DOCUMENT TITLE:
RIGHT-OF-WAY LEASE FOR THE
POINT THOMSON EXPORT PIPELINE
(ADL 418975)

RECORDING DISTRICT:  BARROW

ASSOCIATED DOCUMENTS:  2012-000852-0

GRANTOR:  STATE OF ALASKA

GRANTEE:  PTE PIPELINE LLC

GRANTEE:  EXXON EQUITY HOLDING COMPANY

AFTER RECORDING RETURN TO:

State Pipeline Coordinator’s Office
411 West 4th Ave., Suite 2-C
Anchorage, AK 99501
ADL 418975

RIGHT-OF-WAY LEASE
FOR
THE POINT THOMSON EXPORT PIPELINE

BY AND
BETWEEN
THE STATE OF ALASKA
AND
PTE PIPELINE LLC
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Attachments

Exhibit A: Stipulations
Exhibit B: Right-of-Way
Exhibit C: Guaranty
Exhibit D: Definitions
This Right-of-Way Lease (hereinafter "Lease") is entered into this 31st day of October 2012, (hereinafter "Effective Date"), by the State of Alaska (hereinafter "State"), acting through the Commissioner of the Alaska Department of Natural Resources (hereinafter "Commissioner"), and by PTE Pipeline LLC (hereinafter "Lessee").

1. **Lease of Right-of-Way**

   (a) Pursuant to the provisions of AS 38.35, the Alaska Right-of-Way Leasing Act, as amended, and for and in consideration of the annual rental fee described in Section 3 of this Lease and subject to the covenants and conditions contained herein and the Stipulations attached hereto in Exhibit A and incorporated by reference herein, the State hereby grants by Lease to the Lessee, for a limited duration described in Section 2, a non-exclusive Right-of-Way Lease, only for the purposes described in Subsection (b) of this section, across, through, and upon those State Lands, and those lands now owned or hereafter acquired (hereinafter "Leasehold"), as shown and described in the incorporated alignment and site locations attached hereto as Exhibit B. The width and total acreage of the Leasehold will vary over the term of this Lease as described in Exhibit B.

   (b) This Lease is granted for the purpose of conducting the Pipeline Activities for an Oil transportation Pipeline, consisting of one 12.75-inch outside diameter mainline in compliance with the terms of this Lease and all applicable State laws and regulations.

   (c) Except as otherwise provided herein, the Lessee shall not allow or suffer any other Person or entity to use the Leasehold for carrying on activities which are not part of the Lessee’s authorized operations pursuant to this Lease. It is understood that a production gathering line authorized under AS 38.05 by the Department of Natural Resources, Division of Oil and Gas will share a small portion of the leasehold. Nothing in this subsection is intended to excuse or preclude the Lessee from complying with its obligations under this Lease, or employing agents, employees, or Contractors to effect Pipeline Activities. This Lease is subject to any valid existing rights including rights of third parties and of State entities with authority over the Leasehold.

2. **Duration**

   (a) This Lease shall expire on the 31st day of October, 2042, at 12 noon (Alaska Time), unless prior thereto it is released, abandoned, or otherwise terminated pursuant to the provisions of this Lease or any applicable law or regulation.

   (b) The Lessee shall give written notice to the Commissioner of its intent to seek renewal of this Lease no later than two (2) years before expiration. The Commissioner shall, upon request of the Lessee, renew the Lease for additional terms of up to thirty (30) years, but not less than ten (10) years each, so long as the Pipeline is in commercial operation and Lessee is in compliance with:

   (1) all terms of the Lease;
(2) all State, federal and local laws, including but not limited to State law pertaining to regulation and taxation of the Pipeline; and

(3) any agreement(s) between the State and the Lessee pertaining to regulation and taxation of the Pipeline.

(c) The Lessee shall provide one hundred eighty (180) days notice to the Commissioner prior to any relinquishment, abandonment or other Termination of this Lease.

(d) Upon the expiration of the Lease term (including any renewal thereof), or upon its earlier forfeiture, relinquishment, abandonment, or other Termination, the provisions of this Lease, to the extent applicable, shall continue in effect and shall be binding on the Lessee, its successors, and assigns, until they have fully performed their respective obligations and liabilities under the Lease. Within 90 days of a request by Lessee following the expiration, forfeiture, relinquishment, abandonment, or other Termination of this Lease, upon a determination in writing that the State’s best interest shall be served, the Commissioner shall release the Lessee from all or a portion of such continuing obligations and liabilities, with the exception of those contained in Section 8(m) and Section 9 herein.

3. Rental

(a) Construction Leasehold:

(1) The Lessee shall pay to the State annual rental payments in the amount of $819,755.64 during the period of Pipeline Construction. However, this rental amount shall be adjusted based on a formal appraisal conducted on or before one (1) year after the Effective Date of this Lease.

(2) The first payment is due on or before the Effective Date of this Lease and all subsequent payments are due on or before each Lease Anniversary Date.

(3) The annual rental payments made during Construction under this subsection shall be adjusted by an amount which reflects any difference in payment for the period from the date of the Commissioner’s approval of all the requirements under Section 26(e) of this Lease to the next Lease Anniversary Date following the re-appraisal of the Operation and Maintenance Leasehold. The amount of difference shall be calculated on a pro rata acreage basis.

(b) Operation and Maintenance Leasehold:

(1) Upon receipt of the Commissioner’s approval of all of the requirements under Section 26(e) of this Lease, and for the remainder of the term of this Lease and any subsequent renewals, Lessee shall pay to the State annual rental payments in the amount of the annual fair market rental of the Leasehold based on the appraised fair market value of the Leasehold.

(c) The initial formal appraisal, and all subsequent reappraisals, shall be carried out by an independent appraiser selected by the Lessee from a list of appraisers provided by the Department of Natural Resources. All costs of the initial formal appraisal, and of all subsequent reappraisals, shall be borne by the Lessee.

(d) The annual rental payment is subject to adjustment by the State five years from the first payment date as set out in (a) of this section and every fifth Lease Anniversary Date thereafter. The new
rental payment shall be based on the appraised fair market rental value of the Leasehold. Except as set forth in Subsection (a)(3), the new annual rental payment takes effect on the applicable Lease Anniversary Date, regardless of whether the adjustment determination occurs before or after the applicable Lease Anniversary Date.

(e) The Lessee's rental obligations described in this section shall survive the expiration, forfeture, relinquishment, abandonment, or other Termination of this Lease, and shall continue until all of the Lessee's obligations described in Section 27 and Section 28 of this Lease, whichever is applicable, have been approved by the Commissioner.

(f) Any interest in land acquired under the provisions of AS 38.35.130 for the Pipeline shall become part of the Leasehold, and the costs for the acquisition thereof shall be borne by the Lessee. Rental shall not be charged for any land acquired under AS 38.35.130 and conveyed without cost to the State.

4. Payment

(a) The initial rental payment is due and shall be tendered on or before the Effective Date of the Lease. Subsequent rental payments shall be due annually on or before each Lease Anniversary Date.

(b) All payments to the State under this Lease shall be made payable to the State in the manner directed by the State, and unless otherwise specified, shall be tendered to the State at:

Alaska Department of Natural Resources  
Attention: Revenue Unit  
550 West 7th Avenue, Suite 1410  
Anchorage, Alaska 99501-3561

or, to any other depository designated by the State. If the State changes the designated depository, it shall give at least sixty (60) days written notice to the Lessee in the manner provided in Section 29 herein.

(c) The Lessee shall pay the fee set forth in 11 AAC 05.010 for any late payment or returned check issued by the Lessee. Interest at the rate set by AS 45.45.010(a) shall be assessed on all past due amounts until payment is tendered to the State.

5. Denial of Warranty

(a) The State makes no representations or warranties, express or implied, as to title to, access to, or quiet enjoyment of the Leasehold. The State is not liable to the Lessee for any deficiency of title to or difficulty in securing access to the Leasehold. The Lessee or any successor in interest to the Lessee is not entitled to any refund of prior rentals paid under this Lease due to deficiency of title.

(b) The State makes no warranty, express or implied, and assumes no liability whatsoever, regarding the social, economic, or environmental aspects of the Leasehold granted herein, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the profitability or fitness of the Leasehold granted herein for any use. The Lessee represents that the Lessee has inspected the Leasehold granted herein and determined that the Leasehold is suitable for the use intended, or has voluntarily declined to do so, and accepts the State Lands included in the Leasehold granted herein "as is" and "where is," subject to Section 14 of this Lease. Notwithstanding the provisions
of this Section 5(b), if the State is aware of Existing Contamination, the State will make every effort to notify Lessee in order to initiate discussions per Section 14(b) of this Lease.

6. **Reservation of Certain Rights to the State**

   (a) The State reserves and shall have a continuing and reasonable right of access to any part of the Leaschold (including the subsurface of, and the air space above, such Leaschold) and a continuing and reasonable right of physical entry to any part of the Pipeline, including federal and private lands, for inspection or monitoring purposes and for any other purpose or reason that is consistent with any right or obligation of the State.

   (b) The right of access and entry reserved in Subsection (a) of this section shall extend to and be enjoyed by any Contractor of the State designated by the Commissioner in writing. Such written designation shall be provided to the Lessee. The Commissioner and the Lessee may mutually develop additional procedures to implement this subsection.

   (c) The granting of this Lease is subject to the express condition that the exercise of the rights and privileges granted under this Lease will not unduly interfere with the management, administration, or disposal by the State of the land affected by this Lease. The Lessee agrees and consents to the occupancy and use by the State, its grantees, permittees, or other Lessees of any part of the Right-of-Way not actually occupied or required by the Pipeline for the full and safe utilization of the Pipeline, for necessary operations incident to land management, administration, or disposal.

   (d) The State reserves the right to grant additional permits, leases or easements for rights-of-way or other uses to third parties that include lands subject to the Leaschold; provided that such grant shall not unreasonably interfere with the Lessee’s rights under this Lease.

   (e) This Lease is subject to the reservations set forth in AS 38.05.125 as such statutes exist on the Effective Date of this Lease.

7. **Access to Navigable and Public Waters**

   The State reserves a public access easement to and along all public or navigable water bodies or waterways that border on or are included in the State Lands included in the Leaschold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. The Lessee shall not petition to vacate, abandon, or extinguish any public access easement without the prior written approval of the Commissioner.

8. **Covenants of Lessee**

   The Lessee expressly covenants, in consideration of the rights acquired by it pursuant to this Lease, that:

   (a) Lessee shall assume the status of and shall perform all of its functions undertaken under this Lease as a common carrier and shall accept, convey, and transport without discrimination Oil delivered to it for transportation from fields in the vicinity of the Pipeline throughout its route on State Land obtained under this Lease and on other land; Lessee shall accept, convey, and transport Oil without unjust or unreasonable discrimination in favor of one producer or Person, including itself, as against another but shall take the Oil delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska or its successor with jurisdiction over common carrier pipelines shall,
after a full hearing with due notice to the interested Parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier;

(b) Lessee shall interchange Oil with each like common carrier and provide connections and facilities for the interchange of Oil at every locality reached by both pipelines when the necessity exists, subject to rates and regulations made by the appropriate State or federal regulatory agency;

(c) Lessee shall maintain and preserve books, accounts, and records and shall make those reports that the State may prescribe by regulation or law as necessary and appropriate for the purposes of administering AS 38.35;

(d) Lessee shall accord at all reasonable times and places to the State and its authorized agents and auditors the right of access to its property and records, of inspection of its property, and of examination and copying of records;

(e) Lessee shall provide connections, as determined by the Regulatory Commission of Alaska or its successor with jurisdiction over common carrier pipelines, under AS 42.06.340, to facilities on the Pipeline subject to this Lease, both on State Lands and other land in the State, for the purpose of delivering Oil to Persons (including the State and its political subdivisions) contracting for the purchase at wholesale of Oil transported by the Pipeline when required by the public interest;

(f) Lessee shall, notwithstanding any other provision, provide connections and interchange facilities at State expense at such places the State considers necessary, if the State determines to take a portion of its royalty or taxes in Oil;

(g) Lessee shall construct and operate the Pipeline in accordance with applicable State laws and lawful regulations and orders of the Regulatory Commission of Alaska or its successor with jurisdiction over common carrier pipelines;

(h) Lessee shall, at its own expense, during the term of this Lease

(1) maintain the Leasehold and Pipeline in good repair;

(2) promptly repair or remedy any damage to the Leasehold;

(3) promptly compensate for any damage to or destruction of property for which the Lessee is liable resulting from damage to or destruction of the Leasehold or Pipeline;

(i) As more fully set out in Section 25 of this Lease, Lessee shall not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the Lessee, its interest in this Lease, or any rights under this Lease or any Pipeline subject to this Lease to any Person other than another owner of the Pipeline (including subsidiaries, parents and affiliates of the owners), except to the extent that the Commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing and able to perform the transportation or other acts proposed in a manner that shall reasonably protect the lives, property and general welfare of the people of Alaska), authorizes; the Commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(j) Lessee shall file with the Commissioner a written appointment of a named permanent resident of the State of Alaska to be its registered agent in Alaska and to receive service of notices,
regulations, decisions and orders of the Commissioner; if it fails to appoint an agent for service, service may be made by posting a copy in the office of the Commissioner and filing a copy of it in the Office of the Lieutenant Governor and by mailing a copy to the Lessee’s last known address;

(k) The applicable law of the State of Alaska shall be used in resolving questions of interpretation of this Lease;

(l) The granting of this Lease is subject to the express condition that the exercise of the rights and privileges granted under this Lease shall not unduly interfere with the management, administration, or disposal by the State of the land affected by this Lease, and that Lessee agrees and consents to the occupancy and use by the State, its grantees, permittees, or other Lessees of any part of the Leasehold not actually occupied or required by the Pipeline for the full and safe utilization of the Pipeline, for necessary operations incident to land management, administration, or disposal;

(m) As more fully set out in Section 9 of this Lease, Lessee shall be liable to the State for damages or injury incurred by the State caused by the Construction, Operation or Maintenance of the Pipeline and Lessee shall indemnify the State for liabilities or damages;

(n) Lessee shall procure and furnish liability and property damage insurance from a company licensed to do business in the State or furnish other security or undertaking upon the terms and conditions the Commissioner considers necessary if the Commissioner finds that the net assets of the Lessee are insufficient to protect the public from damage for which the Lessee may be liable arising out of the Construction or Operation of the Pipeline.

