add Gasoline Blender Control Console at Central Control Room PH1700037 FEL 0 2019
- 37 Point Breeze PB 867 Simulator PH1700071 FEL 2 2019
- 38 Girard Point GP 1232 Retube C120A/B Tubesheets - Purchase Only PH1400098 FEL 3 2018
- 39 Girard Point GP 1232 C-208A OH Condenser Bundle Replacement PH1600104 FEL 1 2019
- 40 Girard Point 433 E-14 A, G, I Bundle Metallurgy Upgrade PH1700069 FEL 3 2018
- 41 Point Breeze 869 'A' Contactor Bundle Upgrade PH1700075 FEL 3 2018
- 42 Girard Point GP 433 28P-12 Spare Pump Replacement PH1600060 FEL 3 2018
- 43 Girard Point GP 433 28P-9A/B Replacement with Magnetic Drive Pump PH1600088 FEL 2 2018
- 44 Girard Point GP 433 P-13A/B Pump and Motor Upgrades PH1600038 FEL 3 2018
- 45 Facility PIMS Refinery-Gasoline Planning Model Upgrades +MBO PH1500083 Construction 2018
- 46 Facility Medgate System Upgrade PH1700019 FEL 2 2018
- 47 Point Breeze PB 859 Upgrade E-6 Wash Water PH1400111 Construction 2018
- 48 Girard Point GP 3BH 45BLR Economizer PH1500223 FEL 2 2018
- 49 Point Breeze PB 868 V-101A Regen Valve Parts \*\*\* PH1700028 FEL 1 2018
- 50 Point Breeze PB 868 Dipleg Trickle Valve \*\*\* PH1700016 FEL 0 2018
- 51 Point Breeze PB 869 V-142 Pit Tank Replacement PH1600011 FEL 3 2018
- 52 Point Breeze PB 869 Coalescer Retrofit PH1300121 FEL 3 2018
- 53 Girard Point GP 1232 J101C Guide Vane Actuation Upgrade PH1500131 FEL 1 2024

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54 Girard Point GP 1232 COB Steam Separation Equipment PH1600019 FEL 3 2019  
55 Girard Point GP 1232 COB WGS Transition Ductwork Replacement PH1600043 FEL 3 2019  
56 Girard Point GP 1232 Compressor Controls Hardware Upgrade PH1600055 FEL 3 2024  
57 Girard Point GP 1232 COB Replace Isolation System PH1500140 FEL 3 2019  
58 Girard Point GP 1232 COB Superheater Replacement PH1500106 FEL 3 2019  
59 Girard Point GP 1232 COB 31E-5A-B-C-D Economizer Modules PH1400102 FEL 3 2019  
60 Girard Point GP 137 T-1 Overhead System Valve Upgrades PH1600098 FEL 1 2019  
61 Girard Point GP 137 F-2 Metallurgy Upgrades PH1600031 FEL 3 2019  
62 Girard Point GP 137 Desalted Crude Charge Pumps Cavitation PH1400075 FEL 1 2019  
63 Girard Point GP 137 F-1 Heater Operational Upgrades PH1300062 FEL 2 2019  
64 Point Breeze PB 870 Catalyst Purchase PH1800005 FEL 1 2019  
65 Point Breeze PB LAB LIMS System Replacement PH1500168 Construction 2018  
66 Point Breeze PB Propane Terminal Control System Migration PH1500128 FEL 0 2018  
67 Point Breeze PB SYOM Upgrade #2 Tank Farm Gauging System to a Wireless Network PH1500130 FEL 0 2018  
68 Girard Point Bridge 043 Replacement PH1700042 FEL 0 2018  
69 Facility Honeywell Experion (PKS) Software Upgrade R410 PH1300089 FEL 3 2018  
70 Girard Point GP NTF Naphtha to Tk-286 PH1500139 PIS 2017  
71 Point Breeze 867 6E-702 Reboiler Install PH1400056 Construction 2018  
72 Girard Point GP 433 ALKY - Q1 2020 PH1700063 FEL 1 2020  
73 Girard Point GP 1232 FCC - Q1 2019 PH1500054 FEL 2 2019  
74 Girard Point GP 1332 REF - Q4 2020 PH1600023 FEL 0 2020  
75 Point Breeze PB 869 ALKY - Q4 2018 PH1600022 FEL 2 2018  
76 Point Breeze PB 870 LSG - Q1 2019 PH1700064 FEL 1 2019  
77 Point Breeze PB 867 S SULFUR - Q2 2019 PHLR00117 FEL 0 2019  
78 Point Breeze PB Distillate Optimization PH1500124 Construction 2018  
79 Girard Point GP 1232 New Atomax Feed Nozzles PH1500210 FEL 3 2019  
80 Girard Point GP 1232 J-201A/B Wet Gas Compressor Retrofit PH1500111 FEL 2 2019  
81 Girard Point Supplemental LPG System Modifications PH1700034 FEL 1 2018  
82 SRTF SRTF Blender Upgrade PH1500108 PIS 2018

