



HESS CORPORATION

General Terms and Conditions for the Sale and Purchase of Environmental Attributes

Version 1.0

June 2008

1. TRANACTING

- (a) **Single Agreement.** These general terms and conditions for the sale of Environmental Attributes (hereinafter, the "GTCs") and each transaction ("Transaction") subject hereto shall constitute a single integrated agreement between the parties thereto, and the parties acknowledge that they would not otherwise enter into any Transactions.
- (b) **Procedure.** Subject to these GTCs, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Environmental Attributes at the Contract Price ("Attribute Product").
- (c) **Transactions Binding.** A Transaction shall be binding upon the parties' oral agreement or their communication to each other that establishes one party's offer and the other party's acceptance thereof, whether made electronically or otherwise.
- (d) **Confirmations.** A written confirmation ("Confirmation") shall constitute a memorialization of a Transaction. A party, which may be the Seller, ("Confirmation Generating Party") will send the other party ("Confirmation Recipient") a Confirmation, which may be in the form attached hereto as Exhibit A. Upon receipt of such Confirmation, Confirmation Recipient shall promptly return to Confirmation Generating Party a written acceptance thereof, which may be a signed copy of the Confirmation. If the Confirmation Recipient has not accepted or rejected the Confirmation by the earlier of (i) the end of the tenth (10th) Business Day following the receipt thereof, or (ii) the earliest upcoming Transfer Date specified therein, it shall be deemed binding, absent manifest error. A failure to send a Confirmation shall not invalidate any Transaction agreed to by the parties.
- (e) **Priority.** In the event of any inconsistency between these GTCs and any Confirmation, the Confirmation will prevail for the purposes of such Transaction.

2. TRANSFER

- (a) **Transfer of Attribute Product.** Seller shall transfer the Attribute Product to Buyer by the Transfer Deadline via the Applicable Tracking System, such that all rights, title to and interest in the Attribute Product shall transfer from Seller to Buyer upon such Transfer and in accordance with the rules of the Applicable Tracking System, and Buyer will then

have the exclusive right to use the Attribute Product under the Applicable Standard (or under any other program for which there exists a market, registry or reporting for the Attribute Product), to the exclusion of all other persons.

- (b) **Firm Transfer Obligation.** If the Confirmation provides that the Attribute Product Transfer obligation is a Firm obligation, then Seller shall Transfer the Attribute Product by the Transfer Deadline. Unless otherwise agreed, the Transfer obligation shall be deemed to be Firm.
- (c) **Unit Contingent Transfer Obligation.** If the Attribute Product is specified in a Transaction as Unit Contingent, then Seller's obligations to Transfer the Attribute Product may be reduced to the extent that the Facility is not able to generate the Environmental Attributes in the Vintage or other agreed time period as specified in the Transaction.
- (d) **Project Contingent Transfer Obligation.** If the Attribute Product is specified in a Transaction as Project Contingent, then Seller's obligations to Transfer the Attribute Product may be reduced to the extent that the Facility is not able to generate the Environmental Attributes in the Vintage or other agreed time period as specified in the Transaction, due to a delay or failure in constructing or obtaining necessary approvals to construct or modify and operate the new or modified Facility, or due to other reason(s) as specified in the Transaction.
- (e) **Cooperation.** The parties shall cooperate fully to comply with any and all regulatory obligations relating to an Attribute Product Transfer request, and the recordation and completion of such Transfer, as required under the Applicable Standard.
- (f) **Warranties of Seller.** With respect to each Transaction, Seller represents and warrants to Buyer on each Date that Seller Transfers Attribute Product to Buyer: (i) Seller has good and marketable title to such Attribute Product; (ii) Seller has not sold the Attribute Product to any other person or entity; (iii) Seller has all right, title and interest in and to such Attribute Product and such Attribute Product is free and clear of any liens, taxes, claims, security interests or other encumbrances; (iv) the Attribute Product meets the specifications set forth in the Transaction and can be used for compliance with the Applicable Standard in the Reporting Year designated in the Transaction; (v) such Attribute Product complies with any Applicable Standard as of the Transfer Date; and (vi) the Attribute Product has not

been transferred to any other person or used to meet compliance requirements under the Applicable Standard or any other regulatory or voluntary renewable program or standard. All other warranties, express or implied are disclaimed.