9. **Indemnity**

(a) The Lessee assumes all responsibility, risk, and liability for its Pipeline activities and use of or contact with the Leasehold. The Lessee shall defend, indemnify, and hold harmless the State, its agents and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including reasonable attorneys’ fees and costs), expenses, charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited to those alleging personal injury, wrongful death, nuisance property damage, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of or contamination by Hazardous Materials), and environmental noncompliance (including the Lessee’s failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), arising out of, in connection with, directly or indirectly from, or otherwise incident to, Lessee’s Pipeline Activities or use of or contact with the Leasehold, except to the extent the sole legal cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State’s behalf.

(b) The State shall tender, and the Lessee shall accept the tender by the State of any such cause of action, lawsuit, or other proceeding brought against the State which is covered by Subsection (a) of this section. Subject to the last sentence in this subsection, any reasonable attorneys’ fees or costs incurred by the State prior to such tender of defense shall be the complete and sole responsibility of Lessee, so long as the tender is covered by Subsection (a) of this section. If the State tenders such cause of action, lawsuit, or other proceeding later than twenty (20) days after service on the State, and the Lessee informs the State that the delay in tendering shall require Lessee to incur additional costs in order to respond in a competent and timely manner, and the State is unable to obtain an extension of time.
sufficient to provide Lessee with at least one-half of the number of days which the State originally had to respond, then the State shall reimburse Lessee for documented, reasonable costs incurred by the Lessee that are directly related to the delay in tendering and the State shall bear its attorneys’ fees and costs prior to the tender.

(c) The obligations of the Lessee to indemnify the State under the terms of this Lease shall survive the transfer, assignment, or other disposition of the Lessee’s interest in this Lease as well as the expiration, forfeiture, relinquishment, abandonment or other Termination of this Lease to the extent the obligation(s) arose during that Lessee’s tenure as the leaseholder.

10. Lessee’s Contractors, Agents and Employees

(a) Lessee shall require that all of its Contractors conducting Pipeline Activities on the Leasehold:

(1) indemnify the State and extend all its Contractors’ indemnities to include the State as an additional named indemnitee;

(2) name the State of Alaska as additional insured on all liability insurance policies maintained under their contracts with Lessee; and

(3) obtain an appropriate waiver of subrogation in favor of the State with respect to all other insurance policies.

(b) Unless clearly inapplicable, the requirements and prohibitions imposed upon the Lessee by this Lease are also imposed upon the company’s agents, employees, and Contractors. The Lessee shall ensure compliance with this Lease by its agents, employees and Contractors.

(c) Any failure or refusal of the Lessee’s agents, employees, or Contractors to comply with the Lease or Stipulations shall be deemed to be the failure or refusal of the Lessee.

11. Guaranty and State as Additional Insured

(a) The Commissioner shall not issue a Notice To Proceed for the Lessee to initiate any Construction under this Lease prior to the Commissioner’s receipt from the Lessee of an unconditional guaranty, meeting all requirements of this section, guaranteeing the performance of all of Lessee’s duties and obligations under and by virtue of this Lease.

(b) The guarantor’s unconditional guaranty shall be in a form approved by the Commissioner, and shall be attached to this Lease as Exhibit C. If the Commissioner determines at any time that the guaranty is insufficient to satisfactorily guarantee the performance of all the Lessee’s duties, obligations, and potential liabilities under and by virtue of this Lease, the Commissioner may require the substitution and delivery of a supplementary guaranty or other security from Lessee or from a substitute guarantor or insurer, with any provisions the Commissioner reasonably finds necessary.

(c) The Lessee may change the guarantor at any time, provided the Commissioner, in his sole discretion, approves the substitution.

(d) Lessee shall submit, on an annual basis, guarantor’s annual financial statement and balance sheet, or such financial documentation of any required substitute guarantor, that the
Commissioner requests. Lessee may submit such information on a confidential basis in accordance with applicable State Statutes.

(e) The Lessee shall procure and furnish liability and property damage insurance from a company licensed to do business in the State or furnish other security or undertaking upon the terms and conditions the Commissioner considers necessary if the Commissioner finds that the net assets of the Lessee are insufficient to protect the public from damage for which the Lessee may be liable arising out of Pipeline Activities. If the Lessee, at its option or as required by the Commissioner under this section, obtains commercially available insurance coverage for the Leasehold and the Lessee’s activities in, on or related to the Leasehold, the Lessee shall cause the State to be named as an additional insured on all such insurance policies obtained and maintained by the Lessee, except that such insurance coverage shall not cover or apply where the proximate cause of the injury or damage is the gross negligence or reckless or willful misconduct of the State or anyone acting on behalf of the State. Any commercially available insurance purchased by Lessee under this section shall not be construed to limit in any way the Lessee’s liabilities or responsibilities under this Lease.

12. **Timely Construction and Operation**

Lessee shall begin Construction of the Pipeline System within four (4) years of the effective date of this Lease and shall begin operation of the Pipeline System as a common carrier within five (5) years of the effective date of this Lease unless otherwise approved by the Commissioner in writing.

13. **Conduct of Operations**

(a) The Lessee shall perform all Pipeline Activities under this Lease in a lawful, prudent, and skillful manner in compliance with the terms and conditions of this Lease, its incorporated exhibits and all required permits.

(b) Except as set forth in Section 14, the Lessee shall prevent or, if the procedure, activity, event or condition already exists or has occurred, shall abate, as completely as practicable, any physical or mechanical procedure, activity, event or condition:

1. that is susceptible to prevention or abatement;
2. that arises out of, or could adversely affect, Pipeline Activities; and
3. that causes or threatens to cause
   a) a hazard to the safety of workers or to the public health or safety (including but not limited to personal injury or loss of life with respect to any Person or Persons); or
   b) immediate, serious, or irreparable harm or damage to the environment (including but not limited to water and air quality, areas of vegetation, fish or other wildlife populations or their habitats, or any other natural resource).

c) The Lessee shall provide reasonable protection to public or private improvements on State Land, which may be adversely affected by Pipeline Activities. If the Commissioner determines that the Lessee has caused damage to such public or private improvements, and if the owner of such improvements so requires, then the Lessee shall promptly repair or reimburse the owner for reasonable
costs in repairing such improvements to a condition which is reasonably satisfactory to the owner, but which does not exceed the improvements’ condition prior to damage. This section does not limit in any way the legal or equitable remedies that may be available to a public or private owner of improvements on State Land.

14. Use of Previously Disturbed Lands

(a) The Commissioner and the Lessee agree that, where possible, the use of previously disturbed lands is desired to reduce impacts to the environment. Both parties recognize that certain sites authorized for use under the Lease may contain releases or threatened releases of Hazardous Substances that are the result of activities prior to the use of such sites by the Lessee. For the purposes of this section, the term “Site” shall mean a specific area of the Leasehold selected for a particular operation or use by the Lessee in accordance with the terms of this Lease, and the term “Existing Contamination” shall mean Hazardous Substances present at the Site prior to Lessee’s initial Field Activity on the Site.

(b) The Lessee, the Department of Natural Resources, and the Department of Environmental Conservation may enter into good faith negotiations to reach an agreement that will limit Lessee’s liability for Existing Contamination. That agreement may contain additional conditions governing Lessee’s activity on Sites where Existing Contamination may be present and/or provide for alternate Site selection in the event that Existing Contamination makes use of a Site undesirable to the Lessee.

15. Taxes on Liens and Leasehold

During the term of this Lease, Lessee shall pay any and all real property taxes, assessments, and similar charges levied by the State, any municipality, or any other governmental entity upon the interest in the Leasehold granted to Lessee by this Lease, subject to any rights Lessee may have to appeal or protest such taxes, assessments or charges. In no event shall Lessee permit or allow its interest in the Leasehold granted by this Lease to be lost or the State’s title to the Leasehold to be clouded or encumbered as a result of the nonpayment of any such taxes, assessments, or charges.

16. Permits

Before any particular activity requiring any federal, State, or municipal permits or authorizations occurs under this Lease, all required federal, State, and municipal permits and other authorizations for that particular activity shall be issued to the Lessee. The Lessee shall maintain any such required permits in good standing for so long as such permits are required for activities carried on pursuant to rights granted under this Lease during the term of this Lease.

17. Orders by the Commissioner

(a) The Commissioner may issue any order necessary to enforce or implement any provision of this Lease.

(b) Before delivery of any such order, the Commissioner shall confer with Lessee, if practicable to do so, regarding the required action or actions included in the order. Any such order shall state in detail what is demanded of Lessee and the reasons and basis for such demand.

(c) All decisions, determinations, authorizations, approvals, consents, demands or directions that shall be made or given by the Commissioner to Lessee in connection with the enforcement or administration of this Lease, or in connection with any other agreement, permit or authorization relating
in whole or in part to all or any part of the Pipeline shall, except as otherwise provided in Subsection (d) of this section, be in the form of a written order or notice.

(d) All orders, approvals, or notices of the Commissioner shall be in writing; provided, however, that if, in the judgment of the Commissioner, there is an emergency that necessitates the immediate issuance to the Lessee of an order, approval, or notice, such order, approval, or notice may be given orally with subsequent confirmation in writing as soon as possible thereafter, but not later than forty-eight (48) hours.

18. **Information**

The Commissioner may order the Lessee at any time to furnish any and all information related to Pipeline Activities. If the Lessee desires that records submitted to the State be kept confidential, the Lessee shall submit a request for confidentiality in writing to the Commissioner along with the statutory basis for its claim of confidentiality. The Commissioner shall retain records as confidential to the extent consistent with the Commissioner’s authority to do so under applicable State statutes.

19. **Right of the State to Perform**

(a) The Lessee shall carry out, at the Lessee’s expense, all lawful orders and requirements of the State relative to the Lessee’s occupation and use of the Leasehold within a reasonable time period under the circumstances. If, after thirty (30) days following the making of a demand by the Commissioner in the manner that is provided in this Lease, the Lessee, or its respective agents, employees, or Contractors, shall fail or refuse to perform any action required by this Lease or by the Commissioner under this Lease, the State shall have the right, but not the obligation, to enter the Leasehold and at the Lessee’s expense, consistent with all applicable State and federal laws and regulations, perform any or all of the following:

1. repair damage;
2. prevent imminent harm to workers;
3. protect public health or safety; and
4. prevent immediate, serious or irreparable harm or damage to the environment.

(b) The Commissioner shall submit to the Lessee a statement of the expenses reasonably incurred by the State of any required action taken pursuant to this section. The Lessee shall pay the amount shown within thirty (30) days of receipt of the statement.

20. **Modification**

(a) The Commissioner may, by written order, require the Lessee to make such practicable modification to the design of the Pipeline as the Commissioner determines is necessary to:

1. protect or maintain stability of the foundation and other earth materials;
2. protect or maintain integrity of the Pipeline;
(3) control or prevent significant damage to the environment (including but not limited to water and air quality, areas of vegetation, fish or other wildlife populations or their habitats, or any other natural resource); or

(4) remove hazards to public health and safety, including the activities of Lessee's agents, employees, and Contractors.

(b) Before delivery of any such order, the Commissioner shall confer with Lessee, if practicable to do so in the sole discretion of the Commissioner, regarding the required action or actions included in the order. Any such order shall state in detail what is demanded of Lessee and the reasons and basis for such demand.

21. Temporary Suspension

(a) The Commissioner may, consistent with applicable State and Federal law, order the temporary suspension of any or all Pipeline Activities, if:

(1) an immediate temporary suspension of the activity or the activities is necessary to protect:

a) public health or safety (including but not limited to personal injury or loss of life with respect to any Person or Persons); or

b) the environment from immediate, serious or irreparable harm or damage (including, but not limited to harm or damage to soil, sediments, water and air quality, areas of vegetation, fish or other wildlife population or their habitats, or any other natural resource); or

(2) the Lessee, its agents, employees, or Contractors are failing or refusing, or have failed or refused to comply with or observe:

a) any provision of this Lease intended to protect public health, safety or the environment; or

b) any order of the Commissioner implementing any provision of this Lease or any Notice to Proceed, authorization, plan or agreement approved, issued or granted by the Commissioner in connection with all or any part of the Pipeline.

