

琉球大学学術リポジトリ

沖縄関係 米国資産の処理（未完成プロジェクト、 福地ダム他）（IX）

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Record of Discussions

外務省電信案(分類)

機密表示(極秘・秘の朱印)

符号表示 暗 路 平 総第 04 193 号 (※印記内は電信課記入)

※ 第 285 号 昭和年月日時 分光 46.10.4 20.18

大至急・至急 普通・LTF 発電係 ⑤

代十林 111111

大臣 政務次官 事務次官 外務審議官 外務審議官 官房長

主官 アメリカ局長 参事官 北米オーバー課長

主管局課(室)名 米北1

起案 昭和46年10月2日

起案者 森平 電話番号 2466

協議先 条約課長

在沖縄高級 大使 臨時代理大使 木村 临時代理

総領事 代理 あて 斗勢、大臣発

大使 臨時代理大使 あて

総領事 代理 あて

件名 未完成プロジェクト

福地ダム及びその関連プロジェクト並びに
41号線の工事が復帰時までに完成しない
場合の取扱いに關し、かねてより米側
と協議に及んだところ、去る9月19日、ルース
は米側関係者が上京し、日本側関係

553

GB-1

193-15
2

省庁(外務、大蔵、建設、対策)と協議
の結果はもとづき、(1)福地ダムに
關するは別毛申並(2)41号
線の建設及びその他のプロジェクト(育英
高等事業、福地ダム・プロジェクトと隣く)
は關するは別毛申のとおり
(Record of Discussion)
案を(既成したので)関係各省庁と協
議(了)下記議事に留意上
議(了)上記(2)案を至急米側に
提示の上(了)あ(了)、結果至急
(2)毛申シル。

GB-3

外務省

1. 別電 1. に附

第(1) 才3項の各プロジェクトは復帰後は中絶は引渡された予定であり、その完成によっては同様が必ず反措をとることとなる。It is anticipated, この点は異議とすべき措置につき日本政府が國交事務に付託された際と同様に次第に左の立場に立つること、V2の点米例は然るべき説明しあふ水たい。

第(2) 才5項の通常にては会計監査報告的なものを考慮すべき左の如きが福地ダム等は資産引き継ぎの対象とされていものとあり、それについて右の如き報告を出すのは当と之左のとて、早に完成し左旨を通知するとして

(とどけるべきとしたい)

左旨を考慮して、右旨のため。

2. 別窓2.1.2

(1) 41号紙の建設については、件線
閣議計画のプライオリティー計画と
して考えられたことなるが、右閣
議計画が未だ閣議決定されて
いない。右の趣旨を明示でき
(第2回会合)
て、日本政府による完成の
形とし、
意圖を ~~は~~ 本件表現により日本政府による完
(2回目)
成の旨針にはがかりないことを
米側に説明し去る所である。下

(2) 返還協定交渉の過程 - RP
の返還につき米側に申し入れて
きだが、米側は ~~RP~~ ^{同アド} は Book
keeping 上のバランスは記録され
はりすが、Fund 3つは General
(同) 外務省

G

外務省

Fund に吸収されてしまふ。米国の会
計法規上不可能であると回答し、
この点を分けて追尋すれば

協定署名後も、右[。]善人[。]を再三
~~ハイ~~ 未だパンデイグ[。]にてて、
要~~精~~越~~左~~が、~~あ~~の~~曲~~技~~を~~見
出~~して~~す。今~~日本~~の~~方~~も~~そ~~う。

