

SECOND AMENDMENT EXTENDING LEASE STORAGE AGREEMENT

THIS AMENDMENT is entered into by and between Olympic Pipe Line Company LLC (“Olympic” or Lessor”) and BP West Coast Products LLC (“BPWCP” or “Lessee”) as of August 28, 2017 (“Second Amendment”). Olympic and BPWCP are also referred to as “Party” or “Parties.”

WHEREAS Olympic and BPWCP are parties to that certain Lease Storage Agreement dated as of August 11, 2008 and approved by the Washington Utilities and Transportation Commission by Order dated December 4, 2008 (“Lease Storage Agreement”);

WHEREAS the Lease Storage Agreement involves the leasing of certain storage at Olympic’s facilities located in Mount Vernon, Washington (the “Lease Storage Facilities” or “Bayview”), with an initial term from January 1, 2009 to December 31, 2013 (“Initial Term”);

WHEREAS pursuant to an Amendment to the Lease Storage Agreement, the parties agreed to extend the initial term by a period of five years, to December 31, 2018 (the revised “Initial Term”);

WHEREAS in the Amendment, the Parties also agreed that the annual lease rate during the second five-year period of the revised Initial Term (January 1, 2014 – December 31, 2018) should be adjusted to reflect the change in the Consumer Price Index;

WHEREAS, at the Lessee’s option, the Parties now wish to renew for an additional five-year Option Term at an annual lease rate equal to the rate provided for in Section D of the Lease Storage Agreement and amended herein, adjusted by the change in the Consumer Price Index from the first Anniversary to the first day of the Option Term.

WHEREAS the Parties agree to further amend the Lease Storage Agreement and Amendment to add additional five-year Option Terms, include provisions related to the right of first refusal, capital modifications, and clarify the basis for calculating the annual lease rate;

WHEREAS the Parties also agree that if Olympic is unable to secure a renewal of the lease for real property between Olympic and the Port of Skagit County, on which the Bayview is located, Lessor will no longer be obligated to provide the Bayview for lease to Lessee and Lessee will no longer be obligated to pay Lessor pursuant to the terms of this Second Amendment;

WHEREAS the Parties agree that all other terms of the Lease Storage Agreement and Amendment shall remain in full force and effect; and

WHEREAS with the execution of this Second Amendment, BPWCP provides written notice of its intent to exercise the Option Term to run from January 1, 2019 through December 31, 2023,

NOW THEREFORE, for and in consideration of valuable consideration the receipt and sufficiency of which are hereby acknowledged, Olympic and BPWCP agree as follows:

1. Section A of the Lease Storage Agreement, as amended by the Amendment, shall be replaced with the following:

A. TERM & RENEWAL

The revised Initial Term of this Agreement shall commence on January 1, 2009, and end on December 31, 2018 (revised "Initial Term" with the first day of each year of the Initial Term called the "Anniversary").

During the first five years of the revised Initial Term (January 1, 2009 – December 31, 2013), Lessee shall pay to Lessor the annual lease rate provided for in Section D. During the second five years of the revised Initial Term (January 1, 2014 – December 31, 2018), Lessee shall pay to Lessor an annual lease rate equal to the rate provided for in Section D, adjusted by the change in the Consumer Price Index from the first Anniversary to January 1, 2014.

Lessee shall be provided up to six (6) additional five-year renewal terms, (each an "Option Term") upon providing Lessor six (6) months' prior written notice with no further additional renewal rights for Lessee. Lessee shall pay to Lessor an annual lease rate equal to the rate provided for in Section D, adjusted by the change in the Consumer Price Index from the first Anniversary to the first day of each exercised Option Term.

The first renewal Option Term of the Lease Storage Agreement was exercised and will be in effect January 1, 2019 through December 31, 2023. Lessee shall pay to Lessor an annual lease rate equal to the rate provided for in Section D, adjusted by the change in the Consumer Price Index from the first Anniversary to January 1, 2019.

Provided, however, if, at the expiration of the Agreement, Lessor has received an offer to lease the Lease Storage (as defined below) or the Lease Storage Facilities to a third party, that Lessor wishes to accept, Lessor shall give Lessee written notice of the material terms of any such offer, and Lessee shall have a right of first refusal ("RFR") with respect to such offer. The notice shall include a copy of the offer. If Lessee notifies Lessor within thirty (30) days of notice that it elects to exercise the RFR, then the Parties will enter into a new lease on terms materially equivalent to those of the third party offer and in any event at a lease rate no lower than the third party offer. If Lessee does not so notify Lessor within thirty (30) days of notice, then Lessor shall be free to lease the Lease Storage and/or the Lease Storage Facilities to any other party on terms materially equivalent to or more favorable to Lessor than those of the third party offer. At Lessee's option, in the event the term of the third party offer is less than five years, Lessee can, on exercise of the RFR, elect to extend the term of the new lease to five years on otherwise materially identical terms to those of the third party offer, including the annual lease rate. If the third party offer is for a term of more than five years, the RFR may be exercised only by entering into a lease for the same term as the third party offer.