3. FAILURE TO TRANSFER OR TO RECEIVE

- (a) **Remedies.** If a party ("Non-performing Party") fails to perform any obligation it has to Transfer (whether by electronic transfer or physical means) or to receive (including a failure to take steps necessary to accept Transfer or to take title) a Quantity of Attribute Product, and such failure is not otherwise excused by the terms of the Transaction, then the Non-performing Party shall pay an amount ("Non-performance Damages") equal to the product of (x) the deficiency in the Quantity of Attribute Transferred or received and (y) the Cover Amount (as defined below), if any, to the other party ("Performing Party") within five (5) Business Days of receipt of an invoice from the Performing Party.
- (b) **Not an Event of Default.** A failure to Transfer or to receive a Quantity of Attribute Product shall not constitute an Event of Default, provided that a subsequent failure to pay any Non-performance Damages shall be subject to Section 6(a)(iii).
- (c) **Force Majeure.** To the extent any party is prevented by Force Majeure from carrying out, in whole or part, its obligations under a Transaction and such party (the "Claiming Party") gives notice and details of the Force Majeure to the other party (the "Non-Claiming Party") as soon as practicable, then, unless otherwise specified in the Transaction, the Claiming Party shall be excused from the performance of its obligations under the Transaction for only so long as such Force Majeure continues to exist. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The Non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party that are excused by Force Majeure.

4. PAYMENT

- (a) **Payment Date.** Buyer shall pay the Contract Price within five (5) Business Days of the later of (x) the date Buyer receives written, facsimile or electronic notice from Seller to Buyer that Attribute Product has been Transferred, and (y) the date Buyer receives an invoice from Seller reflecting the total amount due to Seller for the Transferred Attribute Product.
- (b) **Late Payment.** Without limiting any other rights herein, all overdue payments shall bear interest from the Payment Date to the date of actual payment at a rate equal to the lesser of (x) two percent over the per annum rate of interest equal to the prime lending rate published under the heading "Money Rates" in the Wall Street Journal and (y) the maximum rate permitted by applicable law.
- (c) **Payment Method.** Payment shall be made by electronic funds transfer, or by other mutually agreeable method, in

immediately available funds, to the bank account name and account number as notified in writing to the party making payment by the party to whom payment is to be made.

- (d) **Disputes.** To the extent a party, in good faith, disputes any part of an invoice, such party shall pay the undisputed amount invoiced by the Payment Date. If any amount withheld under dispute is finally determined to have been due, such withheld amount shall be forwarded to the party to whom such amount is owed within five (5) Business Days of such determination, along with interest accrued at the rate specified in Section 4(c) for overdue payments from, and including, the Payment Date, but excluding the date paid.
- (e) **Payment Netting.** To efficiently discharge mutual payment obligations, if on any date any amounts would otherwise be payable in the same currency in respect of any Transactions by each party hereunder to the other party, then the parties agree that such amounts will be netted so that only the excess amount remaining due shall be paid by the party who owes it.
- (f) **Governmental Charges.** Seller shall pay or cause to be paid all taxes imposed by any government authority on or with respect to the Attribute Product Transferred under a Transaction ("Governmental Charges") arising prior to the point of Transfer. Buyer shall pay or cause to be paid all Governmental Charges at and from the point of Transfer (other than ad valorem, franchise or income taxes which are related to the sale of the Attribute Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges that are Buyer's responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller's responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from the sums due to Seller under Transaction(s) subject to these GTCs. Nothing shall obligate or cause a party to pay or be liable to pay any Governmental Charges for which it is exempt under the law.

