

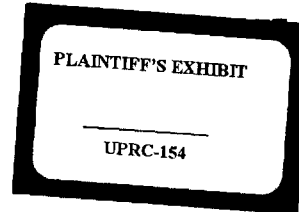


A Subsidiary of Union Pacific Corporation

INTER-OFFICE CORRESPONDENCE

TO: W. A. Thompson
FROM: J. R. Robinson
SUBJECT: Public Docks Maintenance Agreement

OFFICE: FW, M.S. 3809
RETURN TO
December 5, 1985
SAFETY & LOSS
CONTROL DEPT.



Attached is a draft of the proposed Public Docks Maintenance Agreement prepared with input from various Champlin departments. If you are comfortable with this draft as a starting point with the Port Authority and the other users of the docks, you can present it to them and begin developing a final draft.

If you have any questions or we can be of help in the negotiations please call.

cc: R. R. Morgan, w/o attachment
F. R. Edrington, II, w/o attachment
L. W. Baker, w/attachment
C. C. Wallentine, w/attachment
J. F. Gay, w/o attachment ✓

RECEIVED
DEC 5 1985
SAFETY & LOSS
CONTROL DEPT.

CH/W-002726



A Subsidiary of Union Pacific Corporation

INTER-OFFICE CORRESPONDENCE

TO: Distribution

FROM: J.R. Robinson *J.R.*SUBJECT: Maintenance Agreement for Public Docks Nos. 3, 4, 7 and 11, ~~SAFETY & LOSS~~ Corpus Christi

GAY *[initials]*
 PERRYMAN *[initials]*
 HAWKINSON *[initials]*
 OFFICE: FW/3809

DATE: RETURN TO 10/31/85

~~SAFETY & LOSS~~
 CONTROL DEPT.

Attached for your review and comment is a proposed draft of an Agreement of Association Among Common Uses of Nueces County Navigation District Oil Dock Nos. 3, 4, 7 and 11. This Agreement defines the procedures for the maintenance of these public docks.

Please get your comments to me by November 11th, so we can finalize our proposal in anticipation of a meeting which will be called by the Corpus Christi Port Authority to consider the Agreement. The Port is very eager to keep the effort to develop a maintenance agreement moving.

Distribution:

Larry Baker
 Joe Gay *[initials]*
 Pete Hoffman
 Bob Hooker
 Ken Jahnke
 Tom Nichols
 Al Reinhardt
 Willie Terry (Deep Sea)
 Warren Thompson (CCR)
 Craig Wallentine

cc: R.R. Morgan (w/o attachment)
 J.E. Sparano (w/o attachment)
 G.J. Casler (w/o attachment)
 F.R. Edrington (w/o attachment)
 R.E. Schneck (CCR) (w/o attachment)

RECEIVED

NOV 1 1985

SAFETY & LOSS
 CONTROL DEPT.



A Subsidiary of Union Pacific Corporation

INTER-OFFICE CORRESPONDENCE

TO: Jed R. Robinson OFFICE: FW 4010
FROM: Frank R. Edrington II *FE* DATE: 10/28/85
SUBJECT: Agreement of Association Among Common Users
of Nueces County Navigation District Oil Docks
Nos. 3, 4, 7 and 11

Attached for your comment and review please find my latest draft of the above Agreement. I have already found a couple of areas which I wish to change, but before I do so I will wait for your changes and anybody else's to whom you may send this draft.

Please contact me when you are ready to put the next draft into the machine.

/mde
Attachment

cc: R. E. Thompson, wo/ attach.

CH/W-002728

DRAFT

Agreement of Association

10/28/85

Page 1

Is this the same as Articles of Association (R 17)

AGREEMENT OF ASSOCIATION
AMONG

COMMON USERS OF NUECES COUNTY NAVIGATION DISTRICT
OIL DOCKS NO. 3, 4, 7 AND 11

This term is also used for casual users

Users Members
Member Users
Member
User - Party

PURPOSE/OBJECTIVE

The purpose and intent of the Agreement of Association for the Common Users ("Users") of Nueces County Navigation District (District) Oil Docks No. 3, 4, 7 and 11 (the "Association") is to provide the Users with the common equipment and services required to meet the applicable regulatory, safety and operating and maintenance needs for the facilities, docks, piers and wharves as well as the equipment, materials, communication requirements and ancillary needs required during the Users receipt and/or loading of liquid petroleum, chemical or (compatible) products in bulk by pipeline at the District oil docks No. 3, 4, 7 and 11.

