

Request for Bid (RFB)

RFB No. 11-2019

April 30, 2019

LNG Transportation Agreement

OWNER:

Titan Alaska LNG, LLC
3408 International Street
Fairbanks, Alaska 99709

Owner's Agent:

Mark Rockwell, Director of Operations
(907) 388-4313
mrockwell@fngas.com

Titan Alaska LNG, LLC is seeking competitive bids for the transportation of Liquefied Natural Gas (LNG) from qualified transportation companies licensed in the State of Alaska. The owner will own and maintain an existing fleet (17 currently) of LNG trailers. The transportation contractor will provide and manage a fleet of trucks and trained drivers to safely load, transport, and unload owner provided LNG trailers from the owner's production facility, known as Titan, located at Point MacKenzie, Alaska to designated LNG storage sites at Houston, Talkeetna, Fairbanks – all accessible from the road system in Alaska. Terms and conditions are provided in the LNG Transportation Agreement provided as part of this RFB. Concurrent with this agreement, the Transportation Contractor will lease two LNG powered trucks from the owner in accordance with the provided lease also provided as part of this RFB.

To be considered, the Transportation Contractor must submit to the owner's agent a completed Schedule A with the transportation contractor's bid amounts for each line item in a sealed envelope on or before 4pm on May 9, 2019. In addition, Contractor shall provide an execution plan for meeting the delivery needs of Titan, Alaska Business License, and all related licenses necessary to complete the work. Electronically submitted bids will be accepted on or before the deadline by either delivery of electronic file via thumb drive or emailed to the owner's agent.

Bid award will be based on proven capabilities, bid amount and other criteria the owner deems applicable to the bid evaluation. Contractor will be required to provide all documents required to conform with the Contract, including Proof of Insurance and Safety Plans.

LNG TRANSPORTATION AGREEMENT

BETWEEN

TRANSPORT CONTRACTOR

AND

TITAN ALASKA LNG, LLC

EFFECTIVE JULY 1, 2019

LNG Transportation Agreement

This LNG Transportation Agreement ("this Agreement") is made as of the date of execution and is effective beginning July 1, 2019, between:

Titan Alaska LNG, LLC, a Delaware Limited Liability Corporation,
having an office at 3408 International Street, Fairbanks, Alaska
(hereinafter called "TITAN")

- and -

Transport Contractor, an Alaska corporation having an office at _____,
Alaska (hereinafter called "TRANSPORT CONTRACTOR").

WHEREAS,

- (a) TITAN has Liquefied Natural Gas ("LNG") available at various gas liquefaction facilities in Alaska and wishes to have LNG transported in TITAN-supplied LNG trailers from such LNG production facilities to various TITAN designated sites for unloading into storage at such sites,
- (b) TRANSPORT CONTRACTOR will provide LNG transportation services beginning July 1, 2019 pursuant to the terms and conditions of this Agreement,
- (c) TRANSPORT CONTRACTOR will provide suitable highway tractors and trained personnel to provide the transportation services for the safe and economical movement of LNG designated by TITAN for transport during the term of this Agreement,
- (d) Pursuant to a separate lease agreement, TRANSPORT CONTRACTOR will lease two LNG-powered tractors from TITAN and utilize such tractors whenever practical to decrease diesel fuel costs.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, TITAN and TRANSPORT CONTRACTOR agree as follows:

ARTICLE I

DEFINITIONS AND REFERENCES

In this Agreement, the following words and phrases shall have the assigned meanings:

- 1.01** “Approved Safety Procedures” shall mean TRANSPORT CONTRACTOR’s Safety Manual as revised pursuant to Section 2.01(b).
- 1.02** “Approved Alcohol and Drug Abuse Procedures” are TRANSPORT CONTRACTOR’s amended procedures as defined in Section 2.01(c).
- 1.03** “Commencement Date” shall mean July 1, 2019.
- 1.04** “Agreement” shall mean this LNG Transportation Agreement.
- 1.05** “Contract Year” shall mean a period of twelve (12) calendar months beginning on July 1st.
- 1.06** “Designated Site” shall mean the site at which TITAN directs TRANSPORT CONTRACTOR to unload LNG.
- 1.07** “LNG Tankers” shall mean the LNG tankers provided by TITAN for the transport of TITAN’s LNG.
- 1.08** “Load”, “loading”, “loaded”, “unload”, “unloading,” and “unloaded” shall mean the process used from time to time whereby LNG is pumped or flowed under pressure into tankers or flowed under pressure from tankers into TITAN’s designated facilities.
- 1.09** “Load Limit” shall mean the allowable weight which may be added to an LNG Tanker so as not to exceed the applicable or state allowable weight limit permitted for the LNG Tanker configuration, and allowable weight which may be added to the tanker on highways, bridges or roads reflecting design or seasonal conditions of these routes.
- 1.10** “LNG” or “TITAN’s LNG” shall mean liquefied natural gas designated by TITAN for transport hereunder.
- 1.11** “Production Facilities” shall mean the site at which TITAN directs TRANSPORT CONTRACTOR to pick up LNG which is loaded into TITAN tankers.
- 1.12** “Standard Operating Practices” shall mean TITAN’s procedures for the loading, unloading, and other handling of LNG, as these procedures may be changed from time to time.