5. CHANGE IN STANDARD

- (a) **Date of Compliance.** The parties may agree that unless an Applicable Standard is discontinued, (x) the Attribute Product must comply with the Applicable Standard as in effect as of the Trade Date and each Transfer Date ("Trade Date and Transfer Date-inclusive Compliance") or (y) that compliance with the Applicable Standard as in effect as of the Trade Date only is sufficient, without regard to changes to the Applicable Standard after the Trade Date and before the Transfer Date ("Trade Date-only Compliance"). To the extent a Confirmation specifies how changes in rules and regulations under an Applicable Standard shall impact a Transaction, the Confirmation specification shall be determinative. If the Date of Compliance is not explicitly specified, then Trade Date-only is deemed to apply to the Transaction.

(b) **Discontinuance of Applicable Standard.** Unless otherwise agreed, in the event the Applicable Standard to which the Attribute Product relates is discontinued, each Transaction which provides for the Transfer of such Attribute Product shall be terminated, without liability (except for payment due on any Attribute Product already Transferred) to either party thereto, to the extent the Transfer Date(s) for such Attribute Product is (are) on or after the effective date of such discontinuance.

6. TERMINATION

(a) **Liquidation.** Without limiting any other rights that may be available to the Non-defaulting Party (as hereinafter defined), in the event that a party hereto (the "Defaulting Party") (i) is the subject of a bankruptcy, insolvency or other similar proceeding, (ii) fails to pay its debts generally as they become due, (iii) fails to perform any payment obligation as may be required under these GTCs, if such failure is not cured within one (1) Business Day of notice of such failure, (iv) fails to provide an irrevocable standby letter of credit, as may be required under any Transaction, (v) makes a materially incorrect or misleading representation or warranty under these GTCs or any Transaction, or (vi) fails to provide adequate assurance of its ability to perform all of its outstanding obligations under each Transaction and under any other agreement between the parties within two (2) Business Days of demand therefor when the other party hereto (the "Non-defaulting Party") has reasonable grounds for insecurity (each of (i) through (vi) above, an "Event of Default"), the Non-defaulting Party shall have the right, upon prior notice to the Defaulting Party (except in the case of default specified in clause (i) above, in which case no notice is required), exercisable in its sole discretion and at any time, to liquidate all Transactions then outstanding between the parties (however the Non-defaulting Party is designated thereunder) by declaring all such Transactions terminated (whereupon they shall automatically be terminated, except for the payment obligation referred to below), calculating the difference, if any, between the price specified therein and the Market Price (as defined below) for the relevant Attribute Product (as determined by the Non-defaulting Party in a commercially reasonable manner at a time or times reasonably determined by the Non-defaulting Party) plus Costs (as defined below), and aggregating or netting such market damages to a single liquidated termination payment ("Termination Payment") that will be due and payable upon demand therefor.

(b) **Illegality.** A Transaction shall terminate automatically if any judicial, regulatory or legislative action or change renders performance of the material obligations contained in such Transaction illegal.

(c) **Set-off.** The Non-defaulting Party may, at its option, set-off the Termination Payment against any or all other amounts owing (whether or not matured, contingent, prospective or invoiced) between the parties hereunder or any other agreements, instruments or undertakings between them. This right of set-off is without prejudice and in addition to any right of set off, combination of accounts, lien, charge or

other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise). If an amount is unascertained, the Non-Defaulting Party may in good faith and using a commercially reasonable method estimate the amount to be set-off. If, following the payment of a net sum taking into account an estimate of an unascertained amount, the estimate proves to have been incorrect, the parties shall make any adjustment payment together with interest within two (2) Business Days of the actual amount being ascertained. Nothing in this set-off clause will be effective to create a charge or other security interest.