(b) A temporary suspension order shall specify:

(1) the specific activity or activities which shall be stopped and the site of such activities;

(2) the reason for the issuance of the order, including a description of the immediate, serious or irreparable harm sought to be avoided that requires suspension of the specific activity or activities;

(3) any Notice to Proceed, Written Authorization or other authorization affected by the order;

(4) the name of the Person issuing the order;
(5) the name of the Lessee’s representative to whom the order is issued; and

(6) the time and date of the order.

(c) When a temporary suspension order is issued by any delegate of the Commissioner a copy of the written delegation of authority from the Commissioner shall accompany the order. A copy of the temporary suspension order shall be provided to the Lessee in a manner specified by Section 29 herein.

(d) A temporary suspension order is effective as of the date and time given, unless it specifies otherwise. A written temporary suspension order shall remain in full force and effect until modified or revoked in writing by the Commissioner.

(e) If the Commissioner finds that an emergency exists, a temporary suspension order may be given orally to the Lessee or a Field Representative of Lessee. If an oral temporary suspension order is given, a written order consistent with the requirements of Subsection (b) shall be issued as soon as possible, but no later than seventy-two (72) hours, after the oral order is given. An oral temporary suspension order that is not confirmed with a written order within the specified time is vacated.

(f) To the extent practicable, the Commissioner shall give the Lessee prior notice of any temporary suspension order. If circumstances permit, the Commissioner shall discuss with the Lessee, before issuing the order, measures that would:

1. immediately abate or avoid the harm or threatened harm that is the reason for the issuance of the order; or

2. effect compliance with the provision or order, whichever is applicable.

(g) After a temporary suspension order has been given by the Commissioner, the Lessee shall promptly comply with all of the provisions of the order and shall not resume any activity suspended or curtailed thereby except as provided in this Lease, a subsequent order of the Commissioner, or a court order.

(h) When the Commissioner is satisfied that:

1. the harm or threatened harm has been abated or remedied,

2. the Lessee has effected, or is ready, willing and able to effect, compliance with the provisions of the temporary suspension order, or

3. the Lessee has implemented, or is ready, willing and able to implement, mitigating, corrective, or alternative measures approved by the Commissioner, the Commissioner shall promptly authorize in writing the resumption of the suspended activity or activities. The Commissioner shall render a decision within three (3) days of the date that the request from the Lessee to resume suspended activities is received by the Commissioner. The decision shall state whether the request is granted or denied, and the basis for the decision.

(i) Without limiting any other rights available under 11 AAC 02 or any other law, the Lessee may bring to the Commissioner appeals from temporary suspension orders of the Commissioner’s delegates, requests for reconsideration of temporary suspension orders of the Commissioner, and requests

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for reconsideration of denials of requests to resume suspended activities under the provisions of this section. The Lessee may:

(1) appeal directly to the Commissioner for review of any temporary suspension order issued by a Commissioner’s delegate under this section; or

(2) request reconsideration from the Commissioner of:

a) any temporary suspension order issued by the Commissioner; or

b) any denial by the Commissioner of a request for resumption of activities suspended under such temporary suspension order.

(j) The Lessee shall file with the Commissioner a notice of appeal or a request for reconsideration brought pursuant to this subsection within ten (10) days after the effective date of the order or denial being appealed or being asked to be reconsidered. The notice must set forth with particularity the order or denial being appealed or being asked to be reconsidered and must contain a statement of facts and points of law the Lessee wishes to present to justify modification or reversal of the order or denial. All statements of fact must be under oath.

(k) The Commissioner shall decide an appeal or a request for reconsideration within ten (10) days from the date the Commissioner received the notice of appeal or request for reconsideration from the Lessee. If the Commissioner does not render a decision within that time, the appeal or request for reconsideration shall be considered to have been denied by the Commissioner, and that denial shall constitute a final decision appealable in accordance with the rules of the court, and to the extent permitted by applicable law.

22. Commissioner’s Decisions

(a) Except as set forth in Subsection (b) of this section, any decision of the Commissioner as to any matter arising out of this Lease shall constitute the final agency decision appealable in accordance with the law and rules of the court. The Commissioner shall act in writing upon each required submission for approval of an action by the Lessee. The absence of any comment by the Commissioner on any plan, design, specification, or other document that may be filed by the Lessee with the Commissioner shall not represent in any way whatsoever any assent to, approval of, or concurrence in such plan, design, specification, or other document, or any action proposed therein. Any written approval, instruction or order remains in effect unless, and until, written notice of the withdrawal or modification of the approval, instruction or order is provided to Lessee. Any written approval or instruction by the Commissioner may be relied upon by the Lessee unless, and until, rescinded in writing. Any disapproval by the Commissioner, including any requests for additional information, shall state what additional action is necessary to gain approval.

(b) Decisions of a Commissioner’s delegate shall not constitute final agency decisions and are subject to the procedures for appeal and reconsideration as set forth in 11 AAC 02, except as otherwise provided in Section 21(i).

23. Reimbursement of State Expenses

(a) Lessee shall reimburse the State for all reasonable costs incurred by the State in the oversight of Pipeline Activities in compliance with AS 38.35.140. The Commissioner shall administer

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this Lease to reasonably assure that unnecessary employment of personnel and needless expenditure of funds by the State are avoided. The Commissioner shall provide Lessee with an annual estimate of the projected costs and scope of the work.

(b) Reimbursement provided for in this section shall be made for each quarter ending on the last day of March, June, September, and December. On or before the ninetieth (90th) day after the close of each quarter, the Commissioner shall submit to the Lessee a written statement describing any reimbursable costs incurred by the State during that quarter. This statement may be supplemented within ninety (90) days after the end of a fiscal year for costs incurred in the State’s fiscal year but which, because of reasonable mistake, inadvertence, or unavailability, were not previously submitted. The State shall submit invoices to Lessee in accordance with Section 29.

(c) The Lessee shall pay to the State the total amount shown on each statement submitted under Subsection (b), within thirty (30) days of receipt. If the Lessee disputes any item of a statement for reimbursement, the Lessee shall, on or before the date on which the statement is due and payable, deliver to the Commissioner written notice of each item that is disputed, accompanied by a detailed explanation of its objection. The Commissioner shall provide a written decision regarding the Lessee’s objections within thirty (30) days of receipt of the Lessee’s objections, and any items determined by the Commissioner to have been in error, improper, unnecessary, or needless shall be reimbursed within thirty (30) days after the date of the Commissioner’s written decision.

(d) The Lessee may conduct, at its own expense, and by auditors or accountants designated by the Lessee, reasonable audits of the books, records and documents of the State relating to a statement submitted under Subsection (b) of this section, at the places where such books, records and documents are usually maintained and at reasonable times. Written notice of intent to conduct an audit shall be given to the Commissioner:

1. at least fifteen (15) days prior to the audit and
2. not later than the one hundred eightieth (180th) day after the date that the State submits the statement, or supplemental statement, as applicable, under Subsection (b) of this section.

(e) An audit under this subsection shall be completed within one hundred eighty (180) days after receipt by the Commissioner of the notice of intent to conduct an audit; provided, however, that if the Commissioner fails to provide the Lessee with reasonably timely access to the relevant books, records and documents necessary to complete the audit, such period shall be extended by an appropriate number of days to be mutually agreed to in writing by the Commissioner and the Lessee. The Lessee may present the results of an audit to the Commissioner in a written notice requesting a timely review by the Commissioner of errors, omissions, or discrepancies noted in the audit, including unnecessary employment of personnel or needless expenditures of funds. The Commissioner shall meet with the Lessee within thirty (30) days of receipt of the notice of results of the audit to discuss and attempt to resolve all items listed in the notice of results. The Commissioner shall promptly provide a written decision to the Lessee setting forth the results of the meeting between the Lessee and the Commissioner. Any items previously reimbursed to the State but found during the audit and concurred in by the Commissioner in the written decision setting forth the results of the meeting to have been in error, improper, unnecessary, or needless shall be reimbursed within thirty (30) days after the date of the Commissioner’s written decision.
(f) Nothing herein requires the State to maintain books, records or documents other than those usually maintained by it, provided such books, records and documents reasonably segregate and identify the costs for which reimbursement is required by this section. Such books, records and documents shall be preserved for a period of at least two (2) years after the Commissioner submits a statement for reimbursement based on such books, records and documents. The Lessee and auditors or accountants designated by the Lessee shall be given reasonable access to, and the right to copy, at the Lessee’s expense, all such books, records and documents.

24. Liability of the State

The Lessee agrees that neither the State nor any of its officials, employees, agents or Contractors shall be liable for money damages for any loss caused to the Lessee, its agents or Contractors, by reason of decisions made in respect to the application and administration of this Lease; provided, however, this section does not excuse the State, its officials, employees, agents or Contractors from liability for damages or injuries resulting from acts (or omissions) of the State officials, employees, agents or Contractors that are negligent, grossly negligent, reckless or willful.

25. Transfer, Assignment, or Other Disposition

(a) The State may convey all or a portion of its ownership of the Leasehold at any time to any entity allowed by law. Any conveyance, transfer or other disposition, subsequent to the execution of this Lease, of any right, title, or interest in any of the Leasehold shall be subject to this Lease and the Lessee’s rights hereunder, including the Lessee’s right to renew the Lease under Section 2(b) herein.

(b) Except as set forth in Section 8(i) herein, the Lessee may assign, sublease, or transfer this Lease, or any interest in or rights under this Lease only upon a written finding by the Commissioner that the transferee meets the requirements of AS 38.35.100.

(c) In making the determination whether the proposed transferee is fit, willing, and able under this paragraph, the Commissioner shall not consider the existence of the guaranty by the guarantor, unless specifically requested by the Lessee in the Lessee’s request for transfer or assignment. If the Commissioner determines that a guaranty or other security is required to guarantee the performance of all of the duties, obligations, and potential liabilities under and by virtue of this Lease by the proposed assignee, transferee, or other receiving party, the proposed assignee, transferee, or other receiving party shall secure a guaranty or other security satisfactory to the Commissioner, in substantially such form as the Commissioner required from the Lessee under Section 11 of this Lease, as a condition to the Commissioner’s approval of the transfer, assignment, or other disposal.

26. Release of Interests

(a) In connection with the relinquishment, abandonment or other Termination before the expiration of this Lease, of any right or interest in the Leasehold, or in the use of all or any part of the Leasehold, the Lessee shall promptly execute and deliver to the State, through the Commissioner, a valid instrument of release in recordable form, which must be executed and acknowledged with the same formalities as a deed. The instrument of release must contain, among other things, appropriate recitals, a description of the pertinent rights and interests, and for the benefit of the State and its grantees or assigns, express representations and warranties by the Lessee that it is the sole owner and holder of the Lease rights or interests described therein and that such Lease rights or interests are free and clear of all liens, equities or claims of any kind, except for such liens, equities or claims that arose before the Effective Date of this Lease. The form and substantive content of each instrument of release must be approved by

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the Commissioner, but except as otherwise provided for in this subsection; in no event shall any such instrument operate to increase the then-existing liabilities and obligations of the Lessee furnishing the release.

(b) A release under this section shall be accompanied by such resolutions and certifications as the Commissioner may require, including the power or the authority of the Lessee, or of any officer or agent acting on its behalf, to execute, acknowledge or deliver the release.

(c) Notwithstanding any language or provision in the release that operates or could operate to the contrary, neither the tender, nor approval and acceptance, of any such release shall operate as an estoppel or waiver of any claim or judgment against the Lessee or as a relief or discharge, in whole or in part, of the Lessee from any of its then existing liabilities or obligations which accrued during that Lessee’s tenure as the leaseholder.

(d) Lessee may relinquish to the State at any time any or all of the Leasehold that the Lessee determines is no longer necessary for the Lessee’s Pipeline Activities by filing a release as provided for above. The release shall be effective as of the date the release is approved by the Commissioner, subject to the continued obligations of the Lessee to fulfill all obligations and resolve all liabilities that arose under this Lease during that Lessee’s tenure as the leaseholder.

(e) No later than one year following the date that Oil is first transported through the Pipeline, the Lessee shall:

   (1) provide a final survey, approved by the Commissioner, showing the final As-Built location of the completed Pipeline pursuant to survey instructions issued by the Department of Natural Resources.

   (2) execute and deliver to the State, for the Commissioner’s approval, a release of interest for all of Lessee’s interests in the Leasehold other than the Operation and Maintenance Right-of-Way as depicted in the final As-Built required under Subsection (e)(1) of this section.

(f) The State shall have ninety (90) calendar days after approval of the final As-Built survey required by Subsection (e)(1) of this section to record the survey and reduce the rental amount as set forth in Section 3 for that year and all subsequent years by the same proportion as the released acreage bears to the original Lease acreage.

27. Default, Remedies and Forfeiture

(a) Failure of the Lessee to substantially comply with the terms of this lease shall be grounds for forfeiture of the right-of-way interest of the Lessee in an action brought by the Commissioner in the Superior Court. Before the commencement of any action for forfeiture of an interest in the right-of-way under this section, the Commissioner shall give the Lessee notice in writing of the alleged default and shall not commence the proceeding unless the Lessee has failed to initiate good faith efforts to cure the default within sixty (60) days of the notice of the alleged default or fails to diligently continue the same until cured.