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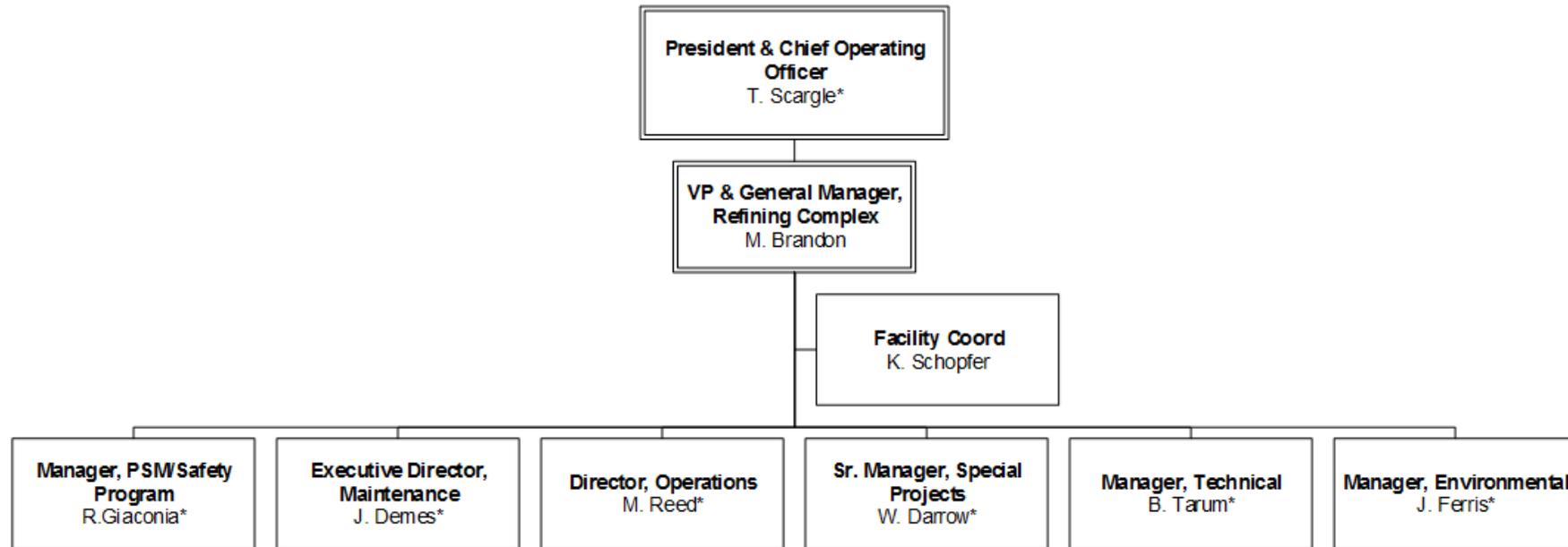
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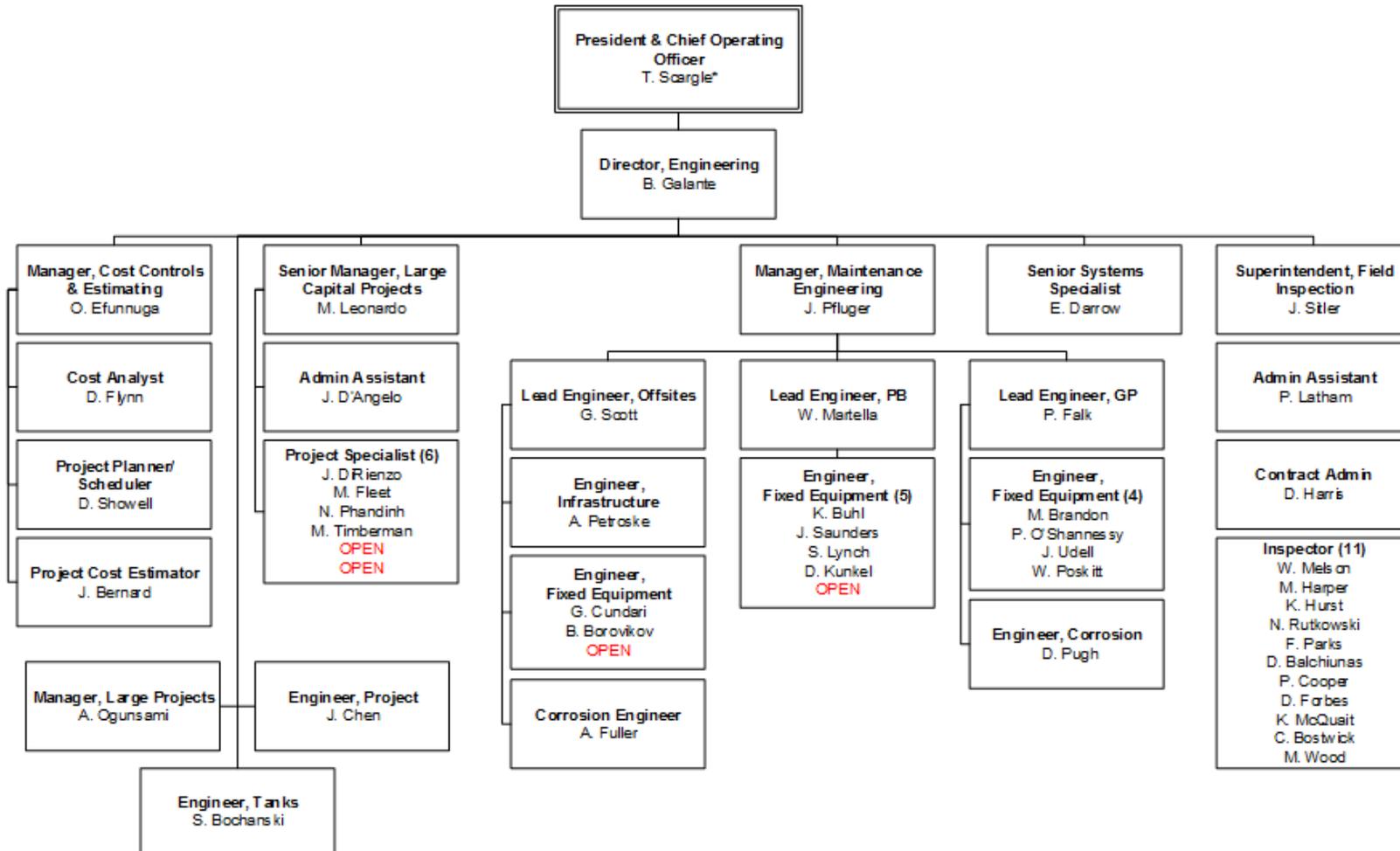
- 83 Girard Point GP 1232 C-106 LCO Circuit Redesign PH1400096 FEL 3 2019
- 84 Girard Point GP 1232 CSO Metals Reduction PH1600044 FEL 2 2020
- 85 Logistics NYCUT Ethanol Transloading PH1700056 FEL 0 TBD
- 86 Girard Point Riser Quench\*\*\* PH1700073 FEL 0 2019
- 87 Girard Point GP 1232 Gland Oil System Distillate Recovery PH1600041 FEL 0 TBD