7. MISCELLANEOUS

(a) **Relationship Between the Parties.** On each Trade Date and each time performance is required pursuant to a Transaction, each party represents to the other party that (i) it is acting for its own account, and it has made its own independent decisions to enter into each Transaction, (ii) it has consulted with its own professional advisors to the extent it has deemed necessary, and it has made its own investment and risk management decisions based upon its own judgment and upon advice from such advisors, (iii) it understands that there is no assurance, guarantee or promise as to the expected or projected success, profitability, return, result, effect, consequence or benefit (either economic, legal, regulatory, tax, financial, accounting or otherwise) of entering into any Transaction, (iv) it has full authority to enter into and perform each Transaction, (v) no Event of Default has occurred and is continuing, and none will occur as a result of its entering into or performing any Transaction, (vi) it understands that these GTCs and each Transaction constitute a "forward contract" and a "master netting agreement" within the meaning of United States Bankruptcy Code and a "qualified financial contract" within the meaning of New York General Obligations Law, and (vii) it is not involved in any legal or regulatory proceeding, nor, to its knowledge, is one threatened, that is likely to materially and adversely affect its ability to perform its obligations hereunder.

(b) **Limitation of Liability.** Except as is expressly provided in these GTCs, neither Seller nor Buyer shall be liable for consequential, indirect or special losses or special damages of any kind arising out of or in any way connected with the performance of or failure to perform under any Transaction.

(c) **Recording.** The parties agree that each may electronically record all telephone conversations between them, with or without the use of a warning tone, and that any such recordings may be submitted, in accordance with the rules of evidence, to any court or in any proceeding for the purpose of establishing the formation or existence of any Transaction and the terms thereof.

(d) **Confidentiality.** Each party agrees to keep the terms of Transactions between them confidential, not to disclose such information to any third party without the prior written consent of the other party and to use reasonable care to maintain the confidentiality of such information, except that a party may disclose such information without prior written

consent to its agents, independent auditors and counsel who are bound by substantially similar confidentiality obligations, trading exchanges, governmental authorities (including courts), adjudicatory proceedings, pricing indices, and credit ratings agencies, as such information is requested or demanded; provided that a party that receives a demand for disclosure pursuant to court order, or other proceeding will first notify the other party, to the extent practicable, before making the disclosure.

- (e) **Record Retention.** The parties shall keep (or as necessary cause to be kept by their respective agents) for a period of time as may be needed to afford a clear history of all Transfers of Attribute Product hereunder. Unless otherwise agreed, Record Retention shall be deemed to be five (5) years. For matters in dispute, the parties shall keep the records related to such matters until the dispute has been resolved. This Section 7(e) shall survive the expiration or termination of Transactions.
- (f) **Notices.** Notices shall be effective upon receipt when sent in writing via express courier, personal delivery, or certified mail, postage prepaid and return receipt requested to the respective addresses as specified by the parties in writing at the time the parties agree to utilize these GTCs, as specified in the initial Confirmation provided under these GTCs or as subsequently notified in writing from time to time.
- (g) **Assignment.** No right or obligation hereunder may be assigned by either party without the prior written consent of the other party, which consent shall not be unduly withheld.
- (h) **Governing Law.** These GTCs and the rights and duties of the parties hereunder shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to any conflict of laws rules. Any judicial action, suit, or proceedings arising out of, resulting from, or in any way relating to, these GTCs shall be brought only in a state or federal court of competent jurisdiction located in the state, county and city of New York.
- (i) **Headings.** The headings in this document are for reference use only and are not to affect the construction of this document.
- (j) **No Waiver.** Any failure by either party at any time to enforce any of the provisions of these GTCs shall not be construed as a waiver of such provision or any other provisions hereof.
- (k) **Severability.** If any provision in these GTCs is determined to be invalid, void, voidable or unenforceable by any court of competent jurisdiction, such determination shall not invalidate, void, make voidable or make unenforceable any other provision.
- (l) **Entire Agreement.** The provisions of these GTCs shall constitute the entire agreement between the parties, superseding all prior oral or written understandings, and shall apply to all existing and future sales and purchases of Environmental Attributes, whether or not the same include or make reference to any general terms.

