

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is made and entered into as of this 5th day of March, 2018 (the Effective Date), by and between Delaware City Refining Company LLC (DCRC) and the Delaware Department of Natural Resources and Environmental Control (DNREC) (collectively the "Parties") to resolve certain matters associated with DCRC's operations at its petroleum refinery located in Delaware City, Delaware (the Refinery).

WHEREAS, DCRC owns and operates the Refinery;

WHEREAS, DCRC is currently subject to National Pollutant Discharge Elimination System (NPDES) Permits, Designated Nos. DE0050601 and DE0000256 (the Discharge Permits);

WHEREAS, DNREC has alleged outstanding violations and noncompliance by DCRC with the Discharge Permits, 7 *Del. C.* Chapter 60, and the regulations promulgated thereunder, as detailed in Attachment A hereto;

WHEREAS, in resolution of DNREC's claims for noncompliance described in Attachment A, DCRC has agreed to pay an administrative penalty and/or to implement a certain Environmental Improvement Project described in paragraph 3b;

WHEREAS, the Parties have agreed that settlement of the matters addressed by this Agreement is in the best interest of the Parties, and that entry of this Agreement is the most appropriate means of resolving the matters addressed herein.

NOW THEREFORE, without any admission of fact or law, it is hereby stipulated and agreed as follows:

I. APPLICATION AND SCOPE

1. The provisions of this Agreement shall apply to and be binding upon DNREC and DCRC, their officers, employees, agents, successors and assigns, and those of DCRC's parent corporations, for the term of this Agreement.

II. ADMINISTRATIVE PENALTY

2. For the outstanding violations and noncompliance alleged and claims asserted in Attachment A, DNREC hereby issues to DCRC an administrative penalty of One Hundred eighteen thousand dollars (\$118,000.00), and a claim for cost recovery in the amount of Seven thousand four hundred thirty-three dollars and nineteen cents (\$7,433.19).

3. Within sixty (60) days of the Effective Date of this Agreement, DCRC shall provide written notification to DNREC, in accordance with paragraph 18, of DCRC's election of one of the following options to satisfy DNREC's claims for administrative penalty and cost recovery identified in Paragraph 2, above:

a. Within one hundred and twenty (120) days of the Effective Date of this Agreement, DCRC shall submit to DNREC payment of an administrative penalty in the amount of One hundred eighteen thousand dollars (\$118,000); or

b. Within one hundred and twenty (120) days of the Effective Date of this Agreement, DCRC shall submit to DNREC payment of an administrative penalty in the amount of Thirty-thousand dollars (\$30,000), and in accordance with the schedule identified in this Paragraph 3(b) (below), spend at least Eighty-eight thousand dollars (\$88,000) to support an environmental improvement project consisting of shoreline stabilization activities at the Fort DuPont Complex (the "Environmental Improvement Project"). The Fort DuPont Complex is

located near Delaware City along the Delaware River. DNREC anticipates that the shoreline stabilization efforts will contribute to the environmental protection goals for development activities at the Fort DuPont Complex by mitigating the effects of erosion to the adjacent Delaware River shoreline. As of the Effective Date of this Agreement, the engineering for the Environmental Improvement Project has not yet been completed. DNREC shall provide DCRC with written notice when the engineering for the Environmental Improvement Project is complete. Within thirty (30) days of receiving such notice, pursuant to the terms of Paragraph 5, DCRC shall submit to DNREC payment of \$88,000 towards the implementation of the Environmental Improvement Project. DCRC's obligations with respect to the Environmental Improvement Project are fully satisfied upon payment of the \$88,000 payment in accordance with this paragraph, and DCRC shall bear no responsibility for the relative success of the Environmental Improvement Project at achieving the environmental objectives for the project.

4. DCRC shall submit to DNREC payment in the amount of, and in accordance with the applicable payment schedule for, the penalty option (either under Paragraph 3.a or Paragraph 3.b) identified by DCRC in its written notification to DNREC under Paragraph 3. Regardless of which payment option DCRC elects under Paragraph 3, DCRC shall make a separate payment of Seven thousand four hundred thirty-three dollars and nineteen cents (\$7,433.19) for DNREC's cost recovery within one hundred and twenty (120) days of the Effective Date of the Agreement.

5. The payment by DCRC to DNREC pursuant to Paragraph 4 of this Agreement shall be made to DNREC by corporate check, payable to the State of Delaware, and mailed to the following address:

Ralph K. Durstein III
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit - Third Floor
102 W. Water Street
Dover, Delaware 19904

6. In any public statement made by DCRC concerning the Environmental Improvement Project, DCRC shall include in a prominent manner a statement acknowledging that the Environmental Improvement Project has been undertaken in the context of an enforcement agreement with DNREC.

