

SPECIAL CONTRACT TERMS AND CONDITIONS

CONTRACT SCOPE/OVERVIEW: This contract, 4600010011, will cover the bio-diesel fuel requirements for Department of Military and Veterans Affairs facility at Fort Indiantown Gap, Annville, PA.

ORDER OF PRECEDENCE: These Special Contract Terms and Conditions supplement the Standard Contract Terms and Conditions For Statewide Contracts for Supplies. To the extent that these Special Contract Terms and Conditions conflict with the Standard Contract Terms and Conditions For Statewide Contracts for Supplies, these Special Contract Terms and Conditions shall prevail.

TERM OF CONTRACT: The Contract shall commence on the receipt of the awarded contract and expire on July 31, 2007

OPTION TO EXTEND: The Department of General Services reserves the right, upon notice to the Supplier, to extend the Contract or any part of the Contract for up to three (3) months upon the same terms and conditions. This will be utilized to prevent a lapse in Contract coverage and only for the time necessary, up to three (3) months, to enter into a new contract.

OPTION FOR SEPARATE COMPETITIVE BIDDING PROCEDURE: The Department of General Services reserves the right to purchase supplies covered under this Contract through a separate competitive bidding procedure, whenever the department deems it to be in the best interest of the Commonwealth. The right will generally be exercised only when a specific need for a large quantity of the supply exists or the price offered is significantly lower than the Contract price.

ADDRESS OF PURCHASE ORDER: Commonwealth agencies may issue purchase orders against this Contract for supplies required by the agencies (using agencies). Please state below where the Purchase Orders should be sent (name, address, city, state, zip code).

Contact person: _____

Telephone Number: _____

E-mail Address: _____

SPECIFICATIONS: The bio-diesel fuel shall be a blend by volume of 5% Biodiesel (B100) and 95% #2 Fuel Oil (Heating Oil), These fuels shall conform the attached Pennsylvania Commercial Item Description (PCID) 1107, entitled Bio-Diesel Fuel, B100, effective 12/7/05, and PCID 1101, entitled Fuel Oil, Heating #2, effective 5/26/04, respectively. The blend of fuels shall be accomplished by the injection blending method.

DELIVERIES. The Supplier must make delivery within five (5) calendar days after receipt of Field Purchase Order, or agency notification for delivery. In an emergency, fuel delivery must occur within 24 hours after agency notification for delivery, or as otherwise, agreed to in writing, by the using agency and the Supplier. Transportation terms are FOB destination for all deliveries.

DELIVERY DOCUMENTS. Computerized bills of lading, metered slips from terminal loadings, sealed compartments and/or metered delivery tickets are acceptable. Using Agency may require sealed

compartments. Present delivery documents to the receiving agency prior to unloading, if not metered, document signing will occur after unloading and verification of quantities received. The commonwealth will pay for gallons received - metered or otherwise; no adjustments are made for temperature, etc. For each Truck Transport ("T.T.") location, deliveries started with metered equipment, MUST continue for the entire contract period. When special winter blending is required, stamp or write "This fuel was blended" on the delivery document, or the agency will not accept delivery (November 1 thru March 15).

MINIMUM ORDER. Minimum Truck Transport (T.T.) Delivery is 4,000 gallons.

NOTE: The number of above ground, concrete vaulted, fuel storage tanks owned by Commonwealth agencies has increased dramatically. State agencies such as DCNR (Parks and Forestry), Public Welfare and the Game Commission have purchased above ground tanks and will continue this trend. Political subdivisions, authorities, and school districts are also purchasing above ground tanks in substantial numbers.

Tank sizes for gasoline are limited to a maximum of 2,000 gal; and diesel fuel or heating oil is limited to a maximum of 4,000 gal.

Product enters a vaulted tank through a 4" port equipped with a 2" grooved male adapter. The existing adapter and overfill protection equipment does not permit full infusion of a standard delivery nozzle into the tank.

Delivery vehicles are required to carry a cam-and-groove, or quick disconnect fitting adapter, (if not equipped with one), to insure the proper connection to the tank. It is not permissible to remove the overfill protection to gain access to the tank, nor permissible to deliver product through any other existing port on the tank.

This procedure is strictly enforced to insure the integrity of the overfill mechanism, and the tank system in general.

PRICE ADJUSTMENT. Prices under the Contract will change based upon this clause only. The basis for the change is the Oil Price Information Service (OPIS), PADD 1 Report. The applicable price will be taken from the Average Rack Price for HS N0.2 for the Harrisburg, PA location.

THE REPORT IS ISSUED EACH MONDAY. PRICE CHANGES BECOME EFFECTIVE THE FOLLOWING TUESDAY. If the report is not issued for some reason, then the last published price information will be used.

The total fuel price is thus calculated using the OPIS figure plus or minus the quoted price differential. A Change Notice to the contract is issued to incorporate the price change and changes all contract prices for deliveries on or after the effective date of the price change.