- 1.13** “Term” shall be the Initial Term of the Agreement and any successive additional Contract Years until termination, as provided in Section 4.03.
- 1.14** “Truck Rate” or “Truck Rates” shall mean the applicable rates specified in Schedule A for LNG transport by TRANSPORT CONTRACTOR from a Production Facility to a Designated Site using one of TITAN's LNG Tankers loaded to its load limit, generally between 9,500 gallons of 12,500 gallons, depending on the specific trailer. Truck Rates are subject to escalation and de-escalation as described in Schedule B. Truck Rates allow for pick-up and transport of a loaded LNG Tanker, unloading at the Designated Site by TRANSPORT CONTRACTOR, and return of the LNG Tankers to the Production Facility.

ARTICLE II

TRANSPORT CONTRACTOR RESPONSIBILITIES

2.01 Safety

TRANSPORT CONTRACTOR acknowledges the importance of public safety in carrying out its responsibilities under this Agreement and shall strictly comply with all applicable safety requirements, practices and procedures, including but not limited to those referenced in this Section 2.01, and shall take all reasonable precautions to ensure the safety of personnel and equipment and ensure that all subcontractors comply with these requirements and take such precautions. TRANSPORT CONTRACTOR shall comply with TITAN's Standard Operating Practices.

- (a)** TRANSPORT CONTRACTOR acknowledges and agrees that TITAN attaches a high priority to safety in the work-place and that TITAN's safety requirements for these services may exceed the requirements of Occupational Safety and Health statutes and regulations.
- (b)** Before commencing any of the services hereunder TRANSPORT CONTRACTOR shall provide TITAN with a copy of TRANSPORT CONTRACTOR's safety manual and shall incorporate therein such revisions as TITAN specifies in writing, as is mutually agreed by both parties.
- (c)** Before commencing any of the services hereunder TRANSPORT CONTRACTOR shall provide TITAN with a copy of TRANSPORT CONTRACTOR's procedures for dealing with the misuse of alcohol or prescribed drugs, or the use of illegal drugs, by its employees or contractors and shall incorporate therein such revisions, consistent with

guidelines and procedures for alcohol and drug abuse which are used by TITAN as TITAN specifies.

- (d) TRANSPORT CONTRACTOR has in place and will maintain a random drug and alcohol testing policy for TRANSPORT CONTRACTOR's transport operators. Should a TRANSPORT CONTRACTOR operator test positive, indicating that drugs or alcohol are, or were, present, TRANSPORT CONTRACTOR will comply with all DOT regulations in relation to drug and alcohol testing and all requirements in the event of a positive test.
- (e) TRANSPORT CONTRACTOR shall provide TITAN a written report within 48 hours of any incident in connection with transportation pursuant to this Agreement that results in personal injury or any damage in excess of \$500.00 to Production Facilities, TITAN's LNG Tanker, TITAN storage or unloading equipment, a TITAN customer's facilities, or TRANSPORT CONTRACTOR's equipment. Such written report will include particulars of how the incident occurred, the severity, actual or probable cause, probable responsibility, the number of workdays lost or expected to be lost in respect of each lost time accident, and the preventative procedures TRANSPORT CONTRACTOR proposes to adopt to prevent subsequent occurrences.
- (f) TRANSPORT CONTRACTOR's failure to comply strictly with its obligations under this Section 2.01 and the related warranties in Articles V and VI shall constitute a default of this Agreement. Notwithstanding any other provision of this Agreement, in case of a default which TITAN reasonably believes may either threaten the public safety or result in a significant violation of any applicable law or regulation, TITAN may at its option, by notice with immediate effect, suspend the services hereunder until TRANSPORT CONTRACTOR has remedied such default to TITAN's satisfaction. All costs and expenses incurred by TRANSPORT CONTRACTOR as a result of such suspension, and all increased costs and reasonable expenses incurred by TITAN in arranging alternative transportation, shall be exclusively for TRANSPORT CONTRACTOR's account. TITAN will take all reasonable measures to mitigate such additional costs. If TRANSPORT CONTRACTOR has not remedied such default within 15 days of the written notice provided by TITAN, TITAN, in its sole determination, may terminate this Agreement, and will retain all other available remedies.