(b) No items on the Leasehold, including but not limited to, improvements, structures, machinery, equipment, tools, or materials, may be removed from it by the Lessee while the Lessee is in default except with the Commissioner’s prior approval.

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(c) Upon forfeiture of the interest of the Lessee in this lease by a court of competent jurisdiction:

(1) The State shall have an immediate right to possession of the Leasehold and to all items found thereon, including but not limited to, improvements, structures, machinery, equipment, tools, and materials, and any possession by the Lessee shall be unlawful. Subject to the State’s best interests, the Commissioner shall order in writing the disposition of all such improvements, structures, machinery, equipment, tools, materials, and any other item on the Leasehold. The Commissioner’s options with respect to any disposition under this subsection include, but are not limited to: sale, transfer, lease, auction, destruction, repair and abandonment, and removal. The Commissioner may order the Lessee to perform disposition work required under this subsection. The Lessee is responsible for all disposition costs incurred by the State under this subsection.

(2) The Lessee shall be obligated to restore, rehabilitate and revegetate the Leasehold to the condition ordered by the Commissioner.

(d) The Commissioner shall have up to one year following entry of judgment of forfeiture by a court of competent jurisdiction to issue his disposition order or orders under Subsection (c).

(e) In the event of a forfeiture of this lease under Subsection (c), the Lessee shall be liable for any obligations due and payable and for all costs, expenses, and fees incurred by the State arising out of the State’s efforts to grant a new right-of-way lease for this Leasehold.

(f) After forfeiture, any new right-of-way lease for the Leasehold will have no effect on the Lessee’s continuing rights and obligations under this lease.

28. Lessee’s Obligations Upon Termination Not Resulting From Forfeiture

(a) This section shall apply to all terminations of this Lease, whether from expiration, relinquishment, abandonment or otherwise, with the exception of a forfeiture under Section 27.

(b) The deadlines provided for in this section apply only when the Lessee has provided the one hundred and eighty (180) day notice required by Section 2(c) of this Lease. If the Lessee fails to provide the notice required by Section 2(c), the Commissioner may reasonably alter the deadlines in this section.

(c) Prior to the expiration, relinquishment, abandonment or Termination of this Lease, the Commissioner shall determine in writing whether a public interest exists which requires that all or a portion of the Pipeline be left in place following the expiration, relinquishment, abandonment or Termination of this Lease. The Commissioner’s written determination shall:

(1) describe which components of the Pipeline, if any, shall remain on the Leasehold following the expiration, relinquishment, abandonment or Termination of this Lease, and,

(2) resolve issues pertaining to title to such components of the Pipeline.
(d) No later than sixty (60) days after receipt of the Commissioner's determination under Subsection (c), the Lessee shall submit the following to the Commissioner for the Commissioner's approval:

(1) A plan for the removal of all items found on the Leasehold, including but not limited to, improvements, structures, machinery, equipment, tools and materials, but excluding those components of the Pipeline described in the Commissioner's determination under Subsection (c); and

(2) A plan to restore and revegetate the Leasehold.

(e) The Commissioner shall set a reasonable time, which may be extended, during which the Lessee shall implement the plans in Subsection (d). The Lessee shall be responsible for all costs of implementation of the plans required by this section.

(f) Following completion of the time period for plan implementation under Subsection (e) and any extensions, the Commissioner shall order the disposition of all improvements, structures, machinery, equipment, tools, and materials, if any, that the Lessee failed to remove. The Commissioner's options with respect to any disposition under this subsection include, but are not limited to: sale, transfer, Lease, auction, destruction, repair and abandonment in place, retention in State ownership for a public or State use, and removal. The Commissioner may order the Lessee to perform disposition work required under this subsection. The Lessee is responsible for all disposition costs incurred by the State under this subsection.

(g) If the Lessee fails to submit or fully implement the plans required by this section, the State's options include any of the following:

(1) The Commissioner may order the Lessee to submit and fully implement the plans required by this subsection.

(2) The Commissioner may develop the plans required under this section and order the Lessee to fully implement them. The Lessee shall be responsible for all costs incurred by the State in developing such plans.

(3) The State may complete the required work under such plans. The Lessee shall be responsible for all costs incurred by the State for such work.

(h) In the event the Commissioner makes a determination under Subsection (c) that all or a portion of the Pipeline shall remain on the Leasehold following the expiration, relinquishment, abandonment or Termination of this Lease, then Lessee shall be released from all future obligation or liability for the portion of the Pipeline the Commissioner determined shall remain on the Leasehold, including but not limited to, abandonment or removal liability, and from any obligation to restore and revegetate the Leasehold after completion of the plan approved under Subsection (c) herein. Upon release, the State or its assignee shall immediately assume all responsibility and obligation for the Pipeline or any part thereof remaining on the State Lands formerly subject to this Lease. Such release shall not discharge Lessee from performance of obligations and other liabilities which arose during that Lessee's tenure as the lesseeholder and which accrued prior to the expiration, relinquishment, abandonment or Termination of this Lease.

29. Correspondence

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(a) Any notice or demand by the Lessee to the State shall be made in writing and must be
given by hand delivery, by email or facsimile during normal business hours, or by registered or certified
mail, postage paid, return receipt requested, addressed as follows (or to any new address that the
Commissioner designates in writing):

State Pipeline Coordinator’s Office
411 W. 4th Avenue, Suite 2
Anchorage, Alaska 99501-2343
Facsimile Number: (907) 269-6880
Email: mike.thompson@alaska.gov

(b) Delivery to the State occurs:

(1) if by hand delivery, email or facsimile, when received by the addressee, and

(2) if by registered or certified mail, when the notice or demand is signed for by the
State or State’s agent.

(c) Except as provided for in Section 21 of this Lease, any order, notice or demand by the
Commissioner to the Lessee shall be made in writing and shall be given by hand delivery, by email or by
facsimile during normal business hours with the original to follow in the mail, or by registered or certified
mail, postage paid, return receipt requested, addressed as follows (or to any new address that the Lessee
designates in writing):

PTE Pipeline LLC
c/o ExxonMobil Pipeline Company
800 Bell, PL-EMB-647F
Houston, TX 77002

(d) Delivery to the Lessee occurs:

(1) if by hand delivery, email or facsimile, when received by the addressee, and

(2) if by registered or certified mail, when the notice or demand is signed for by the
Lessee or Lessee’s agent.

(e) Other correspondence may be made by email, mail, or by hand delivery or facsimile
during normal business hours with original to follow in the mail.

(f) The Commissioner or Lessee, by written notice to the other, may change the office
address to which written notices, orders, or other written communications may be addressed and delivered
thereafter, subject, however, to the provisions of this Lease.

30. Authorized Representatives

The State Pipeline Coordinator and the Person executing this Lease on behalf of the Lessee shall
be the authorized representatives for their respective principals for the purposes of administering this
Lease. This authorized representative is in addition to the registered agent required to be appointed
pursuant to Section 8(j) herein. The State or the Lessee may change the designation of its authorized

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representative or the address to which notices to that representative are to be sent by a notice given in accordance with Section 29 of this Lease.

31. **Waiver not Continuing**

   The waiver by the State of any breach of any provision of this Lease, whether express or implied, shall not be construed to be a continuing waiver or a waiver of, or consent to, any subsequent or prior breach by the Lessee. The waiver by the Lessee of any breach of any provision of this Lease, whether express or implied, shall not be construed to be a continuing waiver or a waiver of, or consent to, any subsequent or prior breach by the State.

32. **No Third Party Beneficiaries**

   The parties to this Lease do not intend to create any rights under this Lease that may be enforced by third parties for their own benefit or for the benefit of others.

33. **Local Hire**

   The Lessee shall, during Pipeline Activities, comply with, and require its Contractors to comply with applicable and valid laws and regulations regarding the hiring of residents of the State then in effect or that take effect subsequently.

34. **Nondiscrimination**

   The Lessee and its Contractors may not discriminate against any employee or applicant for employment because of race, religion, marital status, pregnancy, parenthood, physical handicap, color, sex, age, or national origin as set out in AS 18.80.220. The Lessee and its Contractors, on beginning any Pipeline Activities, must post in a conspicuous place notices setting out this nondiscrimination provision.

35. **Rights and Remedies Cumulative**

   No right or remedy conferred by this Lease upon or reserved to the State or the Lessee is intended to be exclusive of any other right or remedy provided for by this Lease or by law, and each and every right and remedy set forth herein shall be cumulative.

36. **Authority to Enter into Lease**

   The Lessee represents and warrants to the State that:

   (a) It is authorized and empowered under the applicable laws of the State and its jurisdiction of formation to enter into and perform this Lease in accordance with the Lease and its provisions;

   (b) The Lessee has approved and authorized the execution, delivery and performance of this Lease insofar as it pertains to the obligations of the Lessee;

   (c) All action that may be necessary to the approval, execution, and delivery of this Lease by the Lessee, has been taken; and

   (d) All of the required and necessary approvals, authorizations, and actions are in effect at the time of the execution and delivery of the Lease.

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37. **Delegation of Authority**

The Commissioner may make delegations of authority and changes to delegations of authority to administer all or a portion of the provisions of this Lease, consistent with AS 38.35.210, at any time. The Commissioner shall notify Lessee in writing of any such delegation of authority or change in delegation of authority that affects this Lease.

38. **Interpretation of Lease**

(a) Any interpretation of this Lease shall take into account the Parties' intent and understanding that the protection and preservation of the Leasehold's environment are high priorities, and the nature of the environment, including permafrost and seismic areas, shall require special consideration and a high degree of care.

(b) The Parties acknowledge that this Lease is an “arm’s length” agreement, and that each party has had an adequate opportunity to consult with counsel, and has consulted with counsel with respect to this Lease. The Parties agree that ambiguities in this Lease shall not be construed either for or against any party.

(c) The language of the terms and conditions of any other pipeline lease may not be used to assist in resolving any disputes arising from the interpretation of this Lease.

39. **Compliance with Law and Regulation**

Lessee shall conduct all Pipeline Activities in compliance with all applicable federal, State and local laws and regulations.

40. **Venue**

The venue for any appeal or civil action relating to this Lease shall be in the Third Judicial District, State of Alaska.

41. **Recording**

Upon execution, acknowledgment, and delivery of this Lease, the Lessee shall at its sole expense cause this Lease to be recorded in the Barrow Recording District, State of Alaska.

42. **Severability**

A judicial finding that any term or condition of this Lease is unlawful or invalid may not operate to invalidate this Lease or any other term or condition of the Lease.

43. **Amendments in Writing**

No amendment to this Lease is effective until agreed to in writing by the Parties.

44. **Exhibits**

The following exhibits are attached to this Lease and are, by this reference, incorporated into this Lease as if they were set out in their entirety:

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(a) Stipulations for this Lease attached hereto as Exhibit A included pursuant to AS 38.35.120(c) and (d);

(b) A description of the land included in the Construction Leasehold and the Operation and Maintenance Leasehold attached as Exhibit B;

(c) Guaranty attached as Exhibit C; and

(d) Definitions attached as Exhibit D.

45. **Merger Clause**

This Lease, including all exhibits hereto, contains the entire agreement between the parties, and is binding upon the parties.

46. **Section Headings**

The section headings in this Lease are for convenience only and have no other significance.

47. **Definition of Terms**

Terms having specific meaning in regards to this Lease and incorporated documents are indicated by capitalization. These definitions are incorporated into this Lease as and can be found attached to the Exhibit D. In the absence of a definition in Exhibit D terms shall be defined in accordance with definitions found in any applicable State statute or regulation, and otherwise in accordance with common usage.

IN WITNESS WHEREOF, the parties have executed this lease as of the date first above written.

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**STATE OF ALASKA**

By: [Signature]
Daniel S. Sullivan  
Commissioner  
Department of Natural Resources

By: [Signature]  
Meredith West  
President  
PTE Pipeline, LLC

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**EXHIBITS:**

- Exhibit A: Stipulations
- Exhibit B: Right-of-Way Description
- Exhibit C: Guaranty
- Exhibit D: Definitions

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RIGHT-OF-WAY LEASE
STATE OF ALASKA)

) ss.
Third Judicial District )

THIS IS TO CERTIFY that on this 31st day of October 2012, before me personally appeared Daniel S. Sullivan, the President for PTE Pipeline, LLC, who executed the foregoing on behalf of said corporation, and acknowledged voluntarily signing same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

______________________________
JENNIFER DUFRESNE
Notary Public in and for the State of Alaska
My Commission Expires: __________

STATE OF ALASKA)

) ss
Third Judicial District )

THIS IS TO CERTIFY that on this 3rd day of November 2012, before me personally appeared Meredith West, the President of PTE Pipeline, LLC, who executed the foregoing on behalf of said corporation and acknowledged voluntarily signing the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

______________________________
TINA ELINA KOESTER
Notary Public, State of Texas
My Commission Expires July 23, 2016
My Commission Expires: __________

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EXHIBIT A
STIPULATIONS

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POINT THOMSON EXPORT PIPELINE
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EXHIBIT A
STIPULATIONS

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POINT THOMSON EXPORT PIPELINE
RIGHT-OF-WAY LEASE

1. GENERAL

1.1 Responsibilities

1.1.1 Except where the approval of the Pipeline Coordinator is required before the Lessee may commence a particular operation, neither the State nor any of its agents or employees is in any way obligated to examine or review any plan, design, specification, or other document which may be filed with the Pipeline Coordinator by the Lessee pursuant to these Stipulations.