During unusual market conditions, the Department of General Services shall adjust prices on a daily basis. "Unusual market conditions" is defined as dramatic, extraordinary or unforeseen daily changes in heating oil market prices such that the market average changes from day to day by more than 10%. When unusual market conditions occur, the Department of General Services, shall issue change notices daily until such time that the Department of General Services has determined that the market has stabilized. The daily adjustment will use the same approach as above but with daily OPIS data.

RENEWAL: The Contract or any part of the Contract may be renewed for (4) additional one-year term(s) by the mutual agreement between the Commonwealth and the Supplier(s). If the Contract is renewed, the same terms and conditions shall apply.

INQUIRIES: Direct all questions concerning this contract to:

Jack Banks, Commodity Specialist
Bureau of Procurement
555 Walnut Street, Forum Place, 6th Floor
Harrisburg, PA 17101-1914
(717) 787-6586
E-mail: jbanks@state.pa.us



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA COMMERCIAL ITEM DESCRIPTION (PCID)

PCID NO. 1101
 Eff. 5/26/04

Fuel Oil, Heating #2
 (this item description supersedes PCID 1101 dated 8/15/03)

This Pennsylvania Commercial Item Description covers #2 fuel oil for use in fuel-oil burning equipment operated by state institutions. Product shall conform to the following requirements unless otherwise specified in the bid proposal or purchase order.

1. Requirements

1.1 Properties – The fuel oil shall be homogeneous mixture of hydrocarbons, essentially free from water and inorganic acetic or basic compounds and excessive amounts of particulate contaminants.

1.2 Characteristics – The chemical and physical characteristics shall be as specified in the following table:

Characteristic	ASTM Test Method	Min.	Max
Gravity API	D287, D1298, D4052	30	
Viscosity at 100°F CST	D445	2.0	3.6
Flash Point PMCC°F	D93, D56	130	
Pour Point °F	D97, D5949, D5950, D5985		10
Water and Sediment % by Volume	D1796, D2709		0.05
Distillation 90% Point	D86	540	640
Carbon Residue % (100% Bottom)	D524, D4630		0.35
Sulfur %(Max.) *	D129, D1266, D2622, D4294		0.5
Philadelphia (Effective April 1, 1978)			0.2
Allegheny (Based on BTU per hr.)			**

*The maximum sulfur contents shall not exceed Federal, State and/or local percentages in effect on date of bid proposal, or the percentage listed in the bid proposal whichever is lower for the institution in which the fuel is to be used.

**Reference Article XXI of Allegheny County Health Department Rules and Regulations.

1.3 The product covered by this specification must meet the Bureau of Air Quality Control, Department of Environmental Protection standards, Pennsylvania Code, Title 25.

1.4 Special Requirements - Air pollution control - These products must meet the Special Sulfur regulations in the following areas.

1.4.1 Allegheny County - Article XXI of the Allegheny County Health Department Rules and Regulations and all amendments thereto, Sections 2104.02.a.1.B, 2104.3 and 2105.06.

1.4.2 City of Philadelphia - Air Management Code, Title 3, Section 3-207 and all amendments thereto.

1.5 Certificate of Compliance - Bidders shall furnish with the complete bid, a notarized certificate signed by a responsible officer of the manufacturer, stating compliance with the requirements in Section 1. Bidders must also supply typical test data for all characteristics shown on Table I.

2. Bulk Deliveries - Deliveries shall be made in accordance with good commercial practice.

3. Documents

American Society for Testing and Materials (ASTM)
100 Bar Harbor Drive
West Conshohocken, Pennsylvania 19428-2959

Procurement Quality Specialist: Gerald Grecek

Division Manager: Paul Wolf

Procurement Quality Supervisor: Tom DiMartile



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA COMMERCIAL ITEM DESCRIPTION (PCID)

PCID NO. 1107
 Eff. 12/07/05

Biodiesel Fuel, B100

This Pennsylvania Commercial Item Description covers Biodiesel fuel for use as an additive for blending with industry standard #2 Heating Oil or Diesel fuel to provide a more environmentally preferable fuel product to be used in fuel oil burners or diesel combustion engines. The percentage blended shall be as specified in the request for proposals or invitation for bids.

1. Requirements

- 1.1 Properties – a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats. This specification is for pure (100%) biodiesel prior to blending, designated B100.
- 1.2 Characteristics – The chemical and physical characteristics shall be as specified in Table I:
- 1.3 Reference – ASTM specification D 6751 Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels.