What is this

SERVICES AND MAINTENANCE

The common equipment and services to be provided Users shall essentially consist of the following:

- (1) Lines from the District's shore collection tanks to Coastal States Petrochemical ballast line. This provides a means to pump out dock surface and oil drainage received into the collection tanks.
Will be maintained by the shore collection tanks
- (2) Compressed air for operation of winches and booms.
- (3) Fire extinguishers, life rings, ladders and gangways (existing equipment).

11/4

MAINTENANCE RESPONSIBILITY

The Users agree that pier and wharf maintenance responsibility shall be as follows:

Liability? The Administrator (hereinafter described) will provide, during the term of this agreement, ^{the raised up to the pier} an acceptable level of maintenance ^{of} for equipment used on Oil Piers Nos. 3, 4, 7 and 11, which maintenance ~~will~~ include:

1. Repair, replacement and maintenance of pier facilities and equipment including hoists, ginpoles, rigging, drain troughs, drain pipes, blow case, and piping up to the valve on Coastal's ballast line.
2. Weed control under and adjacent to lines of participating companies.

All lines, blinds, connections, reducers, hoses, slings, communication equipment, tools, and other items owned by the ^{individual companies} users will both be provided and maintained by the respective Users.

MAINTENANCE CHARGES

The charges for the maintenance described in ^{Paragraph I} above shall be the actual cost to Champlin plus ten percent (10%) for accounting and overhead. The charge to each ^(user) User will be based on the ^{lights} percent of total volume moved across Piers 3, 4, 7 and 11. The percentage distribution will be based on volumetric information furnished by the District. ^{for the previous six month period} ~~Bills shall be rendered under this agreement at a frequency determined by the Administrator, but no less than every six months.~~

o/c

*→ No Paragraph I
How about 1, and 2?*

SCOPE OF WORK ^{Authorization} ~~LIMITATION~~

In the event a single maintenance project is estimated to exceed Twenty Thousand Dollars (\$20,000.00), the Administrator will summarize the scope and cost by letter to each of the Users covered by this agreement. If no objection is received in writing by a date specified in the letter, the project will be completed and the participants billed as set forth in Paragraph ____ ^{what if there is an objection?}. Existing equipment for hose handling and oil containment shall be maintained and replaced unless it is determined by a unanimous vote of the ^{Common} Users that it is no longer needed. Any ^{new} equipment needed by only some of the Users shall be installed and maintained by those Users ~~through~~ ^{through} a separate agreement.

RESPONSIBILITY OF ALL PARTIES

This agreement does ^{Not} and shall not relieve any of the ^{Common or General} Users which have loading equipment located on piers Nos. 3, 4, 7 and 11 from the responsibility of properly maintaining their own hose racks, pipe manifolds, communication equipment or tool houses on those four piers. All ^{Common} Users will also be responsible for pier clean-up and for racking the hoses on the piers after ~~each~~ ^{each} use. ^{Common or General} Each User will ensure that the piers are left in the condition as is outlined in the pertinent Port Regulations, and ^{Common} User action shall include the following:

1. Waste oil will be drained into blow tanks for return to the Coastal ballast system.
2. Pier flooring will be cleared of any oil spills. If solvent is needed for cleaning up, only a high-flash ^{Point} material will be used. ^(Non flammable)

DRAFT

Agreement of Association

10/28/85

Page 4

3. Upper and lower troughs will be emptied and cleaned.
4. Blow cases will be emptied into Coastal's ballast line and valve positions returned to normal for draining.
5. Sand will be used for clean-up only in an emergency. If sand is used, it will be swept up and put in a box designated for dirty sand only, for later disposal.
6. Drain lines from upper and lower troughs will be open before leaving dock.
7. If the above has not been accomplished, then the company using the dock next can initiate clean-up and then charge the company which didn't leave the dock and pier in the appropriate condition for the ^{reasonable} cost of the clean-up.

OIL SPILLS Environmental

In the event any oil spills ^{or other pollution} result from operations at Oil Piers Nos. 3, 4, 7 or 11, the offending User will be responsible for the clean-up and attendant costs either with its own personnel and equipment or through the Corpus Christi Area Oil Spill Association. Additionally, it is understood and agreed by the participating Users that the company responsible for any oil spill or other pollution will pay ~~the attendant costs and~~ any penalty or fine imposed by any local, state or federal authority or agency.