## Appendix 4: Organisation Charts

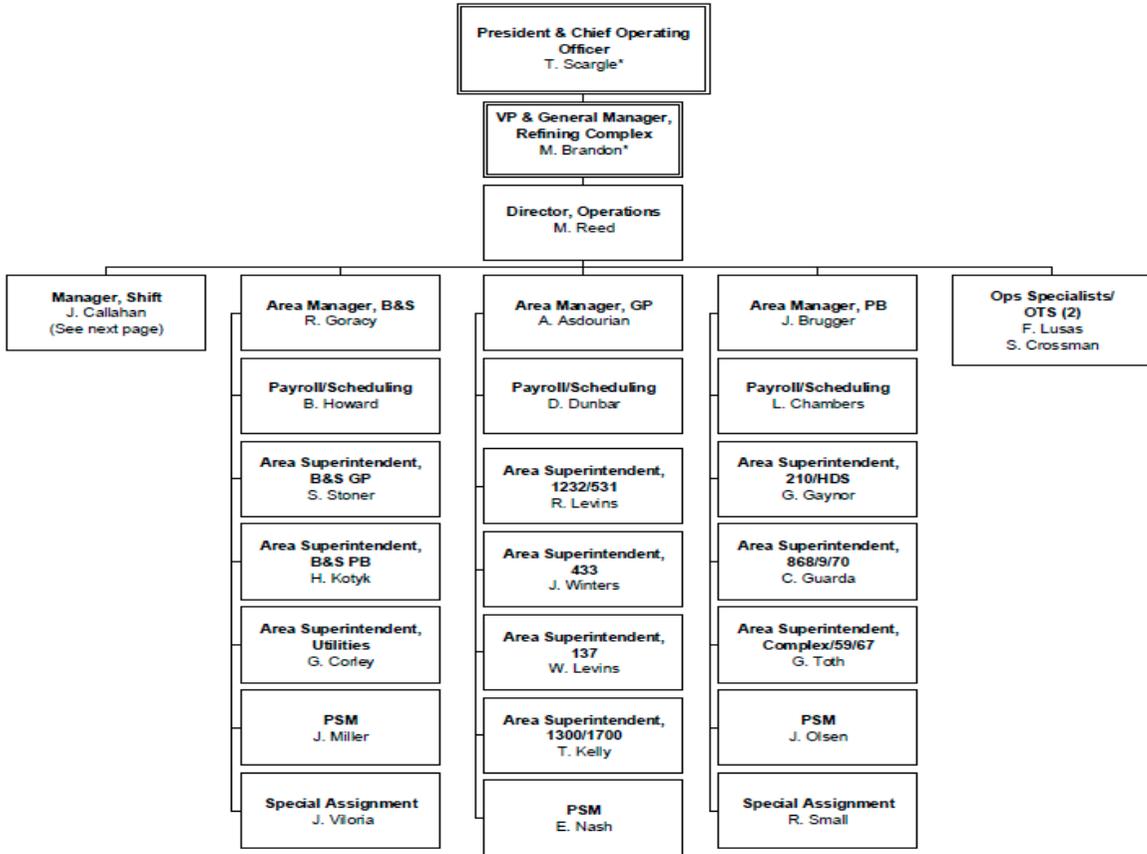
### LEADERSHIP TEAM



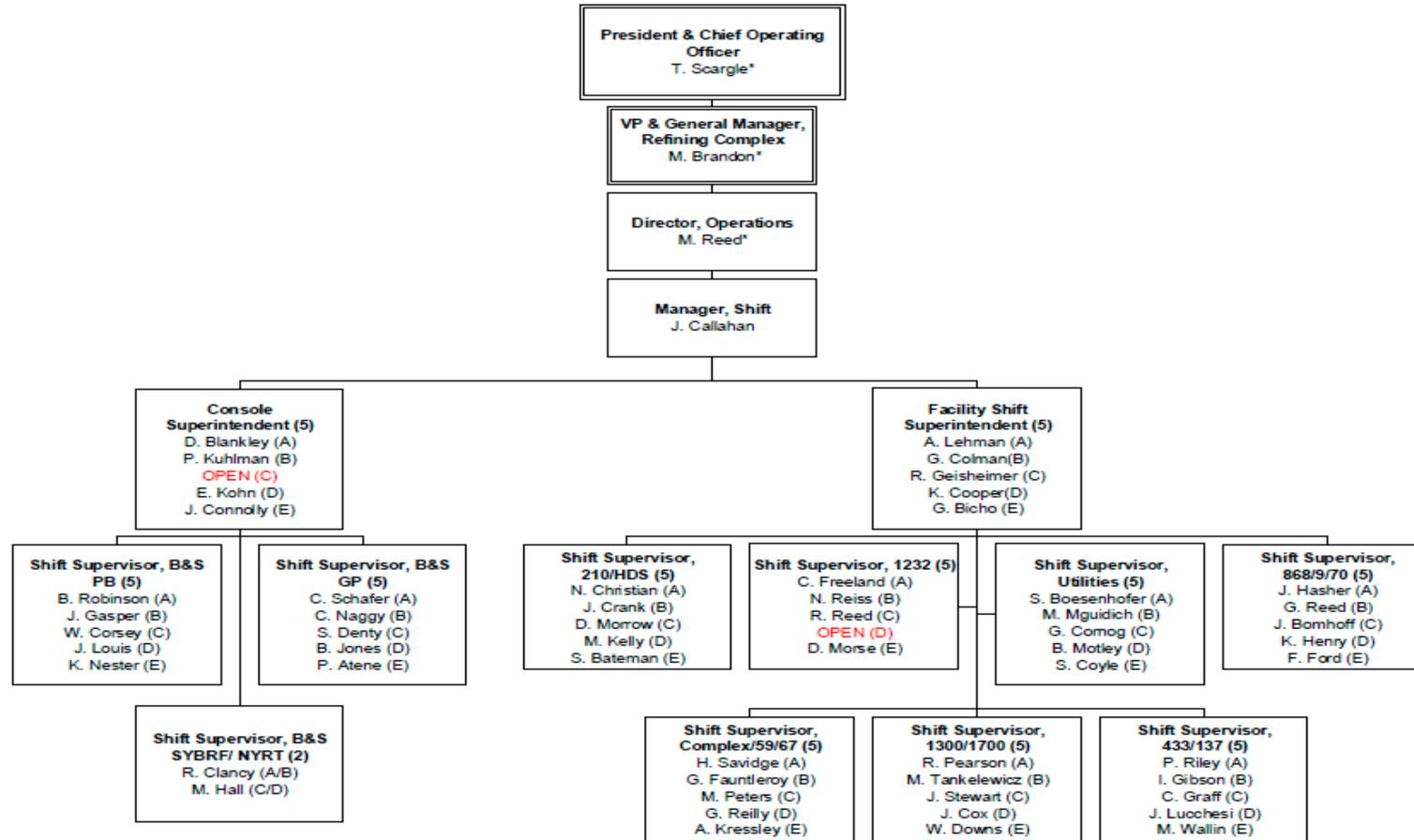
# Capital, Engineering & Inspection



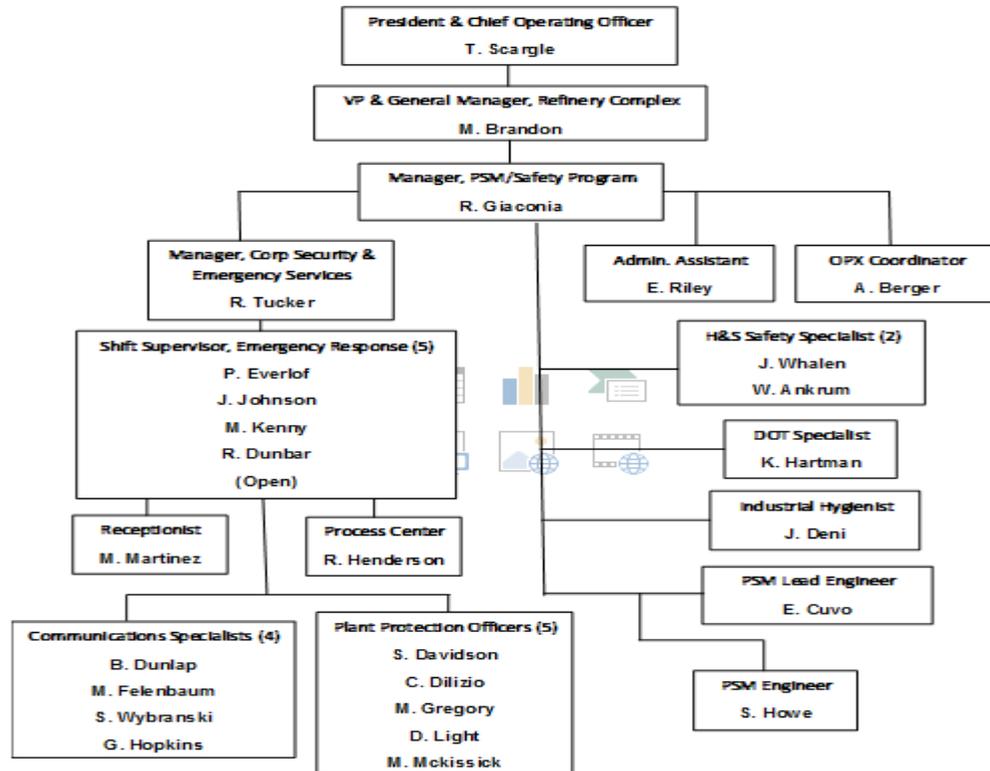
Operations Day Shift