1.1.2 The absence of any comment by the Pipeline Coordinator or any other agent or employee or Contractor of the State with respect to any plan, design, specification, or other document which may be filed by the Lessee with the Pipeline Coordinator shall not be deemed to represent in any way whatever, assent to, approval of, acceptance of, or concurrence in such plan, design, specification, or other document or of any action proposed therein.

1.2 Authority of Representatives of the Pipeline Coordinator and Lessee

1.2.1 No order or notice given to the Lessee on behalf of the Pipeline Coordinator or any other Person shall be effective as to the Lessee unless prior written notice of the delegation of authority to issue such order or notice has been given to the Lessee in the manner provided in Section 30 of the Lease.

1.2.2 The Lessee shall comply with each and every lawful order directed to the Lessee by the Pipeline Coordinator or by any duly authorized representative of the Pipeline Coordinator.

1.2.3 The Lessee shall maintain a sufficient number of its duly authorized Field Representatives to allow for the prompt delivery to the Lessee of all notices, orders, and other communications, written or oral, of the Pipeline Coordinator. The Lessee shall notify the Pipeline Coordinator and each of his/her duly authorized representatives of the Lessee's Field Representatives, who shall be appropriately identified in such a manner as the Pipeline Coordinator shall prescribe. The Lessee shall consult with the Pipeline Coordinator regarding the number and location of such representatives.

1.3 Notice to Proceed for Initial Construction of the Pipeline

1.3.1 Permission to Construct

1.3.1.1 The Lessee shall not initiate any Construction on State Land without prior written permission of the Pipeline Coordinator.
1.3.1.2 Permission for Initial Construction of the Pipeline shall be given solely by means of a written Notice to Proceed issued by the Pipeline Coordinator. The Notice to Proceed shall authorize Construction only as therein expressly stated.

1.3.1.3 Any Construction activity that is not covered by the Notice to Proceed or that occurs after Initial Construction shall be granted by a Written Authorization of the Pipeline Coordinator pursuant to Stipulation 1.6.

1.4 Submissions Required Before Issuance of Notice to Proceed

1.4.1 Prior to issuance of the Notice to Proceed, the Lessee shall submit to the Pipeline Coordinator the documents identified in Stipulations 1.4.2 through 1.4.8 below.

1.4.2 Engineering Documents

1.4.2.1 The Lessee shall develop a Design Basis and Criteria document as defined in Stipulation 3.2.1 for acceptance by the Pipeline Coordinator.

1.4.2.2 The Lessee shall submit to the Pipeline Coordinator an Engineering Analysis and Report on the Seismic design of the Pipeline, as required by Stipulation 3.7.2.

1.4.2.3 The Lessee shall identify seismic faults and (if any are found) assess the results of fault movement and ground deformation to the satisfaction of the Pipeline Coordinator.

1.4.2.4 The Lessee shall submit the Final Design for acceptance by the Pipeline Coordinator.

1.4.3 Plans for Construction, Operation, Maintenance, and Termination

1.4.3.1 The Lessee shall submit for approval the following plans for Construction. In addition, prior to beginning operations, the Lessee shall submit for approval the following plans for Operation, Maintenance, and Termination activities:

(a) Camps;

(b) Work Pads;

(c) Erosion and Sedimentation Control;

(d) Fire Control (refer to 1.4.3.1(r));

(e) Stream, River, and Floodplain Crossings (Stipulation 3.10);

(f) Control, Sanitation and Disposal of Hazardous Waste and Hazardous Substances;

(g) Disposal of Overburden, and Excess and Excavated Material;

(h) Cultural Resource Preservation;

(i) Groundwater Control;

(j) Restoration and Revegetation of Disturbed Areas;

(k) Fish and Wildlife Protection;

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(l) Access to the Pipeline and Methods for Access Road Construction including Ice Roads (Stipulation 3.11);

(m) Control, Cleanup, and Disposal of Hazardous Substances (refer to 1.4.3.1(f));

(n) Use of Pesticides, Herbicides, Preservatives, and Other Chemicals;

(o) Construction in Wetlands;

(p) Handling of Solid and Liquid Waste;

(q) Managing Human/Carnivore Interaction; and

(r) Emergency Preparedness.

1.4.3.2 These plans shall provide sufficient detail and scope to allow the Pipeline Coordinator to determine if they are consistent with the requirements of this Lease. All applicable State and federal requirements shall be incorporated into the plans and programs of this Lease.

1.4.3.3 Any amendments to these plans must be approved by the Pipeline Coordinator before the amendment is implemented.

1.4.4 Quality Management Program

1.4.4.1 The Lessee must have an approved Quality Management Program in effect during all phases of Pipeline Activities. The Quality Management Program shall be comprehensive and designed to assure safety, integrity, and document the Lessee’s compliance with the Lease and Stipulations.

1.4.4.2 The Quality Management Program must demonstrate that the Lessee has:

(a) Determined the processes needed for the Quality Management Program, as well as the sequence and interaction of these processes;

(b) determined appropriate methodologies to ensure the processes are effective;

(c) ensured appropriate resources necessary to support the operation and monitoring of these processes; and

(d) monitored, measured and analyzed processes, and, where necessary, implemented corrective actions.

1.4.4.3 The Lessee must submit the following components of the Quality Management Program for review and approval by the SPC:

(a) Quality Manual, or similar document, which describes the Quality Management Program and includes the quality policy and objectives;

(b) An outline, or similar document, of the Quality Management Program processes, which describes, in hierarchical form, the inter-related processes and activities required to implement the Quality Management Program;

1.4.4.4 Any amendments to the documents approved under Section 1.4.4.3 for the Quality Management Program must be approved by the Pipeline Coordinator before the
amendment is implemented. This does not include changes to detailed work instructions or processes, but does include changes to the hierarchical relationship of processes.

1.4.4.5 The Lessee, including its agents, employees, and Contractors shall comply with the approved Quality Management Program.

1.4.5 **Project Management Schedule**

1.4.5.1 The Lessee shall submit a Project Management Schedule for the entire project to the Pipeline Coordinator. This schedule shall be time-scaled and shall include all activities and contingencies which may reasonably be anticipated in connection with the project. The Project Management Schedule shall include:

(a) Data collection activities;
(b) Submittal and approval activities; and
(c) Pre-Construction, Construction, and post-Construction activities.

1.4.5.2 The Project Management Schedule shall be updated at thirty (30) day intervals, as significant changes occur, or as otherwise approved by the Pipeline Coordinator.

1.4.6 **Project Maps and Spatial Data**

1.4.6.1 The Lessee shall prepare and submit to the Pipeline Coordinator for approval:

(a) A map, or maps, depicting the Pipeline centerline and construction right-of-way.
(b) Spatial Data, along with metadata, depicting the Pipeline centerline and construction right-of-way.

1.4.7 **Survey**

1.4.7.1 Prior to issuance of the Notice to Proceed, the Lessee shall, in such manner as shall reasonably be acceptable to the Pipeline Coordinator, by survey, locate and clearly mark on the ground the proposed centerline of the pipe, the bounds of the construction right-of-way and the location of all related facilities proposed to be constructed.

1.4.7.2 Any amendments to the Survey must be approved by the Pipeline Coordinator before the amendment is implemented.

1.4.8 **Other Data As Requested**

1.4.8.1 The Lessee shall submit to the Pipeline Coordinator such other data relevant to the Notice to Proceed as may be requested by the Pipeline Coordinator at any time during the review period.

1.5 **Issuance of NTP**

1.5.1 Once all the project documentation identified in Stipulations 1.4.2 through 1.4.8 is received from the Lessee, the Pipeline Coordinator shall have up to thirty (30) days for review of each complete request, unless the Pipeline Coordinator states, in written notice, that more time is needed.
1.6 Written Authorizations

1.6.1 After Initial Construction of the Pipeline, the Pipeline Coordinator may require a Written Authorization for a major activity or significant modification to the Pipeline. Required information shall be project-specific and provided to the Lessee in writing.

1.6.2 Once all project information is received from the Lessee, the Pipeline Coordinator shall have thirty (30) days for review of each complete request, unless the Pipeline Coordinator states, in written notice, that more time is needed.

1.6.3 Any Written Authorization may contain site-specific terms and conditions as deemed necessary by the Pipeline Coordinator.

1.7 Surveillance and Maintenance

1.7.1 During the Construction, Operation, Maintenance and Termination of the Pipeline, The Lessee shall conduct a surveillance and maintenance program applicable to the arctic environment. These programs shall be designed to:

(a) Provide for and protect public health and safety;
(b) Prevent and mitigate damage to natural resources;
(c) Prevent and mitigate erosion;
(d) Maintain Pipeline integrity and monitor any Pipeline movement that may affect integrity; and
(e) Protect public and private property.

1.8 Incident Reporting

1.8.1 The Lessee shall give immediate notice of any significant spill, leakage, or discharge of Oil or other Hazardous Materials in connection with Pipeline Activities to the Pipeline Coordinator.

1.8.2 The Lessee shall provide a report of all spills in conjunction with Pipeline Activities on a monthly basis.

1.9 Annual Report

1.9.1 The Lessee shall provide a comprehensive annual report by March 1 of each year this Lease is in effect beginning after the first Lease Anniversary Date unless notified otherwise by the Pipeline Coordinator. The Pipeline Coordinator shall provide a written description of the annual reporting requirements.

1.10 Completion of Use

1.10.1 Upon completion of use of all, or a very substantial part, of the Leashold, the Lessee shall promptly remove all improvements and equipment, except as otherwise approved by the Pipeline Coordinator, and shall restore the Leasehold to a condition that is approved in writing by the Pipeline Coordinator or, at the option of the Lessee, pay the cost of such removal and Restoration. Where approved by the Pipeline Coordinator,
buried pipe may be left in place provided all residue is removed from the pipe and the ends are suitably capped.

1.10.2 All areas that do not constitute all, or a very substantial part of the Leasehold, or other portion of the Pipeline, utilized pursuant to authorizations issued in connection with the Pipeline, shall be “put-to-bed” by the Lessee upon completion of use unless otherwise directed by the Pipeline Coordinator. “Put-to-bed” is used herein to mean that access roads, material sites, and other areas shall be left in such stabilized condition that erosion shall be minimized through the use of adequately designed and constructed waterbars, Revegetation, and chemical surface control; that culverts and bridges shall be removed by the Lessee in a manner satisfactory to the Pipeline Coordinator; and that access roads, sites and areas shall be closed to use. The Lessee’s Restoration and Revegetation plans shall be approved by the Pipeline Coordinator prior to Termination of use of any access road, or any part thereof.

1.11 Changes in Condition

1.11.1 Unforeseen conditions arising during Pipeline Activities may make it necessary to revise or amend these Stipulations to control or prevent damage to the environment or hazards to public health and safety. In that event, the Lessee and the Pipeline Coordinator shall agree as to what revisions or amendments shall be made.

1.12 Lessee Support of State Oversight

1.12.1 During the design and Pipeline Activities the Lessee shall furnish, without cost, representatives of the State, including Contractors involved in field surveillance of the Leasehold and/or the Pipeline, adequate meals, living quarters, office space, transportation, and use of the Lessee’s communication systems. Whenever possible, the Pipeline Coordinator shall give the Lessee advance written notice of the need for such services and facilities, including the number and names of Persons to be accommodated.

1.13 Access

1.13.1 The Lessee shall regulate or temporarily prohibit public access and vehicular traffic on roads on State Land, which are not managed or owned by the Alaska Department of Transportation and Public Facilities (DOT/PF), as required for activities in the immediate vicinity of the Pipeline. The Lessee shall provide appropriate warnings, flagging, barricades, and other safety measures when the Lessee is regulating public access.

1.13.2 Pipeline Activities shall not interfere with the public’s free and unrestricted access to and upon the Leasehold, except that, with the Pipeline Coordinator’s approval, the Lessee shall regulate or limit access, including vehicular traffic, to and upon the Leasehold to the extent necessary to facilitate Pipeline Activities, maintain Pipeline integrity, or to protect the public and wildlife from hazards associated with Pipeline Activities.

1.13.3 The creation of any permanent obstruction to the passage of small craft in streams is prohibited, unless otherwise approved by the Pipeline Coordinator.
1.13.4 The Lessee shall make provisions for suitable permanent crossings for the public where the Leasehold or access roads cross existing roads, foot trails, winter trails, easements or other rights-of-way, unless otherwise authorized by the Pipeline Coordinator.

1.13.5 Any access restrictions on any rights-of-way managed by the Division of Mining, Land & Water, including but not limited to those identified in AS 19.30.400 or acquired under former 43 U.S.C. 932 require prior written approvals by the Pipeline Coordinator and the Division of Mining, Land and Water. In the event that future upgrades to these rights-of-way are approved, the Lessee may be responsible for accommodating these upgrades.