ADMINISTRATOR

^{2nd} ~~The~~ Users shall agree to ^{2nd} ~~and will~~ select one of the Users ^{Comment} ~~members~~ which shall act as ["] Administrator of the ~~Users~~ Oil Docks 3, 4, 7 and

DRAFT

Agreement of Association

10/28/85

Page 5

11, or any piers and docks covered under this Agreement. The appointed Administrator shall serve in that capacity for a period of two (2) years at the end of which time, the Administrator position may rotate to another User, as shall be agreed by the majority of the Users. The incumbent administrator may continue past its tenure only with the ^{majority} unanimous agreement of the other Users.

ADMINISTRATOR'S DUTIES AND FUNCTION

The Administrator shall be responsible, ^{with} ~~in~~ agreement ^{all} ~~with~~ the Users members, to purchase, contract, service and maintain the items and services included in this agreement and shall render to the Users at six (6) month ^{intervals} accounting of purchases, expenses, and each ~~user~~ ^{user's} member's credit/debit balance. All materials ~~items~~ purchased by the administrator shall be the property of Users in undivided equal shares.

MEMBERSHIP

Membership in the Common Users Association for use of Oil Docks No. 3, 4, 7 and 11 shall be compulsory for all general and substantial users of said oil docks. Occasional or casual users of oil docks 3, 4, 7 and 11 may be full members of the Common Users Association or, upon agreement ^{with} the Common Users Association, may pay a spot use fee to the Common Users Association, with such spot payments being credited to the Common Users Association current expense account.

* What constitutes a general or substantial user?
** What are these?

DRAFT

Agreement of Association

10/28/85

Page 6

CASUAL/INFREQUENT USERS

It is the stated intent of the Port of Corpus Christi Authority that membership in this Common Users Association be comprised of the ^{general} ~~general~~ and substantial ~~approved~~ ^{approved} users of oil docks 3, 4, 7 and 11, ~~and that~~ such Users must be familiar, on a day-to-day basis, with the regulatory, safety and operating requirements of bulk loading/unloading of petroleum and chemical products (by the casual [?] and spot Users) of oil docks 3, 4, 7 and 11. The Association may determine and charge such casual and spot Users, with the approval of the Port of Corpus Christi Authority, a reasonable daily rate for such common ~~use~~ equipment and services, in lieu of ~~said~~ ^{delete} (casual and spot) ^{Common} Users Association membership and participation. Such fees collected by the Association Administrator shall be credited to the Association common operating expenses for the operating period when the fees were collected.

NEW MEMBERS

On ^{general and substantial} ~~advice~~ ^{by the Port of Corpus Christi Authority} that a new and additional User has been granted access to use oil docks 3, 4, 7 and 11, the Association ^{mandatory} ~~shall~~ admit such ~~new~~ ^{new} additional User to membership in the Association upon the new member's payment to the Association of its (new member's) fair/equal share of the materials/equipment in use by Association on oil docks 3, 4, 7 and 11 at prices and costs existing on the date of the new member's joining the Association. Such payment shall be credited as a payment to existing Association members' accounts in equal shares. From the date the new member joins

DRAFT

Agreement of Association

10/28/85

Page 7

the Association, ^{the new member shall share the Association expenses with the other member Users.} the Association expenses shall be shared by all User members ~~equally~~ ^{according to the provisions specified in section 1.}

FINANCING, ACCOUNTING AND ADMINISTRATOR'S SERVICE FEE

^{With input from common users}
In agreement with other members of this Association, the administrator shall develop a list of materials/equipment to be purchased and services/equipment to be contracted for in order to meet the purpose/objective of this Association.

The cost of these materials/equipment and services ^(contracts) (cost) for ^{each} the first six months the Association is in existence shall be estimated and agreed upon by ^{the Association members} the Association members. To this estimated amount shall be added an ^{administrative fee} administrator's fee which shall be set at the agreed rate of _____ percent of the total (cost) amount, obligated for any six month period, but shall not be less than \$_____ per six month administrative period.

Each member of the Association shall pay its share of the ~~estimated~~ ^{total} ~~estimated~~ ^{total} estimated six-month's ^{Cost} cost plus its share of the above described ~~Association~~ ^{Administrative} fee to the ~~Administrator~~ ^{Administrator} in advance of the next six month operating period.