III. EFFECT OF SETTLEMENT

7. DCRC's full and final satisfaction of Paragraphs 4 and 5 of this Agreement shall resolve all civil and administrative liability of DCRC to DNREC for the alleged violations identified and claims asserted in Attachment A (collectively, the "Claims"), and for any alleged violations and claims which occurred before the Effective Date that are substantially similar in kind and character to the Claims, even if not specifically identified in Attachment A (collectively, the "Related Claims"), provided that, if DNREC obtains information, not known to DNREC before the Effective Date, that DCRC illegally withheld or falsely reported pertinent information or data, then this release as to the Related Claims shall be null and void and of no effect with respect to such illegally withheld or falsely reported information or data.

IV. FORCE MAJEURE

8. A force majeure "event" is any event beyond the reasonable control of DCRC or its contractors that delays the performance of any obligation under this Agreement despite all reasonable efforts by DCRC to fulfill the obligation. "Force majeure" does not include DCRC's

financial inability to perform any obligation under this Agreement, nor any event that DCRC should have reasonably anticipated, or could have reasonably avoided or mitigated through the exercise of reasonable diligence. If any force majeure event occurs that causes or may cause a delay or impediment to performance in complying with any provision of this Agreement, DCRC shall notify DNREC in writing as soon as practicable, but in any event within fourteen (14) business days of when DCRC first knew of the event or should have known of the event by the exercise of due diligence. In this notice, DCRC shall specifically reference this paragraph of this Agreement and describe the anticipated length of time of the delay, the cause(s) of the delay, and the measures taken or to be taken by DCRC to prevent or minimize the delay and the schedule by which those measures will be implemented.

9. Failure by DCRC to comply with the notice requirements of Paragraph 8 as specified above shall render this Section IV voidable by DNREC as to the specific event for which DCRC has failed to comply with such notice requirement, and, if voided, it shall be of no effect as to the particular event involved.

10. DNREC shall notify DCRC in writing regarding DCRC's claims of a delay or impediment to performance within fourteen (14) business days of DNREC's receipt of the Force Majeure notice required under Paragraph 8.

11. If DNREC agrees that the delay or impediment to performance has been or will be caused by a force majeure event, the Parties shall attempt to stipulate to an extension of the required deadline(s) for all obligations affected by the delay by a period equivalent to the delay actually caused by such circumstances, or such other period as may be appropriate in light of the circumstances. Such stipulation may be entered as a modification to this Agreement by mutual agreement of the Parties.

12. DCRC shall bear the burden of proving by a preponderance of evidence, that any delay of any obligation(s) of this Agreement was caused by or will be caused by a force majeure event, that the duration and extent of any delay(s) is attributable to such event, and that DCRC gave the notice required in Paragraph 8. An extension of one compliance date based on a particular event may, but does not necessarily, result in an extension of a subsequent compliance date or dates. This Section IV applies only to this Agreement, and does not apply to any other agreement or to any other legal requirement or standard, in a permit or otherwise.

13. Unanticipated or increased costs or expenses associated with the performance of DCRC's obligations under this Agreement shall not constitute circumstances beyond DCRC's control, or serve as a basis for an extension of time under this Section.

14. Notwithstanding any other provision of this Agreement, no inference shall be drawn nor presumptions adverse to any party established as a result of DCRC transmitting a notice of Force Majeure or the Parties' inability to reach agreement. DCRC reserves all rights to challenge any determination by DNREC denying a claim by DCRC of Force Majeure pursuant to this Section IV.

V. GENERAL PROVISIONS

15. This Agreement shall be governed by, and interpreted under, the laws of the State of Delaware.

16. Other Laws. Nothing in this Agreement shall relieve DCRC of its obligation to comply with all applicable federal, state, and local laws and regulations. Other than as expressly provided for in Section III, nothing contained in this Agreement shall be construed to prevent, alter, or limit the DNREC's ability to seek or obtain other remedies or sanctions available under

federal, state, or local statutes or regulations, in response to any violation by DCRC of applicable statutes and regulations.

17. Third Parties.

a. This Agreement does not limit or affect the rights of DCRC or DNREC against any person or entity not party to this Agreement.

b. This Agreement shall not be considered to create rights in, or grant any cause of action to, any third party not a party to this Agreement, nor does it limit the rights of any person or entity not party to this Agreement against DCRC, except as otherwise provided by law.