As examples of how the parties intend this Section 2.01(f) to be interpreted, failure to maintain required records, failure to perform required drug and alcohol testing, and recurring failure to comply with DOT regulations will all be considered significant violations. Single traffic tickets, non-moving violations, and entirely technical violations

which do not pose any safety risk or risk of adverse regulatory action will all be considered non-significant violations.

2.02 Training

TRANSPORT CONTRACTOR, at its sole cost and expense for time and travel, shall ensure each operator receives TITAN-provided LNG training prior to the operator being permitted to transport and unload LNG.

2.03 Operation of Transport Equipment

- (a) TRANSPORT CONTRACTOR, at its sole cost and expense, shall, during the term hereof, provide the labor and equipment to transport LNG for TITAN in the market area of Alaska, as scheduled by Titan, from the Point MacKenzie Production Facility. TRANSPORT CONTRACTOR will at its sole cost and expense acquire additional transport equipment should TITAN's demand for transportation services exceed the then prudent capacity of TRANSPORT CONTRACTOR's equipment. All LNG loading and off-loading will be in accordance with Titans' Standard Operating Practices and Approved Safety Procedures.
- (b) TRANSPORT CONTRACTOR will use its best efforts to maximize the use in the performance of this Agreement of the two LNG-powered tractors leased by TRANSPORT CONTRACTOR under the separate lease agreement.
- (b) TRANSPORT CONTRACTOR will transport TITAN's LNG to Designated Sites and unload the LNG into the cryogenic storage facilities designated by TITAN, all in accordance with TITAN's instructions and Standard Operating Practices.
- (c) TITAN warrants the Tankers will comply with all DOT requirements and will be maintained by TITAN or designee in a manner that complies with DOT regulations and are up to industry standards, at the sole expense of TITAN.

2.04 Documentation

TRANSPORT CONTRACTOR shall prepare and provide to TITAN true copies of a bill of lading for each LNG Tanker transported.

ARTICLE III

TITAN'S RESPONSIBILITIES

3.01 Scheduling

TITAN currently requires up to 6 transports daily during the Term of this Agreement from the Point MacKenzie Production Facility. Titan could require up to 12 transports daily during the Term of this Agreement with 30 days written notice in advance. TITAN and TRANSPORT CONTRACTOR will communicate regarding scheduling, and TITAN will provide TRANSPORT CONTRACTOR reasonable advance notice of its daily transportation requirements, if any. TITAN will provide TRANSPORT CONTRACTOR at least 48 hours' notice of each required transport. The notice shall include the time for pick-up and shall specify the Production Facility and the Designated Site.

3.02 Production Facilities

TITAN will provide TRANSPORT CONTRACTOR reasonable access to the Production Facilities and provide loaded LNG Tankers at the Point MacKenzie Production Facility.

3.03 Designated Unloading Site

TITAN will provide TRANSPORT CONTRACTOR reasonable access to each Designated Site and provide TRANSPORT CONTRACTOR's operator assistance if required for prompt and complete unloading of the LNG at Designated Sites.

ARTICLE IV

PAYMENTS AND TERM

4.01 Invoices

TRANSPORT CONTRACTOR shall invoice TITAN on or about the first day of each week during the Term of this Agreement for the number of loads during the previous week multiplied by the applicable Truck Rate per load. TITAN will pay TRANSPORT CONTRACTOR within thirty (30) days after the receipt of such invoice.

4.02 Late Payment

TRANSPORT CONTRACTOR may charge interest at an annual interest rate of 10.5% on the outstanding balance if payment does not reach TRANSPORT CONTRACTOR within thirty (30) days from the receipt of the invoice.

4.03 Term

This Agreement shall be for an initial 3-year term beginning July 1, 2019 to June 30, 2022. The Agreement shall automatically renew thereafter for successive additional periods of one (1) Contract Year unless terminated by written termination notice of either party to the other party. The notice of termination shall be sent and received by the other party to the Agreement at least 120 days in advance of termination date. Upon such notice, this Agreement shall terminate at the end of the initial term or at the end of the additional contract year in which notice is given.

Provisions relating to liability [6.02 and 6.05], indemnity [Sections 7.03 and 11.02], and Confidentiality [Section 10.01] shall continue in effect after termination of this Agreement.

4.04 Rate Changes

Truck Rates are set out in Schedule A, and will be escalated and de-escalated in accordance with Schedule B. The parties will amend this Agreement to specify rates applicable for the transport of LNG from additional Production Facilities or to additional Designated Sites, where the per-mile calculation in the schedules cannot reasonably be applied to calculate transportation rates to and/or from the new locations.