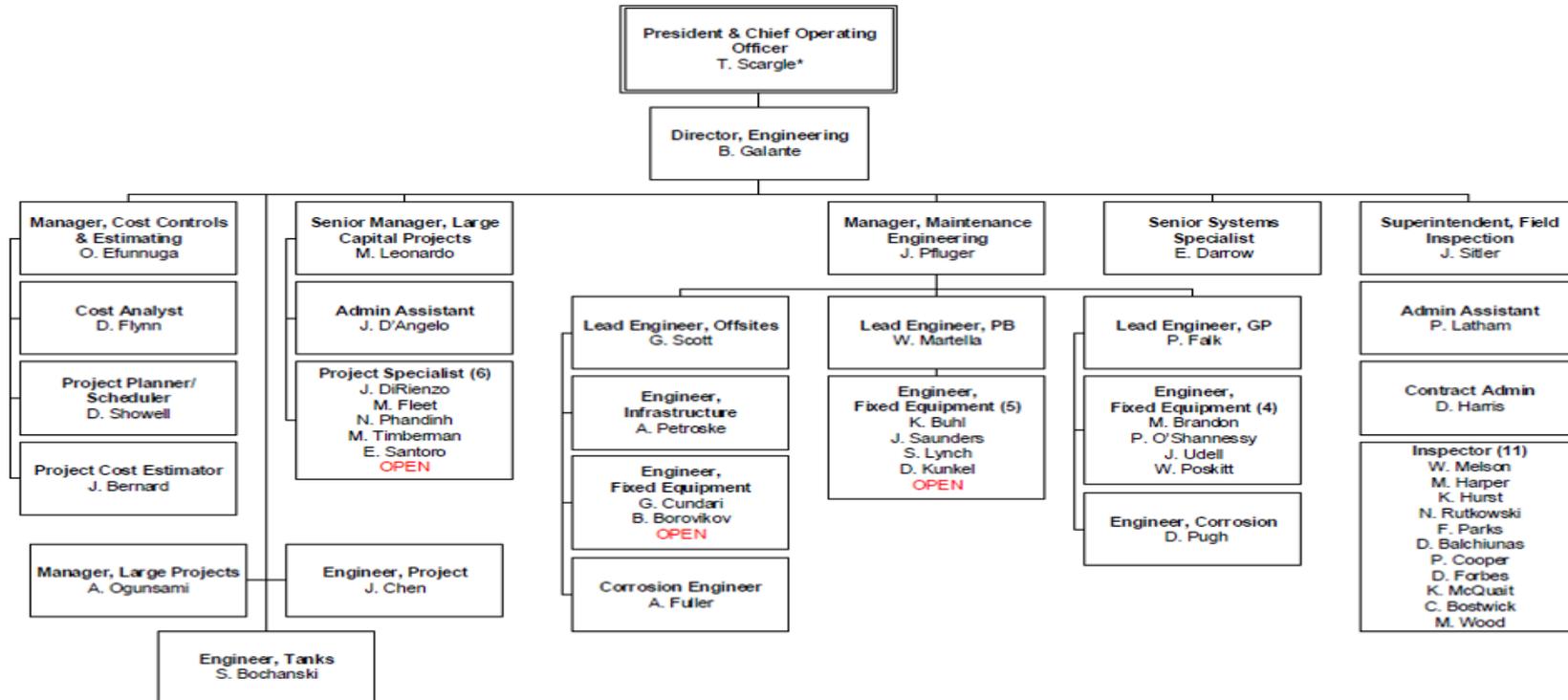
**Operations – Shift Personnel**



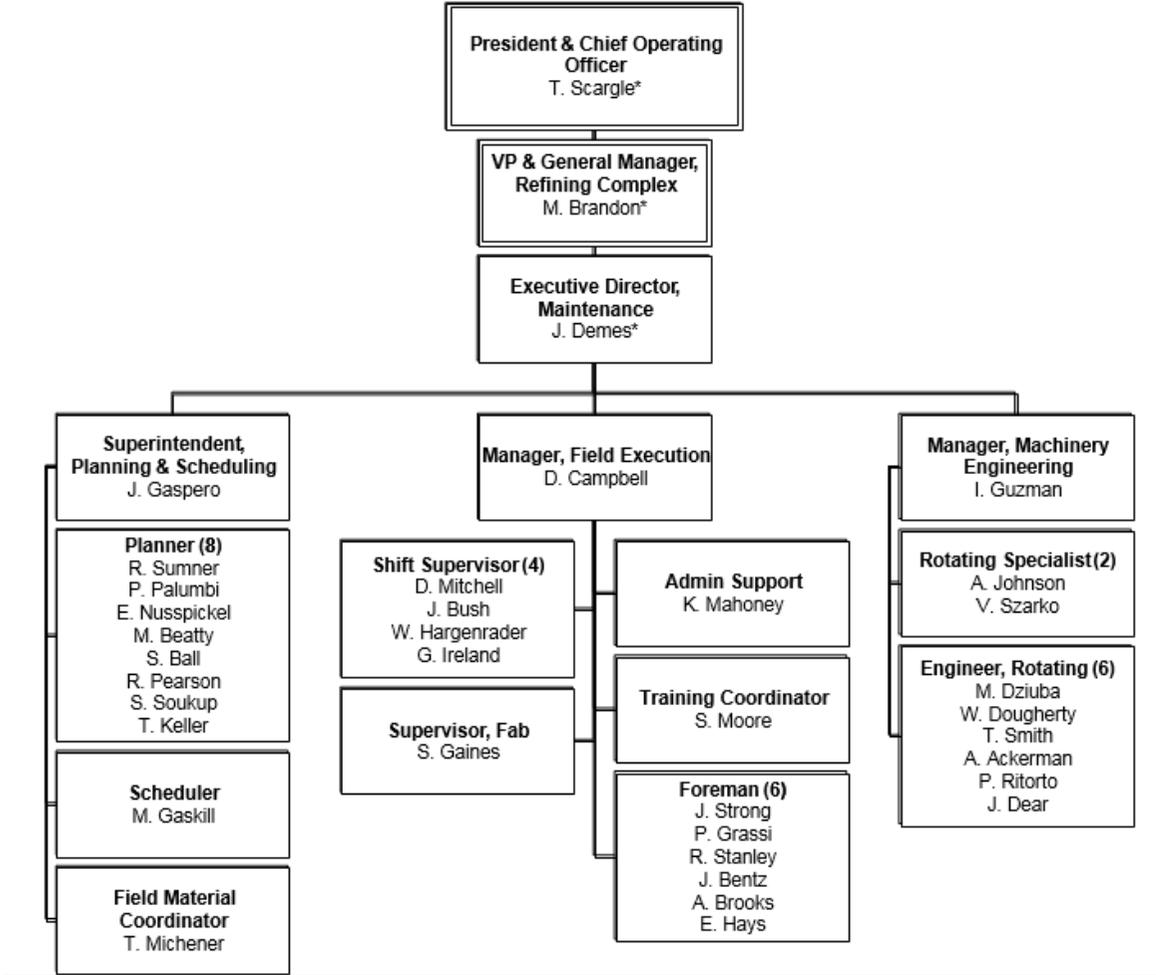
## Process Safety Management Organisation



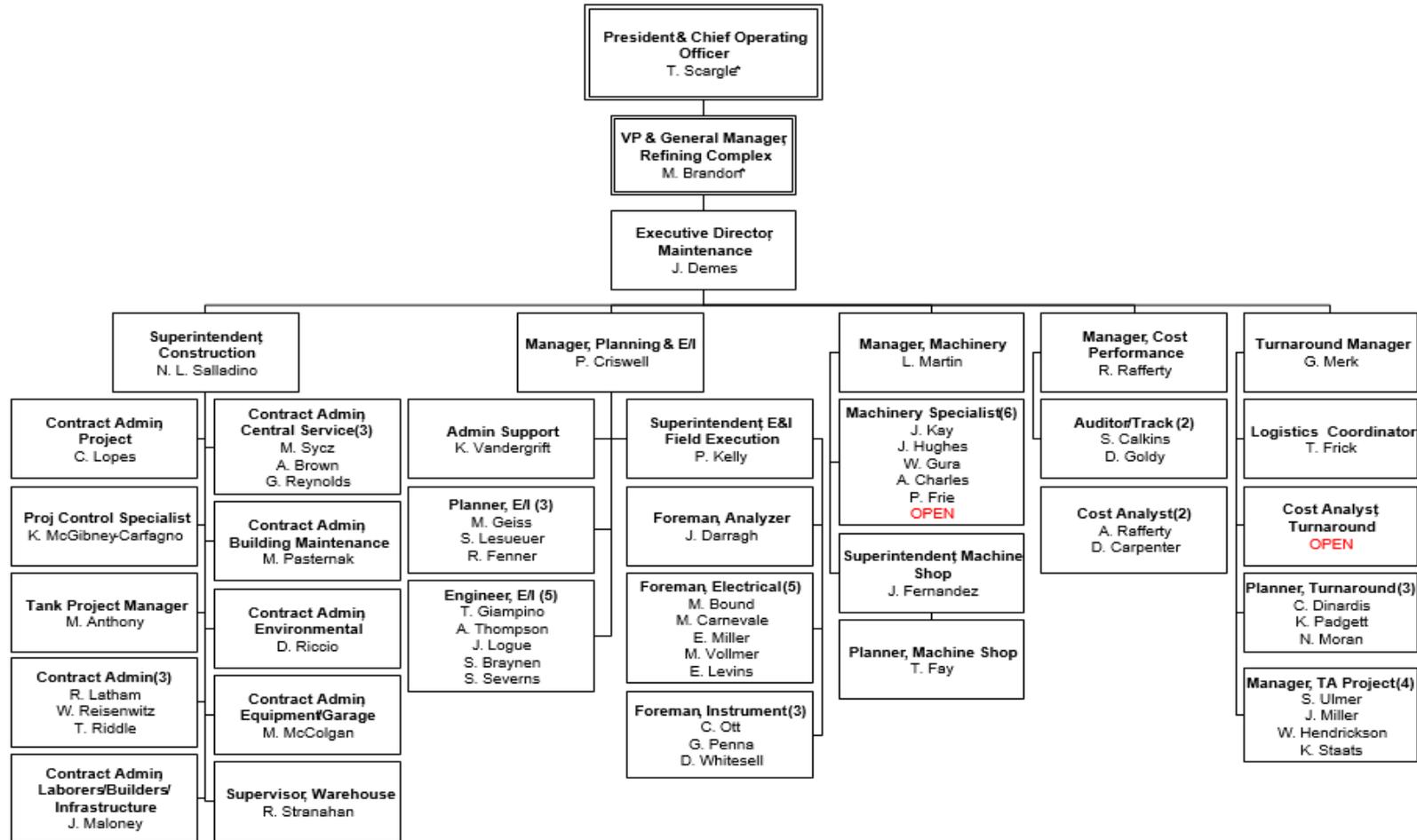
### Capital Projects, Engineering & Inspection Organisation