8. DEFINITIONS

As used in these GTCs, the following terms shall have the following meanings:

“Applicable Program” or “Applicable Standard” shall mean the renewable portfolio standard or other similar program as specified in a Transaction.

“Applicable Tracking System” shall have the meaning as specified in a Transaction.

“Attestation” is a certification used to evidence the transfer of Environmental Attributes, which may be used in the absence of certification via an Applicable Tracking System, whether due to the voluntary nature of the particular transactions involving the Environmental Attributes, due to the appropriate method of compliance with the Applicable Standard, or due to the particular agreement and arrangements by Seller and Buyer for Transfer of Environmental Attributes. The particulars and form of an Attestation may be separately agreed to in writing.

“Attribute Product” is defined in Section 1(b).

“Business Day” shall mean a day on which Federal Reserve member banks in New York City, New York are open for business, and a Business Day shall be deemed to start at 8:00 a.m. and end 5:00 p.m. Eastern Prevailing Time.

“Buyer” shall mean for any particular Transaction, the buyer of the Attribute Product.

“Confirmation”, as defined in Section 1(d), may be in the form attached hereto as Exhibit A.

“Contract Price” shall mean the amount (not to exceed the alternative compliance payment, if any, under the Applicable Standard) payable by Buyer to Seller for Attribute Product as agreed in the Transaction.

“Costs” means such reasonable costs incurred in obtaining any replacement Attribute Product or in reselling any Attribute Product, and, in the respect of the calculation of a Termination Payment, shall also include all reasonable costs, legal fees and expenses incurred by a Non-defaulting Party to collect amounts owed under a Transaction, including enforcement of any security taken to secure the payment or performance of obligations under a Transaction or collection of amounts from a guarantor or issuer of a letter of credit.

“Cover Amount” means, in respect of (x) a Seller who is a Non-performing Party, the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price, and (y) a Buyer who is a Non-performing Party, the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price.

“Date of Compliance” may be used to indicate the date as of which an Attribute Product must comply with the rules and regulations of an Applicable Standard that are in effect.

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours.

"Environmental Attributes" shall refer to all of the characteristics of Energy produced from Renewable Sources (other than the underlying Energy itself) which may be unbundled or separated from the Energy (but without any unbundling or separation of any of such characteristics from each other) for the purposes of enabling their sale such that title to the Energy and title to the Environmental Attributes may be held by different persons.

"Environmental Attribute Units" or "EAU" may be used in a Confirmation as a unit of measure for Environmental Attributes to express one unit of Environmental Attributes, or alternatively, the same may be expressed in MWh.

"Facility" shall mean an electric generation unit or other facility or installation that produces electric energy using a Renewable Source as specified in the Transaction.

"Firm" shall mean the Transfer Obligation described in Section 2(b).

"Force Majeure" means any acts of God, war, war-like condition, embargoes, riots, acts of terrorism, strike and other events that directly and materially impact a party's ability to perform its obligations under a Transaction, which event or circumstance was not reasonably anticipated as of the date the Transaction was entered into and is not within the reasonable control or the result of the acts or omissions of the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be overcome or avoided.

"Market Price" shall mean the market price determined based upon the average of prices quoted by three independent third party leading market dealers selected by the party making the determination ("Determining Party") or, if three (3) such dealers are not available, then two (2) such dealers, or if such dealers are not available, such other reasonable method determined by the Determining Party, provided that the maximum Market Price shall be the Alternative Compliance Payment ("ACP"), as then in effect, as defined under the Applicable Standard, in respect of the applicable Reporting Year.

"MWh" is an abbreviation of "megawatt hour" (a unit of Energy equal to the Energy of one million watts operating for one hour), which may be used to identify the Quantity of Environmental Attributes under a Transaction subject to these GTCs.

"Quantity", when expressed in megawatt hours (MWh), shall mean all of the Environmental Attributes (other than Energy) associated with (1) megawatt hour (MWh) of electricity that is derived from a Renewable Source.