### Public Improvements

1.14.1 The Lessee shall protect existing telephone and other transmission lines, roads, trails, fences, ditches, and like improvements during Pipeline Activities.

1.14.2 Any damages caused by the Lessee to public utilities and/or improvements shall be promptly repaired by the Lessee to a condition which is reasonably satisfactory to the Pipeline Coordinator.

### Fire Prevention and Suppression

1.15.1 The Lessee shall promptly notify the Pipeline Coordinator of any fires on, or which may threaten any portion of, the Pipeline and shall take all measures necessary or appropriate for the prevention and suppression of fires in accordance with applicable law. The Lessee shall comply with the instructions and directions of the Pipeline Coordinator concerning the use, prevention, and suppression of fires on State Land.

1.15.2 Use of open fires in connection with Pipeline Activities is prohibited on State Land unless approved by the Pipeline Coordinator and performed in accordance with State law.

### Health and Safety

1.16.1 The Lessee shall take all measures necessary to protect the health and safety of all Persons affected by Pipeline Activities and shall immediately abate any health or safety hazards. The Lessee shall immediately notify the Pipeline Coordinator of all serious accidents which occur in connection with such activities.

### Protection of Survey Monuments

1.17.1 The Lessee shall mark and protect all survey monuments encountered during Pipeline Activities. These monuments are not to be disturbed; however, if a disturbance of a monument, or any of its accessories, becomes necessary, the Lessee shall contact the survey section of the Division of Mining Land and Water for current information on the policies regulating the implementation of “Records of Monument” (AS 34.65.040).

1.17.2 A written report to the Pipeline Coordinator shall be made by the Lessee in the event that any monuments or accessories are inadvertently damaged.

### Use of Existing Facilities

1.18.1 Subject to existing rights vested in other parties, the Lessee shall use existing facilities, to the maximum extent feasible, in all Pipeline Activities associated with the Pipeline.
Nothing in this Stipulation shall require the Lessee to use an existing facility if the use of the facility could potentially create a risk to health, safety, or the environment.

1.19 Protection of Cultural Resources

1.19.1 The Lessee shall enter into a programmatic agreement with the State of Alaska Office of History and Archaeology (OHA) related to implementation of Section 106 of the Historic Preservation Act (16 U.S.C. 470 et seq.).

1.19.2 The Lessee shall take affirmative responsibility to require its agents, employees, and Contractors to protect cultural resources while conducting Pipeline Activities.

1.19.3 Should any sites or suspected sites be discovered during the course of Pipeline Activities, the activities that may disturb or damage the site shall cease. The OHA and the North Slope Borough shall be notified immediately.

1.20 Hunting, Fishing, Trapping, and Camping

1.20.1 With respect to Lessee’s agents, employees, and Contractors, the Lessee shall prohibit hunting, fishing, trapping, shooting, and camping within the Leasehold.

1.20.2 The Lessee’s agents, employees, and Contractors, shall not use project equipment, including transportation to and from the job site, for the purpose of hunting, fishing, shooting, and trapping.

1.21 Off Right-of-Way Traffic

1.21.1 The Lessee shall not operate mobile ground equipment off the Leasehold, access roads, State highways, or authorized areas, unless approved by the Pipeline Coordinator or when necessary to prevent harm to any Person.

1.22 Material Sites

1.22.1 If the Lessee requires materials from State Land, the Lessee shall make application to purchase such materials in accordance with appropriate State laws and regulations. No materials shall be removed from State Land by the Lessee without the approval of the Pipeline Coordinator.

1.22.2 Insofar as possible, use of existing material sites shall be authorized in preference to new sites.

1.22.3 Gravel and other construction materials shall not be taken from streambeds, riverbeds, lakeshores, or outlets of lakes, unless the taking is approved by the Pipeline Coordinator.

2. ENVIRONMENTAL

2.1 Environmental Briefings

2.1.1 The Lessee shall develop and provide environmental briefings for supervisory and field personnel and Field Representatives. The briefings shall communicate, at a minimum, Lease and environmental permit requirements.
2.2 Pollution Control

2.2.1 The Lessee shall conduct all Pipeline Activities in a manner that shall avoid or minimize degradation of air, land, and water quality.

2.2.2 Mobile ground equipment shall not be operated in or on lakes, streams, or rivers on State Land unless such operation is approved by the Pipeline Coordinator.

2.2.3 All waste generated in Pipeline Activities shall be removed or otherwise disposed of according to all local, State, and federal laws, and in a manner reasonably acceptable to the Pipeline Coordinator.

2.3 Disturbance of Natural Waters

2.3.1 All activities of the Lessee in connection with the Pipeline that may create new lakes, drain existing lakes, significantly divert natural drainage and surface runoff, permanently alter stream or groundwater hydrology, or disturb significant areas of streambeds are prohibited unless such activities and necessary mitigation measures are approved by the Pipeline Coordinator.

2.3.2 The temperature of natural surface water or groundwater shall not be significantly changed by the Pipeline or by any Pipeline Activities so as to adversely affect the natural surface water or groundwater, unless approved by the Pipeline Coordinator.

2.4 Excavated Material

2.4.1 Excess excavated material shall be disposed of in accordance with approved plans required by Stipulation 1.4.3 during Pipeline Activities.

2.4.2 Excavated materials shall not be stockpiled in rivers, streams, floodplains, or wetlands unless approved by the Pipeline Coordinator.

2.5 Restoration and Revegetation

2.5.1 Restoration and Revegetation of disturbed areas on State Land shall be conducted as soon as practicable, and in accordance with the approved construction plan in Stipulation 1.4.3, until accepted in writing by the Pipeline Coordinator.

2.5.2 Surface materials shall be stockpiled and utilized during Restoration unless otherwise approved by the Pipeline Coordinator. Stabilization practices, as determined by the needs for specific sites, shall include but shall not be limited to the placement of mat binders, soil binders, rock, or gravel blankets or structures.

2.5.3 All disturbed areas of State Land shall be left in such stabilized condition that erosion in excess of natural rates shall be minimized until practicable Restoration and Revegetation can be accomplished in a manner that is reasonably satisfactory to the Pipeline Coordinator.

2.6 Fish and Wildlife Protection

2.6.1 Fish Passage

2.6.1.1 All Pipeline Activities shall be conducted so as to assure free passage and movement of fish in streams designated by the Pipeline Coordinator in consultation with the Alaska
Department of Fish and Game (ADF&G). Temporary blockages of fish necessitated by in-stream activities shall be approved by the ADF&G.

2.6.1.2 Pump intakes shall be screened to prevent harm to fish. Screening specifications shall be approved by the Pipeline Coordinator.

2.6.1.3 When abandoned, water diversion structures shall be removed or plugged and stabilized unless otherwise approved by the Pipeline Coordinator.

2.6.1.4 If material sites are approved adjacent to or in certain lakes, rivers, or streams, the Pipeline Coordinator may require the Lessee to construct levees, berms, or other suitable means to protect fish and fish passage and to prevent siltation of streams or lakes.

2.6.2 Fish Spawning Beds, Rearing Areas, and Overwintering Areas

2.6.2.1 The Lessee shall protect Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas from sediment where soil material is expected to be suspended in water as a result of Pipeline Activities. Settling basins or other sediment control structures shall be constructed and maintained to intercept sediment before it reaches rivers, streams, or lakes.

2.6.2.2 The Lessee shall comply with site-specific terms and conditions imposed by the Pipeline Coordinator to protect Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas from the effects of Pipeline Activities. Damage caused by the Lessee’s Pipeline Activities shall be repaired to the reasonable satisfaction of the Pipeline Coordinator.

2.6.2.3 The Lessee shall avoid disturbance to Fish Spawning Beds, Fish Rearing Areas, and Overwintering Areas designated by the Pipeline Coordinator. However, where disturbances cannot be avoided, proposed modifications and appropriate mitigation measures shall be designed by the Lessee and approved by the Pipeline Coordinator.

2.6.3 Wildlife

2.6.3.1 The Pipeline shall be maintained to avoid significant alteration of big-game movement patterns. The Pipeline Coordinator may require additional measures to mitigate impacts to big-game movement.

2.6.3.2 The Lessee shall coordinate with the U.S. Fish & Wildlife Service regarding any activity that has the potential to disturb polar bears. Pipeline Activities shall avoid polar bear dens unless alternative mitigative measures to minimize disturbances are approved by the Pipeline Coordinator and the U.S. Fish and Wildlife Service.

2.6.3.3 Prior to starting Pipeline Activities, the Lessee shall obtain the locations of known brown-bear dens from the ADF&G for the purpose of avoiding both human/bear interactions and disturbance of bear dens.

2.6.4 Zones of Restricted Activity

2.6.4.1 During periods of wildlife breeding, nesting, lambing, or calving activity, and during major migrations of wildlife, the Lessee’s activities on State Land may be restricted by the Pipeline Coordinator with written notice. From time to time, the Pipeline
Coordinator shall furnish the Lessee a list of areas where such actions may be required, together with anticipated dates of restriction. In addition, no blasting shall be done under water or within one-quarter (1/4) mile of streams or lakes with identified sensitive wildlife habitat without the approval of the Pipeline Coordinator.

2.6.4.2 During periods of fish spawning, rearing, and migration, the Lessee’s activities on State Land may be restricted by the Pipeline Coordinator with written notice. From time to time, the Pipeline Coordinator shall furnish the Lessee a list of areas where such actions may be required, together with anticipated dates of restriction. In addition, no blasting shall be done under water or within one-quarter (1/4) mile of streams or lakes with identified sensitive fisheries habitat without the approval of the Pipeline Coordinator.

2.7 Use of Explosives

2.7.1 No blasting is allowed unless approved, in writing, by the Pipeline Coordinator.

2.8 Vegetation

2.8.1 Pipeline Activities shall be conducted so as to minimize impacts to riparian and aquatic vegetation.

3. TECHNICAL

3.1 General

3.1.1 All methods employed in design or during Pipeline Activities shall be in accordance with sound engineering practice and shall meet or exceed applicable federal, state and local regulations, standards and codes, including the U.S. Department of Transportation Regulations in 49 CFR, Parts 191, 195 and 199.

3.1.2 Requirements in addition to those set forth in the above minimum standards may be imposed by the Pipeline Coordinator as reasonably necessary to reflect the impact of arctic environment or other specialized situations. The Pipeline Coordinator shall make every effort to identify such additional requirements during the design phase.

3.2 Design Basis and Criteria

3.2.1 The Lessee shall develop a Design Basis and Criteria document for acceptance by the Pipeline Coordinator. The document shall follow the Pipeline Coordinator’s standard format modified to encompass the characteristics of the project. After acceptance, any modifications to the contents of the Design Basis and Criteria shall also be accepted by the Pipeline Coordinator.

3.3 Technical Record Keeping

3.3.1 Critical drawings and technical documents shall be kept up-to-date. Changes to the Pipeline will be documented by final drawings of record, with engineering seals within one-hundred (180) days of completion, unless otherwise authorized by the Pipeline Coordinator, in accordance with State statutes, regulations and administrative codes.
3.4 Electronics and Communications

3.4.1 The Lessee shall screen, filter, or otherwise suppress any electronically operated devices installed as part of the Pipeline which are capable of producing electromagnetic interference with existing communication systems, navigational aids, or related systems.

3.4.2 Any structures built as part of the communication systems shall not interfere with radiation patterns of existing communication systems, navigational aids, or related systems.

3.4.3 The pipeline shall have a fully functioning and reliable control system.

3.5 Corrosion

3.5.1 The Lessee shall provide a Corrosion Plan for acceptance by the Pipeline Coordinator prior to startup of the facilities.

3.6 Lightning Protection


3.7 Seismic

3.7.1 Summaries of the results of the seismic design and the results of the pipeline stress analysis shall be submitted to the Pipeline Coordinator. If significant physical changes are made during the lease, these summaries shall be updated accordingly.

3.7.2 If the Lessee has an earthquake monitoring systems (EMS), the EMS shall be evaluated for integration into the University of Alaska statewide seismic monitoring system.

3.8 Arctic Geotechnical

3.8.1 The design shall consider areas of potential cold-region methods of soil failure, such as transitional permafrost, bodies of water, thermally disturbed soils, and areas of seasonal groundwater flow.

3.9 Land and Surface Disturbance

3.9.1 All Pipeline Activities shall be conducted to minimize surface modifications. These activities shall be planned and executed in such a way that the resulting surface disturbance or alteration of permafrost shall not jeopardize Pipeline integrity or the surrounding environment.

3.9.2 A monitoring program shall be developed by the Lessee to identify (a) any Pipeline movement that may affect Pipeline integrity, including those resulting from frost heave or settlement forces, and (b) surface heave or subsidence or other soil movement above the Pipeline. This program, including baseline data, shall be finalized and operational prior to startup of the Pipeline.

3.9.3 Construction of access roads, ice ramps, ice work pads, protective work mats, or any other method to protect the ground surface shall be approved by the Pipeline...
Coordinator. Approvals shall be obtained during all phases of the Lease, including Construction, Operation, Maintenance, and Termination of the Pipeline.

3.9.4 Erosion control measures shall be maintained to limit induced and accelerated erosion, limit sediment production and transport, and lessen the possibility of forming new drainage channels during Pipeline Activities.