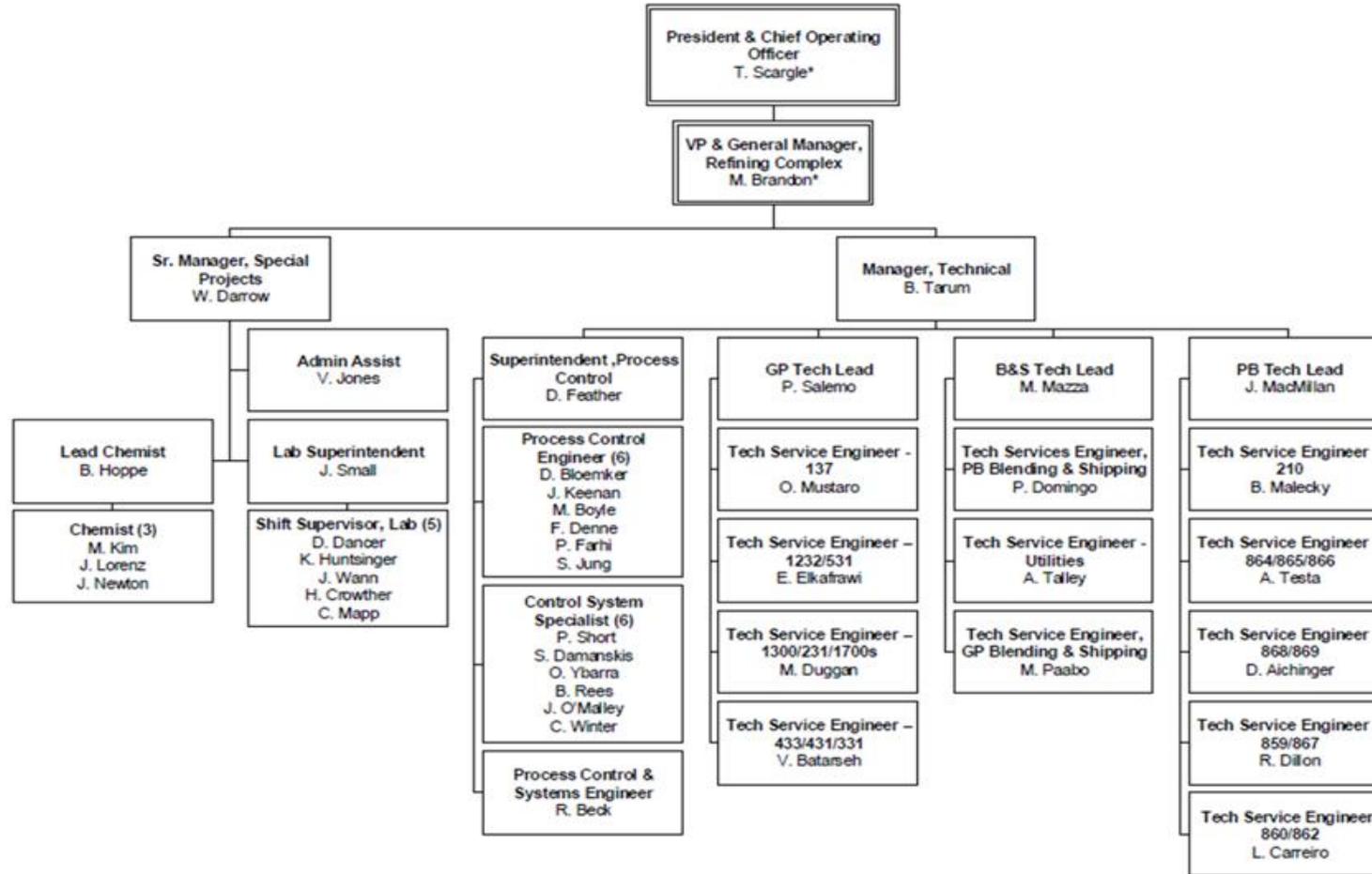
**Maintenance Organisation I**



## Maintenance Organisation II



## Technical Organisation



## Appendix 5: Onsite Cooling Towers

| Designation        | Asset Number | Units Served                | Year Built | Year Upgraded | Manufacturer      | Type                               | Fill  | #Cells | #Pumps  | Typical # Pumps on-line | Circulation Rate per pump (gpm) |
|--------------------|--------------|-----------------------------|------------|---------------|-------------------|------------------------------------|---|--------|---------|-------------------------|---------------------------------|
| 210 Cooling Tower  | CWT-210      | 210                         | 1972       | 2012/2013     | Fluor             | Induced Counterflow                | Anti-fouling, film fill   | 8      | 3       | 2                       | 12,000                          |
| 864 Cooling Tower  | CWT-864      | 864, 865, 866               | 1970       | N/A           | Ecodyne; 360-4810 | Induced Counterflow                | Polypropylene splash fill   | 6      | 3       | 2                       | 9,000                           |
| 868 Cooling Tower  | CWT-868      | 868, 869                    | 2016       | 2013          | CM Towers         | Induced Counterflow                | PVC cellular film fill, Type VE-210 with uv protection  | 8      | 4       | 1 large<br>2 small      | 18,000 (1)<br>9,000 (3)         |
| 860 Cooling Tower  | CWT-860      | 860, 862, 859, 867, 870     | 1966       | 2014          | Fluor             | Induced Counterflow                | Trickle Grid Fill Type NET-150 by GEA 2H Tech   | 7      | 3       | 2                       | 21,500                          |
| 137 Cooling Tower  | CWT-1370     | 137                         | 1953       | 2009          | Lilie-Hoffman     | Induced Counterflow – Back to Back | Layer 1: VF-19 Fill Layer 2: VF-19 Fill Layer 3 CF-1900 Fill  | 12     | 3       | 2                       | 18,150                          |
| 433 Cooling Tower  | CWT-433      | 331, 431, 433               | 1973       | 1996          | Ecodynr           | Induced Crossflow-Doubleflow       | Optibar   | 4      | Unknown | Unknown                 | Unknown                         |
| 1232 Cooling Tower | CWT-1232     | 531, 1232, 8733 SWS         | 2006       | N/A           | SPX Marley        | Induced Counterflow                | Marley DF381 (20 mil) and MC75 (27 mil)   | 7      | 3       | 2                       | 2 off<br>25,000                 |
| 490 Cooling Tower  | CWT-490      | 231, 1232, 1332, 1732, 1733 | 1956       | N/A           | Fluor             | Induced Counterflow – Back to Back | Redwood - Flat 3/8" x 2.5" x 4" on center to top of louver (Vertical spacing 2') in bay next to louvers, 3 - Layers in second bay from louvers, 2 - layers in third bay from louvers, rest - all NG 1/2 | 20     | 3       | 2                       | 38,000                          |



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## Survey Information

Report prepared by: Roy Collison

Survey date: June 5<sup>th</sup> – 7<sup>th</sup> 2018

Report version: Version 1

Report issue: 26<sup>th</sup> Sept 2018

Job number: 1018021-000

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# **Exhibit 30**



August 30, 2019

Mr. David Eget (via email and certified mail)  
Manager, Financial Reporting  
Philadelphia Energy Solutions  
1735 Market Street  
Philadelphia, PA 19103

**Pennsylvania State Law provides the following language is mandatory on all claim forms: – 18 P.S. §4117 and 75 P.S. §1822**  
“Any person who knowingly and with intent to defraud any insurance company or other person files a statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.”