By way of example and for avoidance of doubt, if Lessee elects to exercise an additional Option Term after the Option Term already exercised, the next Option Term would be January 1, 2024 through December 31, 2028 of the Lease Storage Agreement, and Lessee shall pay to Lessor an

annual lease rate equal to the rate provided for in Section D, adjusted by the change in the Consumer Price Index from the first Anniversary to January 1, 2024.

If the Lessor is unable to renew its lease for real property between Olympic and the Port of Skagit County, on which Bayview is located, Lessor will no longer be obligated to provide Bayview for lease to Lessee and Lessee will no longer be obligated to pay Lessor pursuant to the terms of this Second Amendment.

2. Section B of the Lease Storage Agreement shall be replaced with the following:

B. LEASED STORAGE

Lessor hereby leases to Lessee storage capacity at Lessee's facilities at Bayview. The Lease Storage shall consist of the right to use the Lease Storage Facilities for storage in exclusive service on the terms and conditions set forth herein. Bayview has present capacity of five (5) 100,000 BBL nominal capacity storage tanks.

3. Section D of the Lease Storage Agreement shall be replaced with the following:

D. CHARGE

Lessee agrees to pay \$[REDACTED] per barrel of total nominal capacity, which is an amount equal to \$[REDACTED] based on the present nominal capacity as described in Section B ("LEASED STORAGE"), on the commencement date (first Anniversary) and annually thereafter. The Lease Payment shall be made regardless of the number of barrels of Product actually stored in the Lease Storage Facilities during the year.

If Product is being stored by or for Lessee in the Lease Storage Facilities on the date of cancellation or termination of this Agreement, Lessee will pay the Lessor for a further one month's storage for Product remaining in such facilities. Lessor reserves the right to remove and dispose of all such Product remaining in such storage on the date of cancellation or termination, at Lessee's risk of loss and expense. Lessee shall be responsible for removing any Product tank bottoms after removal of the Product. Lessor reserves the right to remove such Product tank bottoms at Lessee's expense.

4. Section F ("CAPITAL MODIFICATIONS") of the Lease Storage Agreement is amended as follows:

By amending the following sentence as indicated (additions shown in underline, deletions shown in strikethrough):

However, if the reasonable cost of the Compliance Improvements exceeds the sum set forth below opposite each year of the revised Initial Term or any Option Term (the "Compliance

Improvement Maximum”), Lessee shall have the right to terminate this Agreement on thirty (30) days’ written notice of termination provided no later than ten (10) days after notice is provided of the estimated cost.

By deleting the following paragraph:

The Compliance Improvement Maximum is as follows for any cost estimate for Compliance Improvements provided during each of the listed years of the Initial Term:

Year One/four+ years remaining	\$	
Year Two/three+ years remaining	\$	
Year three/two+ years remaining	\$	
Year Four/one+ years remaining	\$	
Year Five/less than one year remaining	\$	

And inserting the following paragraph in its place:

The Compliance Improvement Maximum is as follows for any cost estimate for Compliance Improvements provided during each of the listed years of the Initial Term or any Option Term:

Year One of the Initial Term or any Option Term	\$	
Year Two of the Initial Term or any Option Term	\$	
Year Three of the Initial Term or any Option Term	\$	
Year Four of the Initial Term or any Option Term	\$	
Year Five of the Initial Term or any Option Term	\$	

The remaining provisions of Section F are unchanged.

5. With the exception of the modifications referenced above, all other terms of the Lease Storage Agreement shall remain in full force and effect.
6. The execution of this Second Amendment also constitutes written notice given by the Lessee of its intent to exercise its second Option Term to run from January 1, 2019 through December 31, 2023.
7. The Parties acknowledge that pursuant to the revised terms and conditions contained within this Second Amendment, the Lease Storage Agreement, and any amendments thereto, does not constitute a “lease” for tax purposes but instead evidences a terminalling services agreement. To that end, the Lessee grants the Lessor the unilateral right at its sole discretion to formally convert the Lease Storage Agreement and any amendments thereto, to a Terminal Storage and Handling Agreement under the same terms and conditions as contained in such Lease Storage Agreement, and any amendments thereto, consistent with this paragraph.

EXECUTED AS OF THE DATE SET FORTH ABOVE

SIGNATURES ON FOLLOWING PAGE

OLYMPIC PIPE LINE COMPANY LLC

BY: 

TITLE: Vice President

BP WEST COAST PRODUCTS LLC

BY: 

TITLE: Vice President