

CONTRACT
FOR
ENGINEERING SERVICES

THIS CONTRACT, made and entered into as of the 1st day of December , 1967, by and between MARATHON OIL COMPANY (herein called "Owner") and BECHTEL CORPORATION (herein called "Bechtel"),

WITNESSETH:

WHEREAS, Owner desires Bechtel to perform certain engineering services in connection with the Project described, and Bechtel desires so to do for the compensation and in accordance with the terms and conditions herein specified,

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I THE PROJECT

The Project ("Project") consists of the expansion of Owner's refinery facilities in Robinson, Illinois, including the addition of new process units, revamp of existing process units, new offsites, and revamp of existing offsites. The new process units under consideration are a Crude Unit, a Naphtha Hydrotreater, a Cat Reformer, an Alkylation Plant, a Hydrocracking Unit, a Hydrogen Plant, an Unsaturate Gas Plant and a Sulphur Plant. Revamp of existing process units under

consideration are the addition of a CO furnace or boiler and power recovery unit to the existing Cat Cracker, the addition of a new heater, fractionator, and coke drum to the existing Delayed Coker, conversion of the present reformer to a Mid-Distillate Hydrotreater and conversion of the present Unsaturate Gas Plant to a Saturate Gas Plant. New offsites will consist of, but not be limited to, the following facilities plus tie-ins: steam, electrical, effluent and cooling water systems, foundations, tankage, and raw materials receiving and product blending and movement facilities. The Project including alternates will be more particularly described in the drawings and specifications to be developed by Bechtel under this Contract and the appendices attached hereto

ARTICLE II INFORMATION AND ITEMS TO
 BE FURNISHED BY OWNER

Owner shall furnish to Bechtel data and design criteria as may be necessary to provide the basis upon which Bechtel shall perform the work described in Article III hereof (hereinafter called "Work") and Bechtel shall be entitled to rely upon such information furnished or caused to be furnished by Owner in the performance of Bechtel's Work hereunder. Owner shall also furnish any other items which may be mutually agreed upon or which are set forth in Appendix A hereto.

Owner shall provide all permits and licenses (including all permits and licenses under any patent or invention) and shall furnish all deposits and bonds necessary in connection with the Project, except licenses required to permit Bechtel to do business at the place where its Work hereunder is to be performed. All items to be furnished by Owner shall be furnished at such times and in such manner as may be

required for the expeditious and orderly performance of Bechtel's Work under this Contract; and all such items shall be held in confidence by Bechtel and not divulged to any person or persons without the written consent of Owner.

ARTICLE III WORK TO BE PERFORMED BY BECHTEL

Bechtel shall perform for the Project the Work generally described below.

A. Preliminary Engineering

1. Bechtel shall prepare a project specification and an estimate of the total installed cost of the Project. The project specification will define the Project in sufficient detail to set a firm basis for detailed design and construction, and for a detailed estimate of installed cost of the Project. Such preliminary engineering shall be performed on the basis of instructions from Owner.
2. In the absence of such instructions Bechtel shall perform the Work or cause the Work to be performed with recognized engineering methods and techniques with the intent to optimize the designs to achieve lowest over all costs; provided, however, that all Work shall be subject to Owner's approval.
3. In performing this Work Bechtel shall, unless otherwise instructed by Owner, perform that work described in Appendix A hereto.
4. Bechtel shall furnish design specifications and cost estimate

within the intent of the specification and scope of the Project as outlined in Appendix A attached; furnish all drawings and detailed specifications necessary to illustrate the different parts of the Project in sufficient detail to permit either its manufacture, procurement, or construction on a competitive bid basis. Such drawings and specifications shall be subject to review by Owner. Review by Owner shall in no way relieve Bechtel from its obligation to fulfill each requirement of this Contract.

5. Any contradiction or ambiguity between Bechtel's specifications and drawings which Owner brings to the attention of Bechtel shall be remedied by Bechtel.
6. Bechtel shall bring to the attention of Owner any contradictions or ambiguities discovered by Bechtel between the several parts of the Work performed hereunder and this Contract and such discrepancies shall be remedied by Owner before Bechtel proceeds with the part of the Work affected.
7. Bechtel shall furnish to Owner as required, copies of details or working drawings, specifications, or other data prepared by Bechtel.
8. All drawings, specifications, cost estimates, vendor quotations, and other pertinent papers prepared by Bechtel pursuant to this Contract may be used by either party. Owner may take physical possession of all tracings for drawings supplied hereunder and

copies of other papers pertaining thereto, including indices and records of drawings, engineering calculation sheets and sketches, for permanent files as soon as practicable after fulfillment of this Contract.