ARTICLE V

LAWS AND REGULATIONS

5.01 TRANSPORT CONTRACTOR's Responsibilities

- (a) In the performance of the services hereunder, TRANSPORT CONTRACTOR shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, and local governing bodies having jurisdiction over the services or any part thereof.
- (b) TRANSPORT CONTRACTOR shall comply with all requirements of the Department of Transportation, all Occupational Safety and Health Administration standards and amendments thereto, and all applicable federal, state, and local safety regulations including, without limitation, all laws governing the transportation and handling of hazardous goods and the protection of the environment. TRANSPORT CONTRACTOR shall perform all services in accordance with the Approved Safety Procedures and the Standard Operating Practices.

- (c) Prior to commencing services hereunder, including the commencement of transport services from additional Production Facilities or to additional Designated Sites, TRANSPORT CONTRACTOR will provide proof it and its subcontractors have obtained all necessary permits and authorizations and met all legal requirements with respect to the transportation and operation of LNG Tankers.

5.02 Changes to Law

In the event that a new or revised law, tax, rule, regulation, notice or order of any governmental authority occurs after the date of this Agreement, and requires a modification, change, or addition to TRANSPORT CONTRACTOR's equipment or results in increases in operating costs; the cost of such compliance shall be charged in the Truck Rate per Load. TRANSPORT CONTRACTOR shall provide sufficient information to TITAN to allow TITAN to assess the necessity and reasonableness of such increases.

ARTICLE VI

WARRANTIES & REPRESENTATIONS

- 6.01** TRANSPORT CONTRACTOR shall perform the services hereunder on a prompt and timely basis, ensuring that LNG is delivered to the Designated Site in an expedient manner.
- 6.02** TRANSPORT CONTRACTOR will perform this Agreement for its entire Term. If for any reason, other than a Force Majeure event under section 7.02, TRANSPORT CONTRACTOR is unable to perform or TITAN is required to suspend or terminate this Agreement for inadequate or unsafe performance by TRANSPORT CONTRACTOR, TRANSPORT CONTRACTOR will be responsible for all TITAN's reasonable damages, including cover.
- 6.03** TRANSPORT CONTRACTOR shall perform the service hereunder in strict compliance with the Approved Safety Procedures, Standard Operating Practices, and all applicable laws, rules and regulations, and shall ensure that all subcontractors comply therewith.
- 6.04** TRANSPORT CONTRACTOR shall perform the services hereunder in strict compliance with the Approved Alcohol and Drug Abuse Procedures, and shall ensure that all subcontractors comply therewith.
- 6.05** TRANSPORT CONTRACTOR accepts full responsibility for the operation of its trucks, including leased trucks, used in loading, transport and unloading, and including any damages to the equipment at the loading site or unloading site caused by TRANSPORT CONTRACTOR's transportation equipment or drivers.

TRANSPORT CONTRACTOR accepts full responsibility for any damage caused to LNG Tankers during loading, unloading or transport.

ARTICLE VII

DEFAULTS, DELAYS AND INDEMNITY

7.01 Failure to Perform

If either party becomes insolvent or makes an assignment for the benefit of creditors or files a petition in bankruptcy, or if bankruptcy or receivership proceedings are instituted against it and are not withdrawn or dismissed within a period of 120 days, or if either party fails or refuses at any time to perform its obligations hereunder and fails to remedy or commence to remedy such defaults within fifteen (15) days after written notice thereof has been given to the non-performing party, then without in any way limiting any other remedies that might be available to it, the party affected by the other's nonperformance may terminate this Agreement by notice in writing to the other party with immediate effect.

7.02 Force Majeure

The performance of any of the obligations of either party hereunder may be temporarily delayed or suspended at any time, while, but only so long as, such party is hindered in or prevented from performance by acts of God, enemies of the public, war, riot, accident, strike, lockout or labor disturbances (including strike, lockout, or labor disturbances by TRANSPORT CONTRACTOR or TITAN companies), unavailability of material, disruption of transportation, inclement weather, operation of law, fire, explosions, breakages of, or accidents to machinery, pipes or equipment, or any other cause beyond the control of the party claiming such cause, provided lack of finances or economic hardship shall not be deemed a cause beyond such party's control, and provided that neither party shall be required to settle any labor dispute or make any agreement affecting labor which in its judgment is not compatible with its best interest. Each party shall give to the other notice in writing within forty-eight (48) hours of the occurrence of any such event in respect of which it intends to claim for relief as provided in this section and in such notice shall specify the event or cause in order to permit the other to conduct an investigation thereof and upon the conclusion of the event shall notify the other promptly in writing stating in the notice the number of days for which it claims its work or operations have been so suspended or delayed. Promptly after the occurrence of Force Majeure, the claiming party shall employ all reasonable means to reduce the consequences to the other party, and shall employ all reasonable means to rectify and terminate the same.