18. Notice. Notifications to or communications with DNREC or DCRC shall be deemed submitted on the date they are postmarked and sent by certified or registered mail, return receipt requested, or on the date of actual receipt by any means, whichever is earlier. Written notification or communication concerning this Agreement shall be addressed as follows:

As to DCRC:

John Deemer
Manager, Health, Safety and Environment
Delaware City Refining Company LLC
4550 Wrangle Hill Road
Delaware City, DE 19706

and

Arthur G. Warden III, Esquire
Senior Counsel
PBF Energy
1 Sylvan Way, Second Floor
Parsippany, NJ 07054

As to DNREC:

Bryan Ashby
Program Manager II
Delaware Department of Natural Resources
and Environmental Control
89 Kings Highway
Dover, DE 19901

and

Ralph K. Durstein III
Deputy Attorney General
Delaware Office of the Attorney General
Environmental Unit – Third Floor
102 W. Water Street
Dover, DE 19904

19. Either party may change either its notice recipient or notice address by serving the other party with a notice setting forth such new notice recipient or address.

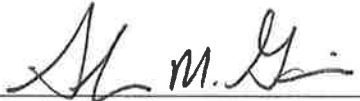
20. This Agreement shall be binding upon the Parties to this action, and their successors and assigns. The undersigned representative of each Party to this Agreement is authorized by the Party whom he or she represents to enter into the terms of this Agreement and bind that Party to them.

21. Modification. This Agreement may be modified only by the written consent of DNREC and DCRC.

22. This Agreement is entered into notwithstanding any other agreement between the Parties and constitutes the entire agreement and settlement between the Parties. This Agreement supersedes any prior provisions or agreements, to the extent there is an irreconcilable conflict.


23. To the extent of any irreconcilable conflict between this Agreement and the requirements of federal and state law, the latter controls.

FOR THE STATE OF DELAWARE

By: 
Shawn M Garvin, Secretary
Department of Natural Resources
and Environmental Control

Date: 3/1/18

FOR DELAWARE CITY REFINING COMPANY LLC

By: 
Jeffery Coleman
Refinery Manager
Delaware City Refining Company LLC

Date: 2-21-2018

Attachment A

Affected Unit(s)	Date(s)	Description of Event	Permit Type
WWTP	1/18/15, 4/20/15, 6/23/15, 6/27/15, 7/18/16, 7/28/16, 9/30/16, 5/5/17, 7/14/17	Oily Water Sewer bypass of Treatment	NPDES
WWTP	6/27/15, 1/25/16, 1/31/16, 7/18/16, 7/28/16, 3/14/17, 5/5/17, 7/14/17, 1/12/18, 1/13/18	Release of hydrocarbon sheen at Outfall 001	NPDES
WWTP	12/10/14, 12/11/14, 12/12/14, 12/13/14, 12/16/14, 12/17/14, 12/18/14, 12/19/14	Oil and Grease exceeded permitted daily maximum concentration limit at Outfall 601	NPDES
WWTP	12/10/14, 12/11/14, 12/12/14, 12/13/14, 12/16/14, 12/17/14, 12/18/14, 12/19/14	Oil and Grease exceeded permitted daily maximum loading limit at Outfall 601	NPDES
WWTP	12/9/14, 12/10/14, 12/11/14, 12/12/14, 12/14/14, 12/16/15, 12/17/14, 12/18/14, 1/4/15, 1/7/15	Total Suspended Solids exceeded permitted daily maximum concentration limit at Outfall 601	NPDES
WWTP	12/9/14, 12/10/14, 12/11/14, 12/12/14, 12/14/14, 12/16/15, 12/17/14, 12/18/14, 1/4/15, 3/5/15	Total Suspended Solids exceeded permitted daily maximum loading limit at Outfall 601	NPDES
WWTP	December 2014	Oil and Grease exceeded permitted average daily concentration limit at Outfall 601	NPDES
WWTP	December 2014	Oil and Grease exceeded permitted average daily loading limit at Outfall 601	NPDES
WWTP	December 2014	Total Suspended Solids exceeded permitted average daily concentration limit at Outfall 601	NPDES
WWTP	December 2014	Total Suspended Solids exceeded permitted average daily loading limit at Outfall 601	NPDES
WWTP	2/27/2015	Minimum number of samples for Sulfides not achieved in reporting week	NPDES
WWTP	December 2015	Total Suspended Solids exceeded permitted average daily concentration limit at Outfall 011	NPDES