9. Bechtel agrees that the process and other information including any drawings and designs furnished by Owner to Bechtel shall not, without the prior written consent of Owner, be divulged by Bechtel to another, or be used in any way by Bechtel or pursuant to a contract or undertaking with any person except Owner so long as and to the extent that such information is not in the public domain or was not prior to the receipt from Owner, already in the possession of Bechtel or is not furnished to Bechtel by a third party who did not receive it directly or indirectly from Owner.

B. Time of Performance

Bechtel shall use its best efforts to complete the Work in accordance with a mutually agreeable schedule on or about January 1, 1968.

ARTICLE IV COMPENSATION

Owner agrees to pay Bechtel for the Work in the manner and at the times herein specified a total compensation consisting of Bechtel's Recoverable Costs and Fee as defined in Appendix B hereto.

ARTICLE V

MANNER AND TIMES OF PAYMENT

On or before the 10th day of each calendar month, Bechtel shall present to Owner the amount of Bechtel's Recoverable Costs incurred during the preceding calendar month. Within 10 days thereafter Owner will pay such amount to Bechtel. In presenting the amount of Recoverable Costs Bechtel shall submit to Owner such copies of invoices, payrolls and other documents and proof as Owner may reasonably require in order to verify and establish the accuracy of such costs.

At such times as Bechtel submits statements of its Recoverable Costs, as provided for above, Bechtel shall also prepare and submit a statement showing the amounts of its Fee then earned. The amount shown to be due shall be paid within ten (10) days after receipt of such statement.

Following the completion and acceptance of the Work to be performed hereunder, Bechtel shall submit to Owner a statement showing the total of Bechtel's Recoverable Costs and Bechtel's Fee in a form to be approved by Owner and Owner shall have the right to verify the aggregate of Recoverable Costs directly incurred by Bechtel on the completed Work.

ARTICLE VI

GUARANTEES AND REMEDIES

A. Guarantees

Bechtel's Work shall be carried out in accordance with good engineering practice. For the benefit of Owner and Bechtel, Bechtel shall require from its subcontractors the same standards of engineering practice.

B. Remedies

Owner shall have six (6) months after Owner's acceptance of the mechanical completion of the expansion of Owner's refinery facilities at Robinson, Illinois in which to test and determine whether Bechtel's Work hereunder conforms to the guarantees provided in this Article. In the event Bechtel's Work does not so conform Owner shall notify Bechtel thereof in writing as soon as practicable and Bechtel shall proceed promptly to make or cause to be made any changes in the Work performed so as to bring it into conformance with the guarantees provided in this Article VI, and the costs thereof shall be a part of the cost of the Work for which Bechtel is paid in accordance with the Contract except to the extent that such costs result from the negligence or wilfull misconduct of Bechtel's officers or representatives in charge of the Work as a whole.

ARTICLE VII ACCOUNTING

During the period of the Contract, Bechtel shall maintain a method of accounting in accordance with generally accepted accounting principles and practices respecting all matters pertinent to the Contract. Owner shall have access, during business hours and for a reasonable length of time, to books and accounts as stated above insofar as such access is pertinent to verify Bechtel's Recoverable Costs directly incurred by Bechtel hereunder. Bechtel's accounts shall be organized to provide the segregation required by Owner for its plant investment and other records. Bechtel shall, in connection therewith, issue monthly financial and cost reports and periodic financial reports.

ARTICLE VIII

OWNERSHIP OF PLANS;
TITLE TO WORK

All drawings, specifications and calculations developed by Bechtel under the Contract shall become the property of Owner and will be delivered to Owner, at its request, upon completion of the Work under the Contract, but Bechtel shall be entitled to keep copies thereof and use same in the furtherance of its own know-how.