The Administrator will reconcile all accounts for each six month period and shall apply debits/credits to payments due (as applicable) from Association members for the subsequent six-month period.

DRAFT

Agreement of Association

10/28/85

Page 8

to be paid by association as independent users of the docks
Fees for pier/dock services, effective _____, 1985:

Ships \$

Barges (discharged or loaded), single or tow,

to 30,001 bbls. \$

30,001 to 40,001 bbls. \$

In excess of 40,001 bbls. \$

Billing for services will be for each quarter of the year and become effective on January 1, 1986. The fees will be based on the vessels loaded or discharged as shown by the Nueces County Navigation District No. 1 records.

LIABILITY OF MEMBERS

How about Non members?
It is the stated intent of the Association ^{*for the Association*} to provide common regulatory, safety and operating services as agreed upon by the Association members, which are required ~~for~~ ^{by} the members' use of oil docks 3, 4, 7 and 11 for loading/unloading petroleum/chemical bulk liquid cargo from tankers and/or barges. Users, on taking over use of oil docks 3, 4, 7 and 11 for such approved operations, shall inspect and accept ~~provide~~ such equipment and services as necessary to meet all applicable regulatory/safety and operating requirements for users' unloading and loading operations. Acceptance and use of this equipment and the dock or docks by (an) Association members to meet its particular operating responsibilities shall be predicated on the basis of the acceptance of liability for and full responsibility by the authorized User. Member Users understand and agree that no liability, expressed or implied,

rest^{or} shall rest with the Association ^{or the Association} by virtue of a member's use of the common facilities and services provided hereunder.

INDEMNITY

The Administrator shall indemnify and save the Users, presently Koch, ^{mine - at it} Coastal, ^{Sun} Hess, and/or PPG harmless from any losses, costs, expenses, damages, judgments or other liability arising from or out of the negligence of the Administrator, its contractor^{or} their respective agents, servants, or employees, in the performance of its obligations hereunder, which result in the death or injury to any person or damage to the property of any person, firm or corporation, including the employees of Hess, Koch, ^{Sun} Coastal, and PPG, and their contractors.

All Users, including but not limited to Hess, Koch, ^{Coastal} Sun and PPG shall indemnify and save the Administrator harmless from any losses, costs, expenses, damages, judgments or other liability arising from or out of the negligence of Hess, Coastal, ^{Koch} Sun, or PPG, ~~or~~ their contractors, or their respective agents, servants or employees, in the performance of their obligations hereunder, which result in the death or injury ^{to} of any person or damage to the property of any person, firm or corporation, including the employees of Coastal, ^{Sun} Hess, Koch, or PPG, and their contractors.

FORCE MAJEURE

No liability shall result to any (User-party) to this agreement as a result of delay in performance or non-performance with the exception ² of the payment of money, because of acts of God, fire, storm, flood,

DRAFT
Agreement of Association
10/28/85
Page 10

war (whether or not affecting the United States of America), rebellion, insurrection, riot, explosions, or any other cause or causes, whether of the kind herein enumerated or otherwise, which is or are beyond the control of the party affected.

In the event of any User-party to this agreement being rendered unable, wholly or in part, by force majeure, as hereinabove defined, to carry out its obligations under this contract, other than to make payments when due hereunder, it is agreed that on such User's giving notice with reasonably full particulars of such force majeure, in writing or by teletype, to the other parties within a reasonable time, after the occurrence of the cause relied upon, then the obligations of the User giving such notice so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

TERM AND CANCELLATION

This agreement shall continue in effect for two years, beginning the first day of January, 1986 and ending midnight, December 31, 1987, then for year to year thereafter, provided, however, that any User-party to the Agreement may terminate its participation in this Agreement at the end of ^{30 day notice required} said two year period or at the end of [?] any yearly period thereafter by giving thirty (30) days prior written notice of termination to the other User-parties. Any charges incurred by the Administrator prior to termination by any User-party shall be chargeable against said User in accordance with Paragraph __ herein.

DRAFT

Agreement of Association

10/28/85

Page 11

In addition, said User may be informed of any maintenance, the need for which arose in whole or in part prior to or on the termination date and which is then being performed or will be performed in the ^{within six months} near future and the cost of said maintenance shall be chargeable in whole or in part against said User in accordance with Paragraph __. Said maintenance will be performed and a bill rendered said User within six months after the aforementioned termination date.