In the event of Force Majeure, the terms of the Agreement and obligations affecting both TRANSPORT CONTRACTOR and TITAN will be temporarily suspended and resumed upon termination of Force Majeure.

7.03 Indemnity

- (a) TRANSPORT CONTRACTOR shall indemnify, defend and hold harmless TITAN, its officers, directors, employees, contractors and agents from all liability, claims, penalties, fines, loss or damage, including injury to or death to any persons, and for damage, destruction or loss to property resulting directly or indirectly from: (1) services provided by TRANSPORT CONTRACTOR or its subcontractors or their respective employees, agents or contractors, or (2) failure by TRANSPORT CONTRACTOR, its subcontractors or their respective employees, agents or contractors to comply with TRANSPORT CONTRACTOR's obligations under this Agreement.
- (b) TRANSPORT CONTRACTOR is an independent contractor, and nothing contained in this Agreement shall authorize TRANSPORT CONTRACTOR to incur any liability or impose any obligation on behalf of TITAN.

ARTICLE VIII

WAIVER

8.01 Waiver

Either party may waive any breach by the other party of any of the provisions contained in this Agreement or any default by the other party in the observance or performance of any covenant or condition required to be observed or performed by such other party under the terms of this Agreement provided that no such waiver shall be binding upon such party unless given in writing, nor shall such waiver extend to or affect any further breach or default or to affect rights of the waiving party.

ARTICLE IX

INSURANCE

9.01 Insurance

- (a) TRANSPORT CONTRACTOR and any of its subcontractors involved in the performance of this Agreement shall maintain the following insurance coverages:

- (1) comprehensive vehicle liability insurance covering all owned, hired and non-owned vehicles with a limit of at least \$2,000,000 each occurrence for bodily injury and property damage liability, and
 - (2) comprehensive general liability insurance with a combined single limit of at least \$5,000,000 each occurrence for bodily injury and property damage liability, and
 - (3) coverage for loss of or damage to LNG trailers during loading, unloading, or transport with limits of not less than \$350,000, and
 - (4) coverage for loss of cargo in an amount of not less than \$20,000, and
 - (5) comprehensive coverage for loss of or damage from any cause to any LNG-powered Truck leased by TRANSPORT CONTRACTOR from TITAN, pursuant to the separate LNG Truck Lease Agreement, with limits not less than \$200,000 per Truck, and
 - (6) workers' compensation and employment liability insurance with a limit of at least \$500,000 each occurrence, applicable to TRANSPORT CONTRACTOR employees.
- (b) TITAN and Fairbanks Natural Gas, LLC ("FNG") shall be added as additional insureds on the policies required by Section 9.01(a)(1)-(5). All required insurance shall include waivers of the insurer's right to subrogation against the additional insureds.
- (c) TRANSPORT CONTRACTOR shall obtain and file with TITAN certificates of insurance for the policies required by Section 9.01(a). Certificates shall contain a stipulation that no material change or cancellation of said policies shall become effective except upon at least ten (10) days prior written notice thereof to TITAN.

ARTICLE X

CONFIDENTIALITY

10.01 Confidentiality

Both parties agree that all Confidential Information which it will acquire or which may come to its knowledge during the term of this Agreement will at all times (both during the term of this Agreement and subsequent to the termination thereof) and for all purposes be held by either party in confidence and both parties agree they will not disclose, divulge, communicate orally, in writing or otherwise to any person or persons, any Confidential Information except to the extent required by government authorities, or as required by either party's professional advisers and current and/or potential suppliers of financing. Both parties' professional advisers and financiers shall be similarly obligated to maintain confidentiality. For the purposes hereof, "Confidential Information" includes, but is not limited to, information emanating from either party, its associates, affiliates, agents, subcontractors or customers or conceived or developed by either party concerning sources of supply, supply, demand of customers, marketing plans and strategies, agreements, costs, pricing and systems of procedure.

ARTICLE XI

GENERAL

11.01 Assignment

- (a) In this section the verb "assign" means sell, assign, transfer, sublet, option or similar disposition.
- (b) Neither party shall assign this Agreement, any interest herein nor any right or obligation hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed by either party. No assignment will release either party from obligations that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment. TITAN will be permitted to assign its interests and obligations in this Agreement to any directly or indirectly-held subsidiary or any party acquiring all or substantially all of the assets of TITAN.