Bechtel agrees to and does hereby grant to Owner, together with the right to extend the same to any of the subsidiaries of Owner, an irrevocable, exclusive, royalty-free license to use in any country any invention made by Bechtel or its employees in or as a result of the performance of the Work under this Contract and which relates to technical information supplied to Bechtel by Owner or any subsidiaries or affiliates of Owner. Bechtel will cause those of its employees who will be engaged in the Work to agree to assign to Bechtel all discoveries, inventions or improvements made in or resulting from the performance of this Contract.

ARTICLE IX

LIABILITY

Except as otherwise provided in the Contract, Bechtel agrees to indemnify and hold harmless Owner from any and all loss, expense, damage, demand, claim and liability for any injury to persons (including death) and for damage to property caused by Bechtel's negligent performance of its Work under the Contract. Bechtel agrees to defend any suit or action brought against Owner based upon the foregoing injury or damage, and agrees further to pay all costs and expenses, including legal fees in

connection with such suit or action; provided, however, that Bechtel's aforesaid indemnity and hold harmless agreement shall not be applicable to any loss, expense, damage, demand, claim or liability caused by the sole negligence or alleged sole negligence of Owner, its officers, representatives or employees; and provided further that Bechtel's aforesaid indemnity and hold harmless agreement is for the exclusive benefit of Owner and in no event shall inure to the benefit of any third party.

In no event shall Bechtel's liability to Owner (whether or not arising out of Bechtel's negligence) for loss or damage to property owned by or in the custody of Owner, its parent, subsidiaries or affiliates, exceed \$2,000,000 in the aggregate and Owner hereby agrees to release, hold harmless and indemnify Bechtel from and against any loss, damage or expense in excess of said amount incurred by Bechtel as a result of loss or damage to such property. Under no circumstances shall Bechtel be liable to Owner for any consequential damages such as loss of use or loss of profit.

ARTICLE X INSURANCE

Bechtel shall carry and maintain during the performance of its Work hereunder the following insurance with limits as specified for each type of insurance:

1. Workmen's Compensation Insurance in accordance with statutory requirements and Employer's Liability Insurance with a limit of \$500,000.
2. Comprehensive Bodily Injury Liability Insurance, including coverage for owned, hired, and non-owned automobiles, with limits of

\$500,000 for each person and \$2,000,000 each occurrence.

3. Comprehensive Property Damage Liability Insurance, including coverage for owned, hired, and non-owned automobiles, with a limit of \$2,000,000 for each occurrence, subject to a \$1,000 deductible for other than auto property damage.

It is agreed that any insurance carried by or for the benefit of Owner insuring against physical loss or damage to any work or to the Project resulting from Bechtel's services hereunder shall provide an insurer's waiver of subrogation rights in favor of Bechtel.

Upon request by Owner, Bechtel shall furnish Owner with Certificates of Insurance as satisfactory evidence that the foregoing insurance is being maintained, such Certificates to provide for thirty (30) days written notice to be given Owner prior to cancellation or material modification of the coverage described therein.

ARTICLE XI FORCE MAJEURE

Neither party hereto shall be considered in default in the performance of its obligations hereunder, or any of them, to the extent that performance of such obligations, or any of them, is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of either of the parties hereto.

ARTICLE XII METHOD AND MANNER OF PERFORMANCE

Bechtel shall be an independent contractor in the performance of the Contract and shall have complete charge of the personnel engaged in the performance of its

Work. Bechtel shall perform the Work in accordance with its own methods, subject to compliance with the Contract. Bechtel shall perform the Work in an orderly and workmanlike manner, enforce strict discipline and order among its employees, and shall not employ on the Work any unfit person or anyone unskilled in the work assigned to him.

ARTICLE XIII TERMINATION

- A. Owner may for its convenience terminate the Work by written notice to Bechtel, whereupon Bechtel shall stop all its Work hereunder and take any other action toward termination of the Work which Owner may direct. Upon such termination of the Work, Owner shall assume all obligations and be responsible for the Work and the Project and shall as soon as possible take possession of the same.
- B. In the event of termination as above provided, Recoverable Costs incurred by Bechtel prior to termination and in taking the action specified in Section A above, together with termination costs reasonably incurred by Bechtel, shall be paid to Bechtel by Owner, and Bechtel shall be paid the amount of its fee for work performed under the Contract and for work performed at Owner's direction in terminating the Contract.