RE:            Assured:        PES Energy, Inc  
                  Policy:        As per Attached Schedule of Insurance  
                  Period:        November 1, 2018 through November 1, 2019  
                  Location:     Girard Point Refinery  
                  Date of loss: June 21, 2019  
                  Loss Type:    PD & BI

Dear Mr. Eget,

As you are aware, this firm serves as the independent adjuster for Interested Insurers (“Insurers”) subscribing to the Policies issued to PES Energy, Inc. (“PES”) with effective dates of November 1, 2018 through November 1, 2019 (“Policies”) (see Schedule of Insurers attached). We write concerning the investigation and adjustment of the claim submitted by PES arising from the June 21, 2019 fire and explosion at the Girard Point Facility (“Incident”). Specifically, we write in response to your correspondence dated August 19, 2019 and the meeting held on October 3, 2019 amongst Insurers, PES, and their respective representatives. This letter is intended to memorialize the issues discussed at the meeting and to address several issues raised concerning the potential measurement of PES’s losses arising from the June 21, 2019 incident.

This letter incorporates by reference our prior correspondence of both July 27, 2019 and August 30, 2019. Insurers’ investigation and adjustment of PES’s claim is being done under a full reservation of rights.

Integra Technical Services  
Penn Center East Monroeville  
201 Penn Center Boulevard, Suite 400  
Pittsburgh, PA 15235 USA  
Tel: +1 724 327 0381



**A. Summary of October 3, 2019 Meeting**

Insurers have asked that we memorialize some of the relevant updates provided at the meeting relative to the claim presented by PES. Please advise if our understanding or recollection of these developments is inaccurate.

1. Refinery Status Update

PES provided a general update on the status of the refinery which included:

- That utilities remain on-line and that process units are being de-inventoried, inerting systems are in place, and winterization in process.
- Critical supplies, catalysts and chemicals remain available and in place.
- Approximately 1.3 MMBBLs of crude and 2.7 MMBBLs of refined product that remained in tankage.
- It was estimated that < 2,000 Lbs. of HF Acid remained in the 433 unit and any residual acid is being cleared to the RAD Drum for neutralization and removal.
- The Philadelphia Fire Commissioner deemed the site was “under control” on September 24, 2019. However, the CSB and Fire Marshall continue to have custody of the site and control ingress and egress to the exclusion zone.
- PES retained Worley Parson (Advisian) to advise on alternative Alkylation technologies and expected a report by the beginning of November.
- Demolition outside the exclusion zone has commenced, but that demolition of the 433 Unit cannot begin until the exclusion zone has been lifted by CSB/Fire Marshal.
- It was expected that the CSB/Fire Marshal would release the exclusion zone and demolition could begin in January. The demolition and site clearing is estimated to occur between January and February 2020.
- Multiple demolition contractors are preparing cost estimates.
- A draft cause and origin report is being prepared.

We note the CSB has issued a Factual Update and animation of its investigation since the meeting with PES.



## 2. Sales Status Update

PES reported that it retained PJT Partners to handle the sale process and PES received initial indications of interest from numerous potential buyers. PES is now moving to the second stage of the sales process. At the October 3, 2019 meeting, PES did not want to elaborate on the numerous potential buyers. We understand that PES has petitioned the bankruptcy court for an auction process that contemplates confirmation of the winning bidder on January 22, 2020.

As we have noted before, a sale of the property could impact the measurement of PES's Property Damage and Business Interruption claims. We will discuss this further below.

### Claim Estimates and Property Damage Submission No 1

PES presented its estimate from Fluor for the total rebuild of the 433 Alkylation unit. This estimate totalled \$365,323,000 and is allocated as follows:

|                           |                      |
|---------------------------|----------------------|
| Bare Indicated Total Cost | \$169,832,000        |
| Contingency               | \$ 42,458,000        |
| Late Additions/Reductions | \$ 5,884,000         |
| Fees @ 8%                 | \$ 17,454,000        |
| Discovery Allowance       | \$ 94,251,000        |
| Owner's Cost              | <u>\$35,344,000</u>  |
| <b>TOTAL</b>              | <b>\$365,323,000</b> |

Insurers are reviewing this estimate, but note the extremely high percentage of contingencies added to the Total Cost. We would expect any contingencies to significantly decrease as the scope of damage is further refined through the ongoing investigation. PES noted that not included in the Fluor estimate were \$67 million in additional costs comprised of the following:

|   |                           |
|---|---------------------------|
| Demolition & Debris Removal                   | \$20MM (Integra Estimate) |
| Estimated and incurred Out-of-Pocket Expenses | \$15MM                    |
| Acid Neutralization                           | \$ 8MM                    |
| Incident Response & Chemical Cleaning         | \$20MM                    |



|                            |                    |
|----------------------------|--------------------|
| PES value of HF Acid       | \$1.11MM           |
| Claim Preparation Expenses | <u>\$2.5MM</u>     |
| <b>TOTAL</b>               | <b>\$ 64.11 MM</b> |

In addition, PES presented costs of \$23,257,000 (through 9/23/19) that represented paid vendor invoices, internal costs and remaining purchase order values related to the cleanup and acid neutralization. We are currently reviewing the support for these costs.

### 3. Time Element Topics

PES indicated the repair timeline is now 29 months. This includes eight months to neutralize the HF acid and clear the site, followed by 21 months to rebuild. This revised timeline is an 11 month increase from the 18-month timeline previously provided at the August 13, 2019 meeting. As PES acknowledged, the Policy caps the period of indemnity for time element claims at 24 months.

PES presented its methodology for calculation of its business interruption loss. In this regard, PES has run its LP model considering the refinery's operation as if the incident had not occurred. PES has also run the model considering the impact of the incident. The difference between the two models is the basis for PES's business interruption loss.

According to PES, the LP models use a standard yield for Summer, Winter, and Turnaround operations. They also use pre-loss forward pricing. The methodology assumes partial refinery operations and that all necessary costs, including labor, feedstocks, and OPEX continue. The model considers planned outages in the measure of the loss. At the meeting, Insurers discussed their disagreement that the measure of the business interruption loss under the policy includes expenses that PES did not actually incur during the period of interruption. This will be discussed more fully below.

Using this methodology, PES calculated a business interruption loss of between \$1.1 and \$1.2 million per day. Extended over the 24-month period of indemnity provided for under the policy, PES presented a business interruption claim estimate of \$751,200,000.

There was discussion of potential business interruption mitigation efforts that could be explored. The first of these efforts involves how to deal with the Butane from the FCC. The



adjustment team is working with PES to identify whether moving the Butane into storage or selling it would be a viable mitigation avenue. Discussions in this regard are ongoing. Also, as discussed in the October 3 meeting, the adjustment team continues to attempt to identify additional potential mitigation avenues as our review of the LP model progresses.

#### 4. Stipulated Loss Value

PES noted the Policies' Valuation provision contained a stipulated loss value clause providing that if PES was contractually obligated to insure specific property for a stipulated loss amount, the Policies would afford coverage for the stipulated loss value regardless of whether the property is replaced. However, the recovery cannot exceed the replacement cost of the damaged property and is capped at \$250 million. It was PES's position that Section 10.04 and Schedule 10.04 of the ICBC Standard Supply and Offtake Agreement ("SOA) triggered the stipulated loss value clause.

In view of the foregoing, PES asserted that it was entitled to recover \$250 million for the damage to the Alkylation unit regardless of whether it rebuilt. Insurers are not in agreement with this position as it is still not clear if the true replacement cost of the Alkylation unit will exceed \$250 million.