*What if they
sell it?* If, during the term of this agreement, any of the participating Users sell or transfer their ownership of facilities ^{the user} which in turn utilize any of the pier facilities covered by this agreement, then the selling or transferring User agrees to inform the purchaser or assignee of this Agreement. Further, User and said purchaser or assignor shall incorporate into any purchase or sales agreement or assignment that the purchaser or assignee will become a member of the Association and execute ^{what} and be bound by its terms and conditions. The purchaser or assignee must also pay a proportional share of the maintenance charges described in Paragraph __ as shall be determined through the negotiation of the Administrator and the purchaser/assignee. In the event the purchaser or assignee leaves the membership of the association within six (6) months of joining, then the remaining Users of the Association will not be required to purchase nor will the departing User be entitled to a buy out its interest in the Association.

?

DRAFT
Agreement of Association
10/28/85
Page 12

NOTICES

All notices, invoices, statements, bills and papers provided for in this agreement shall be in writing and shall be given by mail directed to the Post Office address of the parties hereto, as follows:

Champlin: Champlin Petroleum Company
P. O. Box 7
Fort Worth, Texas 76101-0007
Attention:

Hess:

Koch:

Coastal:

PPG:

50.03

or to such other address as each User shall, from time to time, designate ~~for the purpose~~ by registered or certified letter addressed to the other Users.

This agreement is executed in five (5) ²(duplicate) originals, each of which shall constitute an original, this the ____ day of _____, 1985, to be and become effective on the date first above shown.

→ Six members?

DRAFT

Agreement of Association

10/28/85

Page 13

NOTICE TO PORT OF CORPUS CHRISTI AUTHORITY

The Port of Corpus Christi Authority shall be provided with a signed ^{duplicate} copy of this Agreement of Association by its User-members, and notified by ^{an} Administrator appointed contact for the Association, address, telephone number, etc., as required to define communication channel with the Association.

CHAMPLIN PETROLEUM COMPANY

ATTEST:

By _____

Assistant Secretary

ATTEST:

By _____

Assistant Secretary

ATTEST:

By _____

Assistant Secretary

ATTEST:

By _____

Assistant Secretary

DRAFT
Agreement of Association
10/28/85
Page 14

ATTEST:

By _____

Assistant Secretary

THE STATE OF TEXAS)
)
COUNTY OF)

BEFORE ME, the undersigned authority, on this day personally appeared _____, of CHAMPLIN PETROLEUM COMPANY, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same is the act and deed of said corporation and that he executed the same as such for the purposes and consideration therein expressed and in the capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1985.

Notary Public in and for
_____ County, Texas

My Commission Expires:

DRAFT
Agreement of Association
10/28/85
Page 15

THE STATE OF TEXAS)
)
COUNTY OF)

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same is the act and deed of said corporation and that he executed the same as such for the purposes and consideration therein expressed and in the capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1985.

Notary Public in and for
_____ County, Texas

My Commission Expires:

THE STATE OF TEXAS)
)
COUNTY OF)

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same is the act and deed of said corporation and that he executed the same as such for the purposes and consideration therein expressed and in the capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1985.

Notary Public in and for
_____ County, Texas

My Commission Expires:

DRAFT
Agreement of Association
10/28/85
Page 16

THE STATE OF TEXAS)
)
COUNTY OF)

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same is the act and deed of said corporation and that he executed the same as such for the purposes and consideration therein expressed and in the capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1985.

Notary Public in and for
_____ County, Texas

My Commission Expires:

THE STATE OF TEXAS)
)
COUNTY OF)

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____, a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same is the act and deed of said corporation and that he executed the same as such for the purposes and consideration therein expressed and in the capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1985.

Notary Public in and for
_____ County, Texas

My Commission Expires:

DRAFT
Agreement of Association
10/28/85
Page 17

ACCEPTED AND AGREED BY

MEMBER
ADDRESS

TEL.
REP.

MEMBER
ADDRESS

TEL.
REP.

MEMBER
ADDRESS

TEL.
REP.

MEMBER
ADDRESS

TEL.
REP.

MEMBER
ADDRESS

TEL.
REP.

MEMBER
ADDRESS

TEL.
REP.

ARTICLES OF ASSOCIATION APPROVED

By Port of Corpus Christi Authority

DATE: _____