ARTICLE XIV NOTICES

Any notice provided for or required hereunder shall be given by depositing the

same in any post office, registered, postage prepaid, addressed as follows:

To Owner: Mr. B. B. Miller
Vice President
Marathon Oil Company
539 South Main Street
Findlay, Ohio 45840

To Bechtel: Bechtel Corporation
Post Office Box 3965
San Francisco, California 94119
Attention: Porter E. Thompson

ARTICLE XV ASSIGNMENT

The Contract shall not be assigned by either party without the prior written approval of the other. No assignment shall discharge the assigning party of its obligations hereunder.

ARTICLE XVI ENTIRE AGREEMENT

It is agreed that any work or services provided for herein which were performed or caused to be performed by Bechtel since July 7, 1967, shall be deemed to have been performed under this Contract. This Contract constitutes the entire agreement between the parties hereto relating to the subject matter hereof, and supersedes any previous agreements or understandings.

ARTICLE XVII PATENT INDEMNITY

Bechtel shall indemnify and save Owner harmless from claims growing out of patent infringements or claims thereof pertaining to the use of any equipment, tools, implements or work processes by Bechtel in the performance of the Work.

For the benefit of Owner, Bechtel shall obtain from subcontractors an

indemnification to save Bechtel and Owner harmless from claims growing out of any patent infringement or claims thereof, arising from use of any such equipment, material, process or work furnished by said subcontractors to the extent that such indemnification is reasonably obtainable, and Bechtel's liability therefor shall be limited to obtaining such indemnification.

Owner shall indemnify and save Bechtel harmless from all claims growing out of any patent infringements or claims therefor arising from items or equipment furnished by Owner, or processes practiced by the Owner in the Project.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first hereinabove written.

MARATHON OIL COMPANY



By B B Miller
Vice President

BECHTEL CORPORATION

By John E. Thompson

Approved By
LEGAL DEPARTMENT
By H. P. [Signature]
11/9, 19 67

APPENDIX A

to Contract with

MARATHON OIL COMPANY

for work on the Robinson Refinery Expansion Project.

The work to be performed by Bechtel and the items to be furnished by Owner as set forth in the Contract are more particularly described below:

A. Work to be Performed by Bechtel

1. Provide process design for the new Crude Unit, Hydrogen Plant, Saturate Gas Plant, Naphtha Hydrotreater, Middle Distillate Hydrotreater, Delayed Coker, Sulfur Plant, Unsaturate Gas Plant, and CO Boiler.
2. Prepare process flow diagrams with heat and material balances, temperatures, pressure, flow rates, heat loads, stream compositions and physical properties for licensed and Bechtel designed units.
3. Provide process basis for sizing of equipment.
4. Make recommendations for economic studies to optimize the flow scheme and to improve the competitive position of the Robinson Refinery.
5. Provide an overall refinery process block flow diagram, including basic information from licensors.
6. Prepare product blending studies.
7. Provide special process flow diagram on hydrogen system.
8. Prepare a process unit turnaround schedule.
9. Make a study of utility systems for the Project, including the preparation of planning drawings and descriptions of new "installations" and changes to the following systems:

steam, condensate, plant air, instrument air, cooling water, utility water, fire-water, potable water, fuel gas and fuel oil.

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10. Make optimization studies of heat conservation, heat exchange, cooling, and flash separations; incorporate results in final designs.
11. Make a study of storage, receiving and shipping requirement for the Project and the adaptibility of existing facilities to those needs.
12. Make study and planning drawings of effluent systems; set operating conditions; and prepare planning drawings and descriptions of blow-down and flare systems.
13. Prepare piping and instrument flow diagrams for all units and off-sites, showing all equipment with sizes, sizes of major lines and indicating principal process controls.
14. Prepare a summary of catalyst and chemicals requirements.
15. Provide sketches of special or unusual equipment as needed to prepare the installed cost estimate for the Project.
16. Prepare equipment lists and specifications as required for reactors, columns, vessels, exchangers, tanks, compressors, pumps, furnaces, boiler, motors, turbines, blowers, switchgear, transformers, etc., providing sufficient descriptions for estimating, such as size, pressure, temperature, capacity, materials of construction, heads, voltage levels, etc. All equipment information shall be sufficiently detailed and complete that further sizing for detailed design will be minimized. Where equipment is not sized, duty specifications will be prepared.
17. Prepare over-all plot-plan and unit plot-plans.
18. Lay out a block model for discussion and review with Owner.
19. Prepare floor-plans of buildings (operations, maintenance and administration). Describe details of new buildings and revamp of old buildings in sufficient detail for preparation of Project installed cost estimate.
20. Prepare single - line diagrams of the new electrical installation and revision to the existing electrical system.
21. Prepare layouts of roads, railroads, sewer system and paving.
22. Prepare specifications for piping design, civil design, electrical design and fire protection.