#### 5. PES Claim Estimate and Request for Advance Payment No. 2

PES presented an overall claim estimate of \$1,183,180,000. After application of the \$10 million deductible and the \$50 million advance payment previously made, the net remaining claim totaled \$1,123,180,000. At the meeting, PES requested a second advance payment of \$334,260,000. This included the \$250 million stipulated value for the Alkylation unit, the \$20 million estimate for the demolition, and \$124.26 million in business interruption through March 21, 2020.

### **B. Relevant Policy Language And Continued Reservation Of Rights**

We cited extensively from the policy in our August 30, 2019 letter and therefore we will only refer to policy language that may be relevant to the issues discussed in this letter.



1. Analysis

With respect to PES's property damage claims, the Policy<sup>1</sup> provides in relevant part:

**SECTION I - PHYSICAL DAMAGE**

**5. VALUATION**

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e) Stipulated Loss Value: where the Insured is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, this Policy will provide for the stipulated loss value regardless of whether such property is replaced. However, in no event shall this amount exceed the Replacement Cost Value of such property (plus in addition the covered cleanup costs). In the event of a loss up to USD 250,000,000, regardless whether the affected property is replaced, the loss settlement will be on replacement cost basis. In the event of a loss in excess of USD 250,000,000 and the insured does not replace the affected property, the loss settlement will be on the basis of Actual Cash Value with a minimum of USD 250,000,000.

According to the above provision, where PES is contractually obligated to insure specific property for a stipulated loss amount, then in the event of a loss, the Policy provides for the stipulated loss value regardless of whether such property is replaced. While PES has taken the position that Section 10.04 and Schedule 10.04 of the SOA triggers this clause, Insurers do not agree. Section 10.04 of the SOA provides:

Section 10.04 **Maintenance of Property: Insurance.**

- (a) Maintenance of Property. Keep all property useful and necessary in its business in good working order and condition, except for ordinary wear and tear.

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<sup>1</sup> For the purpose of this letter, "Policies" or "Policy" refer interchangeably to the common 2018PESPROP policy wording. To the extent any individual policies contain differing and relevant additional terms, the specific terms, conditions, exclusions, limitations and endorsements of those individual policies would apply to this loss.



- (b) Generally. Keep its property insured at all times in accordance with the insurance requirements set forth in Schedule 10.04 (the “Insurance Requirements”).
  
- (c) Requirements of Insurance. All insurance policies shall (i) provide that no cancellation in coverage thereof shall be effective until at least thirty (30) days after receipt by ICBCS of written notice thereof or as otherwise reasonably acceptable to ICBCS, (ii) name ICBCS as mortgagee, additional insured and loss payee, except for (A) any insurance for the benefit of or payable to a third party (B) where the insurer does not customarily provide such endorsements on commercially reasonable terms or (C) where making any or all such designations in respect of a particular type of policy is not possible by law, (iii) if reasonably requested by ICBCS, include a breach of warranty clause and (iv) be reasonably satisfactory in all other respects to ICBCS.
  
- (d) Notice to ICBCS. PESRM shall promptly:
  - (i) (A) notify ICBCS whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 10.04 is taken out by any Transaction Party and (B) deliver to ICBCS a duplicate original copy of such policy or policies; and
  
  - (ii) notify ICBCS if it becomes aware of any material reduction in amount or material change in coverage planned to be made to any insurance policy required to be maintained under this Section 10.04.

This section of the SOA does not obligate PES to insure specific property for a stipulated loss amount. Schedule 10.04 of the SOA provides in relevant part:

### **INSURANCE REQUIREMENTS**

Without limiting its liability to ICBCS, each Transaction Party shall maintain at its sole cost the following insurance and shall be solely responsible for any deductibles associated with such insurance. Defined terms not otherwise defined herein shall have the meaning as described in the SOA.



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Each Transaction Party shall maintain the following insurance:

\*\*\*

**6. Comprehensive Property Insurance** on a replacement cost basis, subject to a minimum amount of \$750,000,000 (SEVEN HUNDRED FIFTY MILLION USD) for All Risk of Physical Loss or Damage. Coverage must apply to all Crude Oil and Refined Product. Coverage shall be comprehensive and include but not be limited to Fire, Explosion, Property Damage, Business Interruption, Flood, Earthquake, Named Windstorm, Tornado, Tsunami, and Volcano. In the event that a Transaction Party purchases insurance in excess of the limits specified in this section, such higher limits shall apply to ICBCS as an additional insured. Not later than 30 Business Days from the Effective Date, each Transaction Party shall name ICBCS as a loss payee and as an Additional Insured as their interests may appear. Once annually, each Transaction Party shall provide ICBCS a certificate of insurance evidencing the required insurance. At the reasonable request of ICBCS, and not later than 30 Business Days from the Effective Date, each Transaction Party shall provide ICBCS with a complete copy of such insurance policy.

While paragraph six of Schedule 10.04 required PES, as a Transaction Party, to maintain comprehensive property insurance subject to a minimum amount of \$750,000,000, it did not require PES to insure specific property for a stipulated amount. In fact, the language of this paragraph actually anticipated that a policy with higher limits might be purchased and therefore, clearly is not stipulating a value, but merely setting a floor for the total limits for any property policy that PES might purchase. Therefore, the language of this schedule does not trigger the stipulated loss value clause. Insurers have not been provided with any contracts that would trigger the application of this provision. Insurers continue to reserve their rights to the extent the above provisions limit the extent or availability of coverage.

Because the stipulated loss value clause does not apply and PES has not rebuilt the damaged Alkylation unit, Insurers must measure PES's property damage claim at Actual Cash Value.



The Policies provide:

## 6. DEFINITIONS

Wherever the following words are used in this Policy, the following definitions will apply:

a) **Actual Cash Value<sup>2</sup>**

The Replacement Cost less deduction for physical depreciation.

f) **Replacement Cost**

The amount it would take to repair or replace the damaged or destroyed property with materials of like kind and quality, without deduction for depreciation or obsolescence and including the Insured's overhead, and normal and customary profit should the Insured participate in the repair or replacement of damaged property, all determined at the time and place of loss, it being understood that subject to the Insurers' limit of liability not exceeding the Replacement Cost:

- (1) the Insured shall have the option to rebuild or replace the insured property by a construction or type superior to or

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<sup>2</sup> Both ACE American Insurance Company and Westport Insurance Corporation's policies includes Pennsylvania Amendatory Endorsement SP 4 836 1111, which provides: "The following is added to any provision which uses the term actual cash value: Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property regardless of whether that property has sustained partial or total loss or damage. The actual cash value of the lost or damaged property may be significantly less than its replacement cost." Therefore, the calculation of actual cash value under these policies might differ slightly.



more extensive than its condition when new;

- (2) the Insured shall have the option of replacement with electrical and mechanical equipment having technological advantages and/or representing an improvement in function and/or forming part of a program or system enhancement. The insurers shall be allowed to dispose of, as salvage, any non-proprietary property deemed unusable by the Insured;
- (3) the Insured may elect to replace the Real Property lost, damaged, or destroyed at an alternative site;

provided that the above provisions shall not serve to increase the liability of the Insurers for loss hereunder.

As set forth above, the Policies measure Actual Cash Value as Replacement Cost less deduction for physical depreciation. Insurers are still evaluating the proper Replacement Cost for the damaged Alkylation unit as well as the proper deduction for physical depreciation. Therefore, PES's recovery under the Policies for the physical damage to the Alkylation unit is still undetermined at this time.

With respect to PES's claim for business interruption, the Policies provide in relevant part:

## **SECTION II - TIME ELEMENT COVERAGE**

### **1. BUSINESS INTERRUPTION**

This Section of the Policy covers actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage, by a peril insured against, to property



insured herein, occurring during the Term of Insurance.

**8. BASIS OF RECOVERY**

- a) Recovery in the event of loss hereunder shall be the actual loss sustained by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, not exceeding the Period of Indemnity as defined herein. Due consideration shall be given to:
  - (1) the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss; and
  - (2) as respects property insured hereunder while in the course of construction, erection, installation or assembly, the available experience of the business after completion of the construction, erection, installation or assembly.
  