Table I:

<u>Characteristic</u>	<u>ASTM Test Method</u>	<u>ASTM D-6751 Specification</u>
Viscosity at 40° C (mm ² /s)	D 445	1.9 – 6.0
Flash Point °C	D 93	130 min.
Sulfated Ash % mass	D 874	0.020 max
Water and Sediment % by Volume	D 2709	0.050 max
Distillation Temperature °C	D 1160	360 max
Carbon Residue % mass	D 4530	.050 max
Sulfur % mass (ppm) *	D 5453	.050 max (500)
Philadelphia (Effective April 1, 1978)		0.2
Allegheny (Based on BTU per hr.)		**
Cetane Number	D 613	47 min
Cloud Point °C	D 2500	Report ***
Copper Strip Corrosion	D 130	No. 3 max

Acid Number mg KOH/gm	D 664	.80 max
Free Glycerin % mass	D 6584	.020
Total Glycerin % mass	D 6584	.24
Phosphorus Content % mass	D 4951	.001 max

*The maximum sulfur contents shall not exceed Federal, State and/or local percentages in effect on date of bid proposal, or the percentage listed in the bid proposal whichever is lower for the institution in which the fuel is to be used.

**Reference Article XXI of Allegheny County Health Department Rules and Regulations.

***The cloud point of biodiesel is generally higher than petroleum based diesel fuel and should be taken into consideration when blending.

1.3 The product covered by this specification must meet the Bureau of Air Quality Control, Department of Environmental Protection standards, Pennsylvania Code, Title 25.

1.4 Special Requirements - Air pollution control - These products must meet the Special Sulfur regulations in the following areas.

1.4.1 Allegheny County - Article XXI of the Allegheny County Health Department Rules and Regulations and all amendments thereto, Sections 2104.02.a.1.B, 2104.3 and 2105.06.

1.4.2 City of Philadelphia - Air Management Code, Title 3, Section 3-207 and all amendments thereto.

1.5 Certificate of Compliance - Bidders shall furnish with the complete bid, a certificate signed by a responsible officer of the manufacturer, stating compliance with the requirements in Section 1. Bidders must also provide typical test data for all characteristics shown on Table I.

2. Bulk Deliveries - Deliveries shall be made in accordance with good commercial practice.

3. Documents

American Society for Testing and Materials (ASTM)
100 Bar Harbor Drive
West Conshohocken, Pennsylvania 19428-2959

Procurement Quality Specialist: George Landis

Division Director: Paul Wolf

Procurement Quality Supervisor: Tom DiMartile



All using Agencies of the Commonwealth, Political Subdivision,
Authorities, Private Colleges and Universities

REPRINT Page 1 / 1
Contract Number: 4600010011
Creation Date: 04/17/2006

Purchasing Agent:
 Name: Jack Banks
 Phone: 717-787-6586
 Fax: 717-783-6241
 E-mail: jbanks@state.pa.us
 Valid from/to: 04/01/2006 - 07/31/2007

Your vendor number with us: 127355
 Vendor Name/Address:
 NAUGHTON ENERGY CORPORATION
 PO Box 709
 POCONO PINES PA 18350-0709
 Vendor Fax Number: 570-646-8766

Please Deliver To:
 *** TBD AT TIME OF PURCHASE ORDER ***
 *** UNLESS SPECIFIED BELOW ***

Your Quotation: _____ Date: _____
 Collective No.: CN00018574
 Our Quotation: 6000102919

Payment Terms: NET 30

The Commonwealth of Pennsylvania, through the Department of General Services, accepts the submission of the Bidder/Contractor for the awarded item(s) at the price(s) set forth below in accordance with: 1) the RFQ submitted by the Bidder/Contractor, if any; 2) the documents attached to this Contract or incorporated by reference, if any, and 3) the contract terms and conditions stored on the website address at www.dgs.state.pa.us for this type of Contract as of the date of the RFQ, if any, or other solicitation for this Contract, all of which, as appropriate, are incorporated herein by reference. When the Bidder/Contractor receives an order from a Commonwealth agency, the order constitutes the Bidder/Contractor's authority to furnish the item(s) to the agency at the time(s) and place(s) specified in the order. RFQ, as used herein, means Request for Quotations, Invitation for Bids, Invitation to Qualify, or Request for Proposals, as appropriate.

Item	Description	Quantity	UOM	Price	Per Unit	TOTAL
00010	HEATING OIL, BIO DIESEL FUEL, B5					
	298814	0	gal US	217.36 /100	gal US	0.00
Item text						
Type of Delivery: Truck Transport						
Number of Tanks: six (6), both underground and above ground						
Tank Sizes in Gallons: 10,000 (1), 8,000 (2), 6,000 (1), and 5,000 (2)						
Location: Fort Indiantown Gap, Annville, PA						
Valid from 04/11/2006 to 04/16/2006						
	Gross Price			1.30	USD 10 GAL	
Valid from 04/17/2006 to 12/31/9999						
	Gross Price			204.36	USD 100 GAL	
	Surcharge/Quantity			0.13	USD 1 GAL	
-----SUPPLEMENTAL INFORMATION-----						
Header text						
POC: Lynne Emile, (570) 646-0422						
lynne@naughtonenergy.com						
NO FURTHER INFORMATION FOR THIS CONTRACT						

Currency: USD
999,999.00
 ESTIMATED VALUE