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23. Inspect units to be revamped, prepare lists of existing equipment where not otherwise available, and otherwise obtain necessary data for design. Determine a basis for assessing suitability of equipment, piping, etc., for new installations and determine items which must be replaced.
24. Define assumptions made in the project specification as a basis for the Project installed cost estimate.
25. Prepare ten (10) copies of the project specification.
26. Prepare ten (10) copies of the Project installed cost estimate summary.
27. Prepare schedules for the Project and for individual units, advising Owner on timing of purchases of critical equipment during the preparation of the project specification, and prepare engineering specifications for critical equipment as necessary.

B. Items to be Furnished by Owner

Owner shall, unless otherwise agreed to in writing by Bechtel, provide or cause licensors to provide process flow diagrams and heat and material balances, designs of reactors and special equipment, and lists of equipment showing sizes, capacities, and materials of construction for the Catalytic Reformer, Naphtha Hydrotreater, Alkylation Plant, Merox Units, Power Recovery Unit, and Hydrocracker. Owner shall designate the catalyst for Mid-Distillate Hydrotreater.

Owner shall also provide the following work and services during the performance by Bechtel of the Work at such times and in such manner as will allow the orderly, expeditious performance by Bechtel of such Work:

1. Refinery balance, including capacities, and component breakdown on streams to and from all units, both new and revamped.
2. Designation of licensors and working relationship between licensor and Bechtel.
3. Specifications of feedstocks and products.
4. Basis for economic studies, including prices to be assigned to products, feeds, and utilities, and method of computing payout .
5. Degree of integration between various units.
6. Requirements of initial, intermediate, and final storage.

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7. Policies on built-in spares and maintenance facilities.
8. Refinery and home-office standards and specifications for engineering, design and construction.
9. Refinery maps and topographic map of site. Bench-marks, elevations, and boundary lines.
10. Soils Survey
11. Methods for transportation of feeds and products.
12. Definition of utility systems in existence, with details on capacities, pressures, voltage levels and the like available for the expansion. Indication as to which new utility requirements are to be satisfied by purchase, new construction or revamp.
13. Type of instrumentation and control desired, extent of automation, provision for present or future computer control, safety systems, and emergency systems.
14. Basis of electrical system, including distribution and emergency systems.
15. Review and approval of Bechtel's work. Instructions as to how this is carried out.
16. Copies of Marathon Oil Company's Design and Construction Specifications.

APPENDIX B

to Contract with

MARATHON OIL COMPANY

for work on the Robinson Refinery Expansion Project.

I. Bechtel's Recoverable Costs

Owner shall reimburse Bechtel for all direct costs and expenses incurred by Bechtel in the performance of the Work and in accordance with Bechtel's established policies and practices, set forth in the Bechtel Manual of Personnel Policies transmitted to Marathon. Such costs generally include the following:

A. Manpower Costs

Wages and salaries on a unit rate basis of those employees in Bechtel's home office or at Jobsite, who occupy the positions listed on Schedule I hereto for time actually engaged on the Work, at the unit rates shown.

Unit rates indicated in Schedule I are actual billing rates by job classification and include the indirect costs of operating Bechtel's regularly established offices, and all employee benefits applicable thereto including pro rata allowances for vacation, sick leave, holiday, social retirement benefits, and all payroll taxes, insurance premiums, contributions and other benefits which Bechtel incurs in accordance with its established employment practices.

The unit rates indicated in Schedule I are based on the average hourly base pay to which is cumulatively added: (a) 5% escalation, (b) 20% employee benefits, and (c) 75% overhead. The unit rates are, therefore, 220.5% of the average base pay for each classification.