11.02 Subcontracts

TRANSPORT CONTRACTOR shall be permitted to subcontract services hereunder, subject to prior written notification to TITAN indicating the subcontractor's responsibilities and compliance with the requirements of this

Agreement. Nothing contained in this Agreement shall be construed as creating any contractual relationship between the subcontractor and TITAN.

Notwithstanding notification to TITAN, no subcontracting of any services shall relieve TRANSPORT CONTRACTOR from its obligations and responsibilities to TITAN pursuant to this Agreement. TRANSPORT CONTRACTOR shall be liable to TITAN for the proper performance of the services performed by the subcontractor.

TRANSPORT CONTRACTOR shall ensure that the subcontract with the subcontractor contains provisions identical to those contained in this Agreement, as far as applicable to the subcontractor's work, and pertaining to confidentiality and insurance, and enabling TRANSPORT CONTRACTOR to terminate such subcontract in the event or termination of this Agreement pursuant to Article VII. In addition to TRANSPORT CONTRACTOR's obligations in Section 7.03, TRANSPORT CONTRACTOR shall fully indemnify and save harmless TITAN from all actions, claims, damages, costs and expenses arising out of the subcontractor's actions, including breach of confidentiality or inadequate insurance. This indemnity shall survive the termination of this Agreement.

11.03 Entire Agreement

- (a)** This Agreement represents the entire agreement of the parties hereto and supersedes all proposals, negotiations and representations made prior to the execution hereof and no modification or additions shall be binding upon the parties unless in writing, having direct reference to this Agreement and executed by the parties hereto. No representation or oral agreements between officers, employees or agents of either party before or after execution of this Agreement shall affect or modify the rights or obligations herein.
- (b)** Schedules A and B attached hereto are incorporated fully as if their terms and conditions were set out in this Agreement. These schedules are subject to periodic adjustment as set out in this Agreement. In the event there is a conflict between this Agreement and those in any Schedule, the terms of this Agreement shall prevail.

11.04 Interpretation

Except as expressly stated or where the context requires otherwise, in this Agreement:

- (a)** all references to a designated section are to the designated section of this Agreement, and the words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the clause in which such use occurs; and

- (b) words importing the singular also include the plural and vice versa and words importing gender include all genders; and
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor by merger, amalgamation, consolidation or otherwise to such entity; and
- (d) all words, phrases and expressions used in this Agreement that have a common usage in the gas industry and that are not defined in the Definitions and References have the meanings commonly ascribed thereto in the gas industry; and
- (e) the headings of the sections set out in this Agreement are for convenience only and will not affect the interpretation of this Agreement; and
- (f) This agreement shall not be construed against the drafting party.

11.05 Miscellaneous

- (a) Time shall be of the essence hereof.
- (b) This Agreement shall be construed and interpreted in accordance with the laws of the State of Alaska. Venue for any action relating to this Agreement shall be in the trial court for the State of Alaska at Fairbanks, Alaska.
- (c) All rights, benefits and obligations under this Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

Article XII

Notices

12.01 Notices

- (a) Subject to the provisions of Section 7.02, all notices &, invoices and statements which may be given shall be in writing and mailed by prepaid mail (with faxed copy) or delivered to the following addresses:

TITAN: Titan Alaska LNG, LLC
Attention: Dan Britton, President
3408 International Way
Fairbanks, Alaska 99701
Fax Number: (907) 457-8111

TRANSPORT CONTRACTOR:

TRANSPORT CONTRACTOR

Attention: Name, Title

ADDRESS

CITY, STATE ZIP

Fax Number: Number

- (b) A notice, invoice or statement so given shall be deemed to be given to and received by the addressee, if delivered personally on the day it was delivered and if mailed, on the fifth business day next following the day on which it was mailed. In the case of mail disruption, all notices, invoices or statements shall be hand delivered at the appropriate address above.
- (c) A notice, invoice or statement given or delivered by telefax shall be deemed to have been effectively delivered to the addressee on the first business day following the day on which it was dispatched.
- (d) Either party may change its address by directing a notice of such changes in accordance with this clause to the other party and thereafter such changed address shall be effective for all purposes of this Agreement.

IN WITNESS WHEREOF this Agreement has been duly executed with effect as of July 1, 2019.