- b) It is a condition of the insurance under this Section II that if the Insured could reduce the loss resulting from the interruption of business by:
  - (1) complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - (2) making use of Raw Stock, Stock in Progress or Finished Stock at the



locations described herein or elsewhere, or

- (3) making use of Merchandise at the locations described herein or elsewhere, or
- (4) making use of other property at the locations described herein or elsewhere,

Such reduction shall be taken into account in arriving at the amount of loss hereunder.

Notwithstanding any provisions to the contrary,

- (1) gross earnings coverage based upon loss of production at the impacted refinery shall be valued with the prevailing daily market pricing during the interruption of the business.
- (2) if as a result of the loss, other refineries increase production and realize incremental earnings during the Period of Indemnity, such incremental earnings shall be credited against the BI claim value at the impacted refinery.
- (3) additional revenue generated by non-impacted facilities (other than the amount specified in item 2 above) resulting from increased commodity market pricing during the Period of Indemnity shall not be used to offset the value of the claim.



## 9. RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business,

- a) by complete or partial resumption of operation of the property herein described, whether damaged or not, or
- b) by making use of other property at the location of the loss or damage or elsewhere, or
- c) by making use of Stock (Raw, In Process or Finished) at the location of the loss or damage or elsewhere,

then such reduction shall be taken into account in arriving at the amount of loss hereunder.

## 10. DEFINITIONS

### a) Gross Earnings

For the purpose of this insurance, "Gross Earnings" are defined as the sum of:

- (1) The total net sales value of production
- (2) Total net sales of merchandise, and
- (3) Other earnings derived from operations of the business;

less the cost of:

- (1) raw stock from which such production is derived,



- (2) supplies consisting of materials consumed directly in the conversion of such raw stock, or in supplying the services sold by the Insured, but limited to the cost of materials consumed that do not continue under contract.
- (3) Merchandise sold, including packaging materials therefore, and
- (4) Service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

**b) Normal**

The condition that would have existed had no loss occurred.

**c) Period of Indemnity**

The period of time commencing with the date of the direct physical loss or damage but not exceeding the length of time as would be required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the lost, destroyed or damaged property and not limited by the expiration of this Policy. However, Insurers' liability for loss shall not exceed a period of indemnity of twenty-four (24) months after application of the Retentions.



## 11. EXCLUSIONS

- a) Non-availability of funds for the repair or replacement of lost or damaged property Import, export, or customs restrictions or regulations;
- b) Suspension, lapse or cancellation of any contract, permit, lease, license, steam sales agreement, or power sales agreement;
- c) Failure of any Insured to obtain, maintain or extend any contract, permit lease, license, steam sales agreement, or power purchase agreement;
- d) Failure of any Insured to use due diligence and dispatch in restoring the damaged property to the condition existing immediately prior to loss or damage;
- g) Any loss during any period in which goods would not have been produced or operations or services would not have been maintained, for any loss or reason other than direct physical loss or damage resulting from covered causes of loss.

As we noted in our prior correspondence, this Section of the Policy covers the actual loss sustained by the Insured resulting from the necessary interruption of business caused by direct physical loss or damage. The basis of the recovery under this section is measured as the actual loss sustained by the Insured directly resulting from such interruption of business and that recovery cannot exceed the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business. PES' current BI claim, based on the theoretical operation of the refinery during the claimed 24-month Period of Liability, totals \$1.1M to \$1.2M per day. The claimed amount includes a significant portion of costs that have discontinued. Therefore, the current claimed amounts do not



conform to the Policy terms. The adjustment team has requested documentation that will allow us to determine the value of the discontinuing costs so they can be adjusted from the claim. The adjustment team is also evaluating the value of actual ongoing BI loss which has resulted from the shutdown of the refinery as this will serve as a maximum to any theoretically derived loss.

Furthermore, subpart g) excludes loss during any period in which PES would not have been in operation for any loss or reason other than the direct physical loss or damage resulting from the Incident. Therefore, if PES would have ceased operations before the expiration of the 24-month period of indemnity even without the Incident having occurred, PES's business interruption loss may be reduced for any such idle period. As you know, Insurers have outstanding RFI requests and have retained a consultant to assist with our evaluation of the potential impact of this policy provision.

While the Policies do require the resumption of partial operations if that would reduce the loss, the Policies would not anticipate a resumption of operations that increased the loss. As the Policies' General Conditions provide:

### **36. DUE DILIGENCE**

The Insured shall use due diligence and do and concur in doing all things reasonably possible to avoid or diminish any loss or damage to the property insured herein.

Therefore, PES must take any and all action that avoids or diminishes any loss. It cannot take action or theoretical action that would increase the loss. Therefore, at this point, Insurers do not accept that measuring PES' business interruption loss by hypothetically resuming operations without reduction for non-continuing expenses is the proper measure of the loss if it results in a higher business interruption loss than the loss from the actual shutdown of the facility.



As noted above, PES has indicated that it is exploring the possible sale of the refinery. As you know, the Policies' General Conditions provide:

### **38. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Insurers without their specific prior agreement.

According to the above provision, PES cannot assign any of its interests under the policy without Insurers' prior agreement. It may be premature for this discussion, but Insurers wanted to bring this to PES's attention. Furthermore, any sale of the facility could potentially impact PES's ability to recover on a replacement cost basis and could terminate the period of indemnity for PES's business interruption claim.

At the October 3, 2019 meeting, PES indicated a desire to work towards a global resolution of its claim arising from the June 21, 2019 Incident. While Insurers are always interested in the rapid resolution of any claim, Insurers must be in a position to fully evaluate PES's claim before any resolution of the claim can be considered. Furthermore, Insurers cannot reach any global resolution until its total exposure under the Policy is resolved and that would include any claims from Loss Lenders or Additional Insureds under the policy. Finally, like the initial payment, Insurers cannot make any future payments without confirmation of how the payment can be made in consideration of the pending claims in the bankruptcy action. Absent some form of stipulation or agreement that protects Insurers from claims from third parties, no payment can be made.

The foregoing was not meant to be an exhaustive list of every policy provision that may apply to PES's claim, but was meant to highlight some of the more relevant Policy provisions. To the extent there are other policy terms and conditions that will guide the loss measurement process, those will be detailed in future correspondence as the consultants have had a chance to complete their review of all cause and origin related facts and circumstances. In the meantime, Insurers continue to reserve any and all rights, limitations and defenses available to them under the policy and/or policies, which may now exist or which may arise in the future, including but not limited to, the right to inspect the insured property, the right to request and review your records, the right to take examinations under oath, the right to receive sworn statements or proof of loss and the right to make a determination as to coverage. No waiver or estoppel of any kind is intended by this



correspondence, or by any prior correspondence, conduct or communication and therefore, none should be inferred. This correspondence supplements and incorporates by reference our prior correspondence of both July 27, 2019 and August 30, 2019.

Please be advised that Insurers have authorized this communication. If you have any questions or need additional information, do not hesitate to contact this undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read "Fred Popko".

Fred Popko  
Senior Executive Adjuster  
Integra Technical Services

# **Exhibit 31**

**CELIBERTI, RACHEL**

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**From:** Fred Popko <Fred.Popko@integratechnical.com>  
**Sent:** Friday, November 01, 2019 10:07 AM  
**To:** EGET, DAVID  
**Cc:** CELIBERTI, RACHEL; 'Brett Flande'; Ewan Cresswell; John Nelson  
**Subject:** PES - Request for Approval to Retain Accounting and Advisory Firm  
**Attachments:** GT Statement of Qualifications for PES (003).pdf

David,

We request PES permission to retain Grant Thornton (GT) to support the loss adjustment. We envision GT's roles as follows:

- Advise Insurers regarding the solvency of PES throughout the claimed 24 month Period of Liability.
- Support claim review.

The GT team will be led by Rob Vanderbeek and Purav Adiecha . Their statement of qualifications is attached for your reference.

Please let me know if you have any questions of if you would like to discuss our request.

Thank you and best regards.

Fred

**Fred Popko**

BEng, MBA, CPCU

Senior Executive Adjuster



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