The Owner's approval shall be obtained for use of such overtime as may be necessary to maintain the work schedule.

B. Other Direct Costs

1. All material and supplies used in the performance of the

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Work at four cents (\$0.04) per technical man-hour as shown under Classifications "Engineering Service", "Estimating Service" and "Purchasing Service" under Schedule I.

2. (a) Costs incurred for reproduction of plans, specifications, reports and other data.
- (b) Computer services costs at actual cost for computer services obtained from third parties and at Bechtel's standard rates for use of Bechtel-owned computer. Bechtel's standard rate for use of its GE 625 Computer is currently \$650 per computer hour. This rate includes computer time and its operation, key-punching services and general purpose programming support. It does not include the cost of developing or purchasing special programs for a specific project.
- (c) Cost of models and model-making material plus an amount equal to 3¢ per technical man-hour as shown under Classification "Engineering Service" under Schedule I expended by Bechtel on the Project plus one dollar for each identified pipeline on the model.
3. All long distance communication costs.
4. Costs incurred for travel, (as authorized by Owner) and subsistence of personnel engaged in the performance of the Work in accordance with Bechtel's established policy.
5. All costs associated with consultants, subcontracts, and other outside services and facilities with Owner's approval.
6. All other costs incurred or associated in advancement of the Work.

II. Bechtel's Fee

In addition to the Recoverable Costs set forth in Section I above, Bechtel shall be paid by Owner an amount equal to fifteen percent (15%) of the aggregate amount of the Recoverable Costs as specified in Section I.

III. Reduced Fee

It is understood and agreed that in the event Bechtel is awarded a minimum of 50% (computed on the basis of estimated installed cost) of the detailed engineering procurement and construction work for the Project, any fees paid under this Contract will be credited to the fee due for such detailed engineering, procurement and construction work.

Schedule I

to Appendix B to Contract with

Marathon Oil Company

for work on the Robinson Refinery Expansion Project

	<u>Including Payroll Additions and Overhead</u>	<u>Overtime Including Payroll Additions and Overhead</u>
<u>CLASSIFICATION</u>		
<u>Engineering Service</u>		
Engineering Aide	5.23	6.73
Senior Engineering Aide	6.25	8.03
Assistant Engineer	7.98	10.26
Intermediate Engineer	9.75	12.54
Engineer	11.73	Same
Senior Engineer	14.70	Same
Supervision Engineer	17.85	None
Sr. Supervising Engineer	19.79	None
Asst. Manager of Engineering	25.00	None
Junior Draftsman	5.15	6.62
Assistant Draftsman	6.16	7.92
Draftsman	7.95	10.22
Senior Draftsman	9.63	12.38
Designer	11.13	14.31
Senior Designer	12.92	Same
Squad Leader	11.97	15.39
Project Manager	25.00	None
Manager of Projects	25.00	None
Manager of Engineering	25.00	None
<u>Estimating Service</u>		
Assistant Estimator	7.98	10.26
Intermediate Estimator	9.75	12.54
Estimator	11.73	Same
Senior Estimator	14.70	Same
Supervising Estimator	17.85	None
Senior Supervising Estimator	19.79	None
<u>Purchasing Service</u>		
Buyer	8.58	Same
Senior Buyer	9.28	Same
Expediter	7.67	Same

SCHEDULE I to APPENDIX B

	<u>Including Payroll Additions and Overhead</u>	<u>Overtime Including Payroll Additions and Overhead</u>
<u>CLASSIFICATION</u>		
<u>Purchasing Service</u>		
Senior Expediter	9.28	Same
Inspector	9.28	Same
Senior Inspector	11.10	Same
Purchasing Agent	12.36	Same
Purchasing Supervisor	13.85	Same
Asst. Manager of Purchasing	18.08	None
<u>Other Personnel</u>		
Non-Technical personnel such as clerical, secretarial, etc., in direct support of the personnel listed above assigned to the Project.	5.75	8.65
<u>Labor Relations Service</u>		
Manager/Supervisor Labor Relations	25.00	None
Senior Labor Relations Supervisor	20.00	None

Above rates apply through Dec. 31, 1968