TITAN ALASKA LNG, LLC

TRANSPORT CONTRACTOR

Authorized Signing Officer

Authorized Signing Officer

Title

Title

Date

Date

SCHEDULE A

Transport Contractor: _____

TRUCK RATES

Truck Rate per Load (return trip)

<u>Production Facility</u>	<u>Designated Site</u>	<u>\$ per load</u>
1. TITAN, Pt. MacKenzie	Talkeetna, Alaska	\$ _____.00
2. TITAN, Pt. MacKenzie	Houston, Alaska	\$ _____.00
3. TITAN, Pt. MacKenzie	Fairbanks, Alaska	\$ _____.00

For Loads hauled with an LNG-powered tractor, Titan will provide the LNG fuel, Schedule B shall not apply, and the Truck Rate will be:

<u>Production Facility</u>	<u>Designated Site</u>	<u>\$ per load</u>
1. TITAN, Pt. MacKenzie	Talkeetna, Alaska	\$ _____.00
2. TITAN, Pt. MacKenzie	Houston, Alaska	\$ _____.00
3. TITAN, Pt. MacKenzie	Fairbanks, Alaska	\$ _____.00

Provide GPS based fleet tracking system on trucks and/or trailers to record and monitor location and speed, which allows three owner's representatives information access.

Fleet Tracking \$_____ per month or year. (circle one)

Rates for shipment between other Production Facilities and Designated Sites will be prorated for the additional or lower mileage, using the most appropriate comparable Truck Rate listed above.

Where a new location involves special conditions, such as special highway conditions or other factors not accounted for, the rate for the new location will be set by mutual consent.

SCHEDULE B

ESCALATION / DE-ESCALATION

The following factors will be used to determine weekly rate escalation / de-escalation under the terms of this Agreement for loads hauled by diesel-powered tractors.

Fuel Costs

TRANSPORT CONTRACTOR shall make reasonable efforts to procure fuel at the best available rate and, for purposes of the fuel calculation shall NOT include any markup by TRANSPORT CONTRACTOR. Fuel costs for the purpose of this Agreement are based on a range of \$3.25 to \$3.50/gallon. The per-load costs shall be escalated or de-escalated to account for variations in fuel costs outside of this range. Any increase or decrease in fuel cost outside this range will be at the sole liability or benefit of TITAN. The calculation of the rate adjustment will be as follows:

Assumptions:

Tractor Fuel Usage = 4.4 miles per gallon (mpg)
Distance (d) - Pt. MacKenzie to Talkeetna (return) = 170 miles
Distance (d) - Pt. MacKenzie to Houston (return) = 85 miles
Distance (d) - Pt. MacKenzie to Fairbanks (return) = 670 miles
Actual Fuel Cost on the last day of the week = a

Formula:

Escalation (E)
 $E = (d / \text{mpg}) \times (a - \$3.50)$

De-escalation (D)
 $D = (d / \text{mpg}) \times (\$3.25 - a)$

Example: The actual cost of fuel is \$4.00 per gallon. This an Escalation therefore:

Pt. MacKenzie to Fairbanks

$E = (670 / 4.4) \times (\$4.00 - \$3.50) = \76.14

Rates shall not be adjusted unless the calculation produces a change in the rates of \$5.00 or greater.

LNG TRUCK LEASE AGREEMENT

This LNG Truck Lease Agreement [the “Lease Agreement,” or “Agreement”] is effective the July 1, 2019, between Titan Alaska LNG, LLC, 3408 International Street, Fairbanks, AK 99701 [“Lessor”], and Transport Contractor (“Lessee”). Titan and TRANSPORT CONTRACTOR may be referred to collectively as the Parties.

RECITALS

Whereas, Titan manufactures liquefied natural gas [LNG] at its LNG plant at Point MacKenzie, Alaska, and the LNG is hauled in trailers from Point MacKenzie to Talkeetna, Houston, and Fairbanks, and Titan may require the transportation of LNG between other locations in Alaska, and

Whereas, at the same time they are executing this Lease Agreement, Titan and TRANSPORT CONTRACTOR are entering into an LNG Transportation Agreement, effective July 1, 2019 (the “LNG Transportation Agreement”), under which TRANSPORT CONTRACTOR will provide trucks and trucking services to Titan for the transportation of LNG, and

Whereas, Titan owns two LNG-powered trucks [the “Trucks,” “Leased Trucks,” or “LNG Trucks”] suitable for hauling the LNG trailers, and use of these Trucks will eliminate substantial costs of diesel fuel in the transportation of the LNG trailers, and

Whereas, Titan desires to lease the LNG Trucks to TRANSPORT CONTRACTOR, and TRANSPORT CONTRACTOR desires to lease the Trucks from Titan and to utilize the Trucks in TRANSPORT CONTRACTOR’s performance of the LNG Transportation Agreement,

Now therefore, in consideration of the mutual covenants and promises herein contained, Titan and TRANSPORT CONTRACTOR agree as follows:

LEASE AGREEMENT

1. Lease and Payment. Effective July 1, 2019, Titan will lease to TRANSPORT CONTRACTOR and TRANSPORT CONTRACTOR will lease from Titan the two LNG-powered Trucks identified in Attachment A, for a monthly payment [the “Lease Payment”] of \$100.00 per Truck for any full month or part thereof. TRANSPORT CONTRACTOR will make the Lease Payment without a billing from Titan.