3.10 Rivers, Streams, Coastal Areas and Floodplains

3.10.1 The Pipeline shall be designed to withstand or accommodate the hydrology and its effects (including runoff, stream and floodplain erosion, meander cutoffs, lateral migration, ice jams, and aufeas) of the local area.

3.10.2 For stream crossings and portions of the Pipeline within a floodplain, the following design standards shall apply:

(a) The design flood elevation shall, at a minimum, be based on the 100-year flood event as defined by a nationally accepted flood frequency analysis method;

(b) The depth of channel scour shall be established by appropriate field investigations and theoretical calculations using those combinations of water velocity and depth that yield the maximum value;

(c) For overhead crossings, analysis shall be made to ensure that support structures are adequately protected from the effects of scour, channel migration, undercutting, ice forces, degradation of permafrost, and other external and internal loads; and

(d) Fords across streams or rivers where any mobile ground equipment is moved on the streambed shall be designed, constructed, maintained, and restored to standards approved by the Pipeline Coordinator.

3.10.3 The Pipeline, where practical, shall be designed to minimize the number and length of waterway crossings. The design of water crossings shall consider the unique characteristics of arctic and permafrost areas, such as the increased active layer under water bodies, the potential of aufeas development, and thermal erosion. It shall minimize other types of erosion, sedimentation, restriction of natural meander, or alteration of the physical or chemical nature of crossed water bodies.

3.10.4 Temporary access at or around stream banks shall be made through the use of fill ramps rather than by cutting through stream banks, unless otherwise approved by the Pipeline Coordinator. The Lessee shall remove such ramps upon termination of the activity. Ramp materials shall be disposed of in a manner approved by the Pipeline Coordinator.

3.10.5 Where practicable, Pipeline routing will avoid placement of Vertical Support Members (VSMs) in lakes. If placement in lakes is necessary, the additional length of the active layer will be evaluated and included in the design.

3.10.6 Ice ride-up or pile-up shall be considered in the design of any stream crossing. A significant clearance will be maintained under worse-case conditions.
3.11  Access Roads, Work Pads and Ice Roads

3.11.1  The Lessee shall submit a layout of each proposed temporary or permanent access road, work pad and ice road for approval, in accordance with approved plans required by Stipulation 1.4.3, by the Pipeline Coordinator.

3.12  Overhead and Belowground Road Crossings

3.12.1  The original ground surface below road crossings shall be thermally protected by insulation.

3.12.2  A buried pipeline road crossing and/or casing shall be designed and constructed per API 1102 and 49 CFR 195.

3.12.3  Cased road crossings shall be electrically isolated between the casing and the pipeline at all locations.

3.12.4  Road casings and nearby drainage will be designed to prevent water flow through the casing.

3.12.5  Road casings will be designed and maintained in such a way as to not damage or cause deterioration of the condition of the road.

3.12.6  Overhead pipeline road crossings shall be protected from accidental traffic strikes.
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POINT THOMSON EXPORT PIPELINE
LEGAL DESCRIPTION OF PROPOSED RIGHT-OF-WAY

EXHIBIT B
RIGHT-OF-WAY

Construction Right-of-Way Legal Description

The total Construction right-of-way will include Access Roads, and staging areas as described in this Exhibit.

During construction, the width of the right-of-way shall be 400 feet total, situated 200 feet on either side of the Vertical Support Members (VSM) centerline. The right-of-way shall begin at a point 200 feet east of the flange of the pig launcher where the export pipeline exits the Point Thomson Central Processing Facility (point of origin), then continuing approximately 22 miles in a westerly direction across the following lands:

- Township 10 North, Range 23 East, Umiat Meridian, Sections 31, 32, 34
- Township 9 North, Range 23 East, Umiat Meridian, Sections 3, 4, 5, 6
- Township 10 North, Range 22 East, Umiat Meridian, Sections 34, 35, 36
- Township 9 North, Range 22 East, Umiat Meridian, Sections 1, 2, 3, 4, 5, 6
- Township 9 North, Range 21 East, Umiat Meridian, Sections 1, 2, 7, 8, 9, 10, 11, 18
- Township 9 North, Range 20 East, Umiat Meridian, Sections 8, 9, 13, 14, 15, 16

The pipeline will be located along the route generally depicted on Alignment Sheets to be submitted per Stipulation 1.4 of Exhibit A and incorporated into this Lease as Exhibit B-1. The pipeline right-of-way terminates in a 200-foot buffer at the flange of the valve where the Point Thomson Export Pipeline connects to the Badami Sales Oil Pipeline (point of termination), including herein the 55 feet by 72 feet metering pad site and connecting to a 40 foot wide road.

This portion of the right-of-way aggregates to 1,067 acres, more or less, all in the Barrow Recording District. All distances and acreages are approximations based on the Applicant’s description of the right-of-way.

Construction Staging Areas Legal Description

Access roads for construction purposes shall be a total of 35 feet wide. During construction, staging areas and the Badami Storage Pad will be developed and located as described below:

Staging Area 2, Parcel 3: a parcel of approximately 500’ by 250’ and associated ice road of length 247’ in Township 9 North, Range 23 East, Umiat Meridian, Section 3 and 4.
Staging Area 3 Parcel 4: a parcel of approximately 500’ by 250’ and associated ice road of length 294’ in Township 10 North, Range 23 East, Umiat Meridian, Section 32 and Township 9 North, Range 23 East, Umiat Meridian, Section 5.

Staging Area 5 Parcel 6: a parcel of approximately 250’ by 500’ and associated ice road of length 272’ in Township 10 North, Range 23 East, Umiat Meridian, Section 31 and Township 9 North, Range 23 East, Umiat Meridian, Section 6.

Staging Area 6 Parcel 7: a parcel of approximately 500’ by 250’ and associated ice road of length 402’ in Township 9 North, Range 22 East, Umiat Meridian, Section 2.

Staging Area 7 Parcel 9: a parcel of approximately 500’ by 250’ and associated ice road of length 646’ in Township 9 North, Range 22 East, Umiat Meridian, Section 4.

Staging Area 8 Parcel 10: a parcel of approximately 500’ by 250’ and associated ice road of length 346’ in Township 9 North, Range 21 East, Umiat Meridian, Section 1.

Staging Area 9 Parcel 11: a parcel of approximately 500’ by 250’ and associated ice road of length 314’ in Township 9 North, Range 21 East, Umiat Meridian, Section 9.

Staging Area 10: a parcel of approximately 500’ by 350’ and associated ice road of length 199’ in Township 9 North, Range 20 East, Umiat Meridian, Section 14.

Staging Area 11 Parcel 15: a parcel of approximately 500’ by 250’ and associated ice road of length 463’ in Township 9 North, Range 20 East, Umiat Meridian, Sections 9 and 16.

Staging Area 12: a parallelogram-shaped parcel of approximately 450’ by 300’ (3.1 acres) in Township 9 North, Range 20 East, Umiat Meridian, Section 14 (adjacent to Badami Storage Pad).

Badami Storage Pad: a parcel of approximately 500’ by 500’ (5.7 acres) in Township 9 North, Range 20 East, Umiat Meridian, Sections 14 and 15.

The Staging Areas (30.1 acres) and Badami Storage Pad (5.7 acres) aggregate to 35.8 acres, more or less, all in the Barrow Recording District. All distances and acreages are approximations based on the Applicant’s description of the right-of-way.

**Construction Access Road Legal Description**

Access roads for construction purposes shall be a total of 35-feet wide except as needed for designated turn-around locations. These roads shall be ice roads created for seasonal access during construction of the pipeline. Access roads for construction shall be located as described below:

Township 9 North, Range 22 East, Section 2 (ice road from access ice road to Staging Area 6, approximate length 1,110’).

Township 9 North, Range 21 East, Section 10 (ice road from right-of-way to lake, approximate length 693’).
Access roads associated with staging areas aggregate to 2.6 acres. The remaining access roads aggregate to 1.5 acres. The total area for Access Roads is approximately 4.1 acres, more or less, all in the Barrow Recording District. All distances and acreages are approximations based on the Applicant’s description of the right-of-way.

The total areas for the Construction right-of-way (which includes Pipeline construction right-of-way, staging areas and Access Roads) aggregates to 1,106.9 acres, more or less, all in the Barrow Recording District. All distances and acreages are approximations based on the Applicant’s description of the right-of-way.
Operations Right of Way Legal Description

No later than one year following the date that Oil is first transported through the pipeline, the Lessee shall submit to the State a final survey and a release of interest for the Construction right-of-way as required by Section 26(e) of the Right-of-Way Lease to reduce the size of the lease to the Operations right-of-way.

The Operations right-of-way shall be a 100-foot wide right-of-way, situated 50 feet on either side of the Vertical Support Members (VSM) centerline, beginning at a point 50 feet east of the flange of the pig launcher where the export pipeline exits the Point Thomson Central Processing Facility (point of origin), within Section 34, Township 10 North, Range 23 East, Umiat Meridian; then continuing in a westerly direction across the following lands:

- Township 10 North, Range 23 East, Umiat Meridian, Sections 31, 32, 34
- Township 9 North, Range 23 East, Umiat Meridian, Sections 3, 4, 5, 6
- Township 10 North, Range 22 East, Umiat Meridian, Sections 34, 35, 36
- Township 9 North, Range 22 East, Umiat Meridian, Sections 1, 2, 3, 4, 5, 6
- Township 9 North, Range 21 East, Umiat Meridian, Sections 1, 2, 7, 8, 9, 10, 11, 18
- Township 9 North, Range 20 East, Umiat Meridian, Sections 8, 9, 13, 14, 15, 16

The pipeline right-of-way terminates in a 50-foot buffer at the flange of the valve where the Point Thomson Export Pipeline connects to the Badami Sales Oil Pipeline (point of termination), including herein the 55 feet by 72 feet metering pad site and connecting to a 40 foot wide road.

During operations, the total area of State Lands for the Point Thomson Export Pipeline consists of 267 acres of State Land, more or less, all within the Barrow Recording District. All distances and acreages are approximations based on the Applicant's description of the right-of-way.
EXHIBIT C
GUARANTY OF EXXON EQUITY HOLDING COMPANY

ADL 418975
POINT THOMSON EXPORT PIPELINE
RIGHT-OF-WAY LEASE

Exxon Equity Holding Company (hereinafter "Guarantor"), a Delaware corporation with
an address of 5959 Las Colinas Blvd, Irving, Texas, 75039-2298, and in accordance with that
certain Right-of-Way Lease for the Point Thomson Export Pipeline, ADL 418975 (hereinafter
"Lease"), by and between the State of Alaska (hereinafter "State"), acting by and through the
Commissioner of the Alaska Department of Natural Resources (hereinafter "Commissioner"), and
PTE Pipeline LLC hereby irrevocably and unconditionally guarantees to the State the full
performance, fulfillment, and satisfaction of all of the duties, obligations, and liabilities of PTE
Pipeline LLC arising under or pursuant to the Lease.

If for any reason any duty, obligation, or liability of PTE Pipeline LLC under the Lease is
not performed, fulfilled, or satisfied by PTE Pipeline LLC within the time or in the manner
required, Guarantor shall perform, fulfill, or satisfy (or cause to be performed, fulfilled, or
satisfied) each of such duties, obligations, and liabilities; provided, however, that (1) the State
must first make demand upon PTE Pipeline LLC before making demand on Guarantor, (2) if PTE
Pipeline LLC in good faith denies that any such duty, obligation, or liability exists or has not been
performed, fulfilled, or satisfied by PTE Pipeline LLC within the time or in the manner required,
PTE Pipeline LLC may exhaust any and all appeal rights available under the Lease, 11 AAC 02,
the applicable rules of court, and any applicable law before the State may demand performance,
fulfillment, or satisfaction from Guarantor, provided, further, that Guarantor shall be entitled to
the benefit of any stay obtained by PTE Pipeline LLC under Alaska law, including but not limited
to a stay obtained under 11 AAC 02 or any Alaska rule of court but specifically excluding a stay
imposed under bankruptcy law, and (3) Guarantor shall be entitled to any and all benefits arising
by virtue of any defense, set-off, counterclaim, or cross-claim available to PTE Pipeline LLC
except failure of consideration or bankruptcy of PTE Pipeline LLC, (collectively hereinafter
referred to as "defense") except that Guarantor shall be bound by any prior judicial determination,
if any, concerning any such defense asserted by PTE Pipeline LLC.

Guarantor agrees that this Guaranty shall not be discharged, limited, or reduced except by
complete performance of the duties, obligations, and liabilities of PTE Pipeline LLC, guaranteed
hereby or upon the full and complete replacement hereof with a guaranty in substantially the same
form executed by a guarantor accepted by the Commissioner pursuant to the terms of the Lease.
The Guarantor shall not be discharged or released by reason of the discharge of PTE Pipeline
LLC in bankruptcy, receivership or other proceedings, a disaffirmation or rejection of the Lease
by a trustee, custodian, or other representative in bankruptcy, a stay or other enforcement
restriction, or any other reduction, modification, impairment or limitations of the liability of PTE
Pipeline LLC.