"Renewable Source" as defined in the Transaction, shall refer to a facility or source of Energy generation which qualifies under the Applicable Standard as Energy with Environmental Attributes which may be used to comply

with the requirements of such Applicable Standard.

"Replacement Price" shall be determined in a commercially reasonable manner and means the price at which the Buyer, acting in a commercially reasonable manner, purchases any substitute or replacement Attribute Product for the Attribute Product not Transferred by Seller, plus Costs, or absent a purchase, the Alternative Compliance Payment or the Market Price for Attribute Product not Transferred, as determined by Buyer.

"Sales Price" shall be determined in a commercially reasonable manner and means the price at which Seller resells any Attribute Product not received by Buyer, less Costs, or absent a sale, the Market Price for Attribute Product not received by Buyer, as determined by Seller.

"Seller" shall mean for any particular Transaction, the seller of the Attribute Product.

"Trade Date and Transfer Date-inclusive Compliance" shall have the meaning given it Section 5(a), and to the extent included in a Transaction, any references to rules and regulations that have changed since the Trade Date and before the Transfer Date, shall be deemed, to the extent possible, conformed accordingly.

"Trade Date-only Compliance" shall have the meaning given it Section 5(a).

"Transaction Date" or "Trade Date" means the date a Transaction is agreed to by Buyer and Seller.

"Transfer" means (x) Seller's electronic transfer of Attribute Product to the Buyer's account via and in accordance with the rules of the Applicable Tracking System, (y) physical delivery by Seller to Buyer of a notice containing an Attestation in accordance with the terms of the Transaction, or (z) as otherwise agreed.

"Transfer Date" or "Delivery Date" shall mean the earlier of (x) the date that Attribute Product was actually transferred or (y) the Transfer Deadline

"Transfer Deadline" or "Delivery Deadline", unless otherwise agreed, means the earlier of (x) thirty (30) days prior to the last day Buyer may utilize Attribute Product to comply with the Applicable Program of the Reporting Year applicable to the Transaction, or (y) the last date and time that the Applicable Tracking System will accept transfer of Attribute Product for purposes of Buyer's compliance with the Applicable Program of the Reporting Year applicable to the Transaction.

"Transfer Obligation" or "Delivery Obligation" refers to the type of Transfer obligation described in Section 2(b), (c), (d), or as otherwise described in the applicable Transaction.

"Vintage" or "Reporting Year" shall mean the calendar year or other calendar period specified in the Transaction in which the Attribute Product is created or first valid for use under an Applicable Standard.

TRANSACTION CONFIRMATION

The Transaction confirmed by this Confirmation as described below is subject to the General Terms and Conditions for the Sale and Purchase of Environmental Attributes (Version 1.0, June 2008) ("GTCs"), a copy of which may be downloaded at <http://WWW.HESS.COM/STANDARD> or will be provided upon request. When sent by one party to the Transaction to the other party to the Transaction, the terms of this Confirmation shall be binding on both Seller and Buyer to the extent not disputed in writing by the earlier of (i) the end of the tenth (10th) Business Day following its receipt by the party to whom it was sent, or (ii) the earliest upcoming Transfer Date specified below.

BASIC COMMERCIAL TERMS:

Transaction Date: _____
Transaction Ref.#: _____
Seller: _____
Buyer: _____
Attribute Product: _____
Vintage(s): _____
Contract Price: \$_____ per Environmental Attribute (Total \$_____)
Quantity: _____
Reporting Year: _____: _____ through _____
Transfer Deadline: _____

PRODUCT SPECIFIC TERMS:

This Transaction incorporates the following additional terms [below] [in the Elective Module specified below, copy of which may be downloaded at the web address above or will be provided upon request]:

CONTACT DETAILS:

Upon receipt of this Confirmation, please ensure that the above details are correct and confirm the same in writing to [PARTY A] or advise in writing of any proposed modifications, within period of time specified at the top of this Confirmation or else the terms of this Confirmation shall be binding on both Seller and Buyer.

Accepted and Agreed:
Hess Corporation

Accepted and Agreed:
[_____]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____