2. Term. This Lease will be effective July 1, 2019 and end at the termination of the LNG Transportation Agreement, or on a different date by mutual agreement of the Parties (the “Lease Term”).

3. Priority Use of Trucks. During the Lease Term, TRANSPORT CONTRACTOR will utilize the leased Trucks to the greatest extent possible in its performance of the LNG

Transportation Agreement. TRANSPORT CONTRACTOR shall not utilize a diesel powered truck (or any other vehicle) to haul any of the LNG trailers if one of the leased LNG-powered Trucks is available. TRANSPORT CONTRACTOR shall schedule its vehicles in such a way as to maximize the operation of the LNG-powered leased Trucks in TRANSPORT CONTRACTOR's performance of the LNG Transportation Agreement.

4. Exclusive Use. TRANSPORT CONTRACTOR shall utilize the LNG-powered Leased Trucks only in the performance of the LNG Transportation Agreement, or as otherwise explicitly authorized in writing by Titan.

5. Fueling. The LNG-powered Trucks will be fueled at the LNG fueling stations operated by a Titan affiliate at Houston, Alaska, and Fairbanks, Alaska, or other fueling stations to be developed. LNG will be provided to TRANSPORT CONTRACTOR for the Trucks free of charge. All other costs and expenses of operation of the Trucks will be paid by TRANSPORT CONTRACTOR.

6. Insurance. Pursuant to Section 9.01 of the LNG Transportation Agreement, TRANSPORT CONTRACTOR is required to obtain certain insurance, including comprehensive coverage for loss or damage from any cause to the leased LNG Trucks, with limits not less than \$200,000.00 per Truck. Section 9.01 of the LNG Transportation Agreement is incorporated herein by reference.

7. Loss or Damage. TRANSPORT CONTRACTOR will be responsible to Titan for any and all loss or damage to the leased Trucks, excluding normal wear and depreciation.

8. Maintenance. During the Lease Term, TRANSPORT CONTRACTOR will at its own expense maintain the LNG Trucks in accordance with all maintenance and service recommendations of the manufacturer. Lubrication, inspection, adjustment, tire replacement, parts replacement, repairs, and all other maintenance and service will be performed in a timely manner by qualified service personnel. Upon request by Titan, TRANSPORT CONTRACTOR will provide documentation of all maintenance.

9. Appearance. TRANSPORT CONTRACTOR will allow Titan, or any designee of Titan, to apply a logo or other identifying marking to the Trucks. TRANSPORT CONTRACTOR will, during the term of the Lease, keep the Trucks clean and do nothing to obscure any logo or markings applied by Titan to the Trucks.

10. Occasional Use by Lessor. If and whenever requested by Titan, TRANSPORT CONTRACTOR will make the Trucks available to Titan or Titan's designee for truck shows or other events at which they wish to show the Trucks to the public or any specific portion of the public. No adjustment to the Lease Payment will be made for any such period of time the Truck is unavailable for use by TRANSPORT CONTRACTOR.

11. Title. Title to the Trucks shall not pass to Lessee. Lessee will keep the Trucks free and clear of all levies, liens, and encumbrances. License and registration fees will be paid by Lessor.

12. Laws and Regulations. TRANSPORT CONTRACTOR will operate the Trucks only in the normal and ordinary course of its performance of the LNG Transportation Agreement as amended, and not in violation of any law, rule, or regulation. TRANSPORT CONTRACTOR will indemnify, defend, and hold Titan harmless from and against all fines, forfeitures, seizures, and penalties arising from any violation.

13. Termination. Lessee shall immediately return each of the Trucks to Lessor at the end of the Lease Term.

14. All Terms Apply. Unless clearly inapplicable to the lease of the Trucks, all provisions of the LNG Transportation Agreement also apply to this Lease Agreement.

IN WITNESS WHEREOF this Agreement has been duly executed with effect as of July 1, 2019.

TITAN ALASKA LNG, LLC

TRANSPORT CONTRACTOR

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**LNG TRUCK LEASE AGREEMENT
ATTACHMENT A**

LIST OF LNG TRUCKS

- (1) 2013 Kenworth Model T800 Tractor,
VIN 1XKDDW9X7DR355714.
- (2) 2013 Kenworth Model T800 Tractor,
VIN 1XKDDW9X7DR355715.