Where there would be a material effect on Guarantor's assets, Guarantor shall provide the
Commissioner 60 days notice prior to any consolidation or merger of Guarantor with or into any
other corporation or corporations (whether or not affiliated with the Guarantor), or successive consolidations or mergers in which the Guarantor, or its successor or successors shall be a party or parties, or any sale or conveyance of all or substantially all of the property of the Guarantor to any other corporation (whether or not affiliated with Guarantor). This Guaranty extends to any assignee, transferee or other party who receives an interest in the Lease, to any extensions or renewals of the Lease, and to any term established by reason of the holdover of PTE Pipeline LLC or its assignees, transferees, or other receiving party, unless the Commissioner determines under Section 11 of the Lease that another guaranty or security sufficient to protect the public interest has been provided.

The provisions of the Lease and other State authorities identified therein may be changed as allowed by law without the consent of or notice to Guarantor and this Guaranty shall guarantee the performance of the Lease as changed. Guarantor warrants that it has adequate means to obtain from PTE Pipeline LLC, on a continuing basis, information concerning the Lease and other authorizations identified therein and that it is not relying upon the State to provide such information, now or in the future.

This Guaranty shall not be affected by the State's delay or failure to enforce any of its rights except to the extent such delay or failure gives rise to a successful defense asserted by PTE Pipeline LLC.

If the Lease terminates and the State has any rights against PTE Pipeline LLC with respect to any duty, obligation, or liability of PTE Pipeline LLC arising under the Lease, the State can enforce those rights against Guarantor pursuant hereto.

Guarantor waives any right it may have to require the State to proceed against or exhaust any bond or other security that the State holds or may hold from PTE Pipeline LLC or pursue any other remedy in the State's power. Until all of PTE Pipeline LLC obligations under the Lease have been discharged in full, Guarantor has no right of subrogation against any bond or other security that the State may hold. Guarantor waives all presentments, notices of dishonor, notices of nonperformance, demands for performance except as specified herein, protests, notices of protest, and notices of acceptance of this Guaranty. The Guarantor subordinates any and all claims which the Guarantor has or may have against PTE Pipeline LLC by reason of subrogation for payments for performances under this Guaranty or claims for any other reason or cause. The Guarantor agrees not to assert any claim which it has or may have against PTE Pipeline LLC arising from the Lease, including claims by reason of subordination under this Guaranty, until such time as the payment and other obligations of PTE Pipeline LLC to the State are fully satisfied and discharged.

The Guarantor hereby waives any defense based upon any act or omission of the State, except to the extent such acts or omissions constitute negligence or bad faith, which materially increases the scope of the Guarantor's risk.

This Guaranty shall be interpreted, construed, and enforced in accordance with the laws of the State of Alaska. Venue for any civil action relating to this Guaranty shall be in the Third Judicial District, State of Alaska.
This Guaranty shall be binding upon the Guarantor and the successors and assigns of the Guarantor and shall inure to the benefit of the State and its successors and assigns. No assignment or delegation by the Guarantor shall release the Guarantor of its obligations under this Guaranty, except as provided by the Lease.

All notices required or permitted to be given pursuant to this Guaranty shall be in writing and shall be addressed respectively as follows:

**Guarantor:**

Exxon Equity Holding Company  
5959 Las Colinas Blvd  
Irving, Texas 75039-2298  
Attention: Treasurer  
Facsimile: (972) 444-1568  
Telephone: (972) 444-4020

**The State:**  
State of Alaska  
Department of Natural Resources  
State Pipeline Coordinator's Office  
411 W. 4th Avenue, Suite 2  
Anchorage, Alaska 99501-2343  
Facsimile: (907) 269-6880  
Telephone: (907) 269-6403

All notices shall be given (a) by personal delivery to the addressee, (b) by electronic communication, with a confirmation sent by registered or certified mail return receipt requested, or (c) by registered or certified mail return receipt requested. All notices shall be effective and shall be deemed delivered (a) if by personal delivery, on the date of delivery if delivered during normal business hours or on the next business day following delivery if not delivered during normal business hours, (b) if by electronic communication, on the next business day following the day of receipt (said day of receipt being the day of receipt at the office of the recipient) of the electronic communication, and (c) if solely by mail, on the next business day after actual receipt.

This writing is intended by the parties to be the final expression of this Guaranty, and is intended as a complete and exclusive statement of the terms of this Guaranty. There are no conditions to the full effectiveness of this Guaranty other than those contained herein.
EXECUTED this 20th day of December, 2012, but effective for all purposes as of the effective date of the Lease.

ATTEST

By: [Signature]
Title: Assistant Secretary

EXXON EQUITY HOLDING COMPANY

By: [Signature]
Title: Vice President and Treasurer

STATE OF Texas

COUNTY OF Harris

THIS CERTIFIES that on the 20 day of December, 2012, at Houston, TX, the foregoing instrument was acknowledged before me by Romke Noordhuis, VP and Treasurer of Exxon Equity Holding Company, a Delaware corporation, on behalf of said corporation.

GIVEN UNDER MY HAND and official seal the day and year last above written.

J. SCHMOKER
Notary Public, State of Texas
My Commission Expires November 04, 2014

Notary Public in and for: Texas
My commission expires: 11-4-14
EXXON EQUITY HOLDING COMPANY

CERTIFICATION

I, the undersigned Secretary of Exxon Equity Holding Company (hereinafter “EEHC”), a Delaware corporation, DO HEREBY CERTIFY, that the following is a true copy of the preambles and resolutions adopted by Written Consent to Action in Lieu of Meeting duly executed by the Board of Directors dated November 29, 2012, and that said resolutions are in full force and effect:

GUARANTEE OF CERTAIN OBLIGATIONS OF PTE PIPELINE LLC.

"WHEREAS, PTE Pipeline LLC (hereinafter "PTEP"), an indirect wholly owned subsidiary of ExxonMobil Corporation, is a party to a Right-of-Way Lease for the Point Thomson Export Pipeline, ADL 418975 (hereinafter "Lease"), with the State of Alaska (hereinafter "State"), acting by and through the Commissioner of the Alaska Department of Natural Resources (hereinafter "Commissioner"); and

WHEREAS, Pursuant to the terms of the Lease, the State has requested that PTEP deliver a guarantee from Exxon Equity Holding Company (hereinafter "EEHC") to the State (hereinafter "Guarantee"), pursuant to which EEHC guarantees the full performance, fulfillment and satisfaction of all the duties, obligations and liabilities of PTEP arising under or pursuant to the Lease;

NOW, THEREFORE BE IT RESOLVED, That the Board of Directors hereby approves and authorizes EEHC to execute and deliver the Guarantee in exchange for due consideration from EEHC in the form and/or amount approved by the President, any Vice President or the Treasurer of the Corporation;

FURTHER RESOLVED, That the President, any Vice President, the Treasurer, or any Assistant Treasurer of the Corporation is hereby authorized and empowered to execute and deliver, in the name and on behalf of the Corporation, the Guarantee, with such terms as the officer executing the same shall approve as necessary or appropriate, such approval to be conclusively evidenced by the execution and delivery thereof;

FURTHER RESOLVED, That the proper officers of the Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Corporation, to execute and deliver all such documents and papers and to do or cause to be done all such other acts and things as they may deem necessary or appropriate in connection with the transactions and matters contemplated by the foregoing resolutions; and

FURTHER RESOLVED, That all actions heretofore taken by any officer of the Corporation in connection with the transactions and matters contemplated by the foregoing resolutions be, and they hereby are, ratified and approved,"

WITNESS my hand and the seal of the Corporation at Houston, Texas, this December 20, 2012

[Signature]

Assistant Secretary

ADL 418975
EXHIBIT C: Guaranty
EXHIBIT D
DEFINITIONS

ADL 418975
POINT THOMSON EXPORT PIPELINE
RIGHT-OF-WAY LEASE

Terms having specific meaning in this Lease and incorporated documents are indicated by capitalization. In the absence of a definition in this Exhibit D, terms shall be defined in accordance with definitions found in any applicable State statute or regulation, and otherwise in accordance with common usage.

As-Built means (for surveying purposes only) a State-approved drawing and monumentation or other document showing centerline and operational rights-of-way, including information on the location of areas of water, topography, important geographical features, elevations and VSM locations.

Commissioner means the Commissioner of the Alaska Department of Natural Resources and includes the Commissioner’s delegates, when a delegation of power to administer all or a portion of the provisions of this Lease is made pursuant to AS 38.35.210.

Construction means all Field Activities by the Lessee or its Contractors located on the Leasehold which involve more than de minimis physical disturbance of the existing natural land features or conditions of the Leasehold. Construction is not limited to mean only the actual construction of the Pipeline, but also includes other disturbances such as materials movements and stockpiling, development of borrow pit areas, and the establishment of work-camps and communications facilities. Construction excludes, however, the following kinds of Field Activities: engineering surveys, soil tests, biological and other studies, and any Field Activities in connection with the Termination of the Pipeline.

Contractor means any contractor or subcontractor at any tier, and the employees, representatives, and agents of such a contractor.

Design Basis and Criteria means a document specifying how the design and engineering provides for and meets the performance and operational requirements of the project and meets regulatory requirements, maintains safety, protects the environment and protects public interests. The Design Basis and Criteria covers the Pipeline and Related Facilities.

Field Activity means any Lease-related activity conducted on or in direct support of activities on the Leasehold by the Lessee.

Field Representative means an employee, Contractor, agent, or representative of the Lessee, appointed in writing by the Lessee, with notice to the State, to receive notices and orders from the Commissioner’s authorized representative at any location not part of the Lessee’s urban administrative offices during Construction.

Final Design means the stage of the engineering when the design is essentially complete and issued for construction.

Fish Rearing Areas mean those areas inhabited by fish during any life stage.
**Fish Spawning Beds** mean those areas where anadromous and resident fish deposit their eggs.

**Hazardous Substance or Hazardous Material** means any solid, liquid, or gas that is defined as hazardous under local, State or federal laws or regulations. In particular, any substance defined as hazardous under Alaska Department of Labor, Alaska Department of Environmental Conservation, EPA, OSHA, U.S. DOT/PHMSA and FDA laws and regulations shall be considered hazardous under this Lease.

**Initial Construction** means all Construction performed by the Lessee or its Contractors that is conducted prior to the first start-up and Operation of the Pipeline.

**Lease Anniversary Date** means the same day and month as the date this Lease is effective, in each subsequent year that this Lease is in effect.

**Leasehold** means the State Lands subject to this Lease as those lands are identified in Exhibit B of this Lease and any amendments, modifications and subsequent renewals.

**Lessee** means the PTE Pipeline LLC or its successors and/or assigns holding an undivided ownership interest in the right-of-way in accordance with the provisions of this Lease.

**Maintenance** means activities associated with ensuring that the Pipeline and Related Facilities meet their intended functions, keeping the pipeline and related facilities in good repair, and meet all legal, government and regulatory requirements. This may involve repairs, fixes, replacement of parts and upgrades.

**Notice to Proceed** means a permission to initiate Initial Construction that is issued in accordance with the Stipulations set forth in Exhibit A of this Lease.

**Oil** as defined in AS 38.35.230; includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas.

**Operation(s)** means all activities connected with the transportation of Oil through the Pipeline including Maintenance of the Pipeline.

**Overwintering Areas** mean those areas inhabited by fish between freeze-up and break-up.

**Person(s)** has the same meaning as given in AS 01.10.060(a)(8).

**Pipeline** has the same meaning as given in AS 38.35.230(7).

**Pipeline Activities** mean activities involving and related to Construction, Operation, Maintenance, and Termination of the Pipeline or any part of the Pipeline.

**Pipeline Coordinator** see State Pipeline Coordinator.

**Preliminary Design** means the stage of the engineering for a Construction Segment when the design has been refined enough to include basic facility and equipment specifications, route maps, and Construction methods.

**Quality Management Program** means the programmatic application of planned, systematic quality activities to ensure that the project will employ processes needed to satisfy the
commitments and requirements to ensure the integrity of the Pipeline, meet lease and regulatory requirements, and required standards for health, safety, and the environment.

**Restoration** means the return of a disturbed site on the Leasehold upon completion of use by the Lessee to a physical and biological condition consistent with applicable State and federal law, regulations and policies at the time and to the extent acceptable to the Commissioner but in any event no better than its condition prior to the issuance of this Lease nor to original contours. Restoration includes, where appropriate, erosion and sedimentation control, stabilization, habitat reconstruction, Revegetation, and visual amelioration.

**Revegetation** means the establishment of native plant cover, unless non-native plant cover is required as a temporary means to reduce erosion, and reestablishment of conditions suitable for native plants on disturbed lands in a manner consistent with applicable State and federal law and regulations and to the extent acceptable to the Commissioner. Methods or techniques to accomplish this include, but are not limited to, surface protection and preparation, fertilizing, seeding, planting, mulching and watering, and utilizing local growing conditions to dictate the timing for establishment of vegetative cover.

**State Land(s)** has the same meaning as given in AS 38.35.230(9).

**State Pipeline Coordinator** means that officer operating under written delegation of authority from the Commissioner with the authority and responsibility of administering a portion or all of the provisions of this Lease.

**Termination** means all activities connected with the expiration or completion of use of the right-of-way.

**Written Authorization(s)** means any authorization issued in writing by the Commissioner other than a Notice to Proceed.