当方としては別電2.の提案

3月3日にあたって 41号線建設未
完成の際 ~~荷物~~ ^{荷车} 2つ3 fundの中

② General Fund 一部 ~~の~~ 予算
(かんそくの) 予算
RPC の 予算

~~13~~ ~~14~~ ~~15~~ ~~16~~ ~~17~~ ~~18~~ ~~19~~ ~~20~~ ~~21~~ ~~22~~ ~~23~~ ~~24~~ ~~25~~ ~~26~~ ~~27~~ ~~28~~ ~~29~~ ~~30~~ ~~31~~ ~~32~~ ~~33~~ ~~34~~ ~~35~~ ~~36~~ ~~37~~ ~~38~~ ~~39~~ ~~40~~ ~~41~~ ~~42~~ ~~43~~ ~~44~~ ~~45~~ ~~46~~ ~~47~~ ~~48~~ ~~49~~ ~~50~~ ~~51~~ ~~52~~ ~~53~~ ~~54~~ ~~55~~ ~~56~~ ~~57~~ ~~58~~ ~~59~~ ~~60~~ ~~61~~ ~~62~~ ~~63~~ ~~64~~ ~~65~~ ~~66~~ ~~67~~ ~~68~~ ~~69~~ ~~70~~ ~~71~~ ~~72~~ ~~73~~ ~~74~~ ~~75~~ ~~76~~ ~~77~~ ~~78~~ ~~79~~ ~~80~~ ~~81~~ ~~82~~ ~~83~~ ~~84~~ ~~85~~ ~~86~~ ~~87~~ ~~88~~ ~~89~~ ~~90~~ ~~91~~ ~~92~~ ~~93~~ ~~94~~ ~~95~~ ~~96~~ ~~97~~ ~~98~~ ~~99~~ ~~100~~ ~~101~~ ~~102~~ ~~103~~ ~~104~~ ~~105~~ ~~106~~ ~~107~~ ~~108~~ ~~109~~ ~~110~~ ~~111~~ ~~112~~ ~~113~~ ~~114~~ ~~115~~ ~~116~~ ~~117~~ ~~118~~ ~~119~~ ~~120~~ ~~121~~ ~~122~~ ~~123~~ ~~124~~ ~~125~~ ~~126~~ ~~127~~ ~~128~~ ~~129~~ ~~130~~ ~~131~~ ~~132~~ ~~133~~ ~~134~~ ~~135~~ ~~136~~ ~~137~~ ~~138~~ ~~139~~ ~~140~~ ~~141~~ ~~142~~ ~~143~~ ~~144~~ ~~145~~ ~~146~~ ~~147~~ ~~148~~ 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仮置問題も解決された \checkmark 。

$z \rightarrow t_1 \rightarrow t_2 \rightarrow t_{\text{control}}$

→→→ 本件、前記已態様による
外務省

61

123

(問題の解決につづき)
RPC. ~~日本~~ 本側の意(つづ)

添付上結果を各回書り次第。

(3)

GB-3

外務省

(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to record as follows:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer to the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.
2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.

3. Taira/Fukuchi P/S Modification Project and Maeda Tank
- Project will be treated by the U.S. side, in the same manner as mentioned in paragraph 1 above, and it is anticipated that necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction.
4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.
5. In case of completion of Fukuchi Dam and related projects mentioned above after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.

(3)

3.

190-2

194-3

外務省電信案(分類)

段密表示(私密・密の朱印)	着写表示 暗(暗) 第 287 号	取扱 平 総第 04 195 号 4 20. 月 分 起案 46 年 10 月 2 日 通案者 24966
大臣 政務次官 事務次官 外務審議官 外務審議官 局長	主管 アメリカ公使 参事官 北支那 Y Y Y Y Y	主管局番(室)名 米北1 起案 46 年 10 月 2 日 通案者 24966
協議先 条約課長 10/6/22 在 大使 総領事 在 大使 総領事 件名 未完成 2007 2 GB		
臨時代理大使 あて 木村 外務 大臣 代 理 臨時代理大使 あて 代 理 未完成 2007 2 GB		

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(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America hold consultations at the meeting of the Preparatory Commission of _____, 1971 concerning certain projects in Okinawa which are financed by the United States Government and have agreed to record as follows:

1. In the event that the construction works of Highway 41 and other projects financed by the General Fund (other than Ryukyuan Scholarships and Fukuchi Dam Project) would not be completed and the funds appropriated for these projects would remain undisbursed by the time of reversion, the United States Government will, before reversion, transfer to the Government of the Ryukyu Islands such undisbursed portions of the funds as fund to be earmarked for the construction of Highway 41.

2. The Government of Japan intends to ~~take up~~ ^{complete} Highway 41 Project, a priority project within "the Okinawa Development Comprehensive Plan under Preparation (and necessary steps, including Sasebo, will be taken for carrying out the above mentioned project)

5. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.

(3)



(Draft)

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1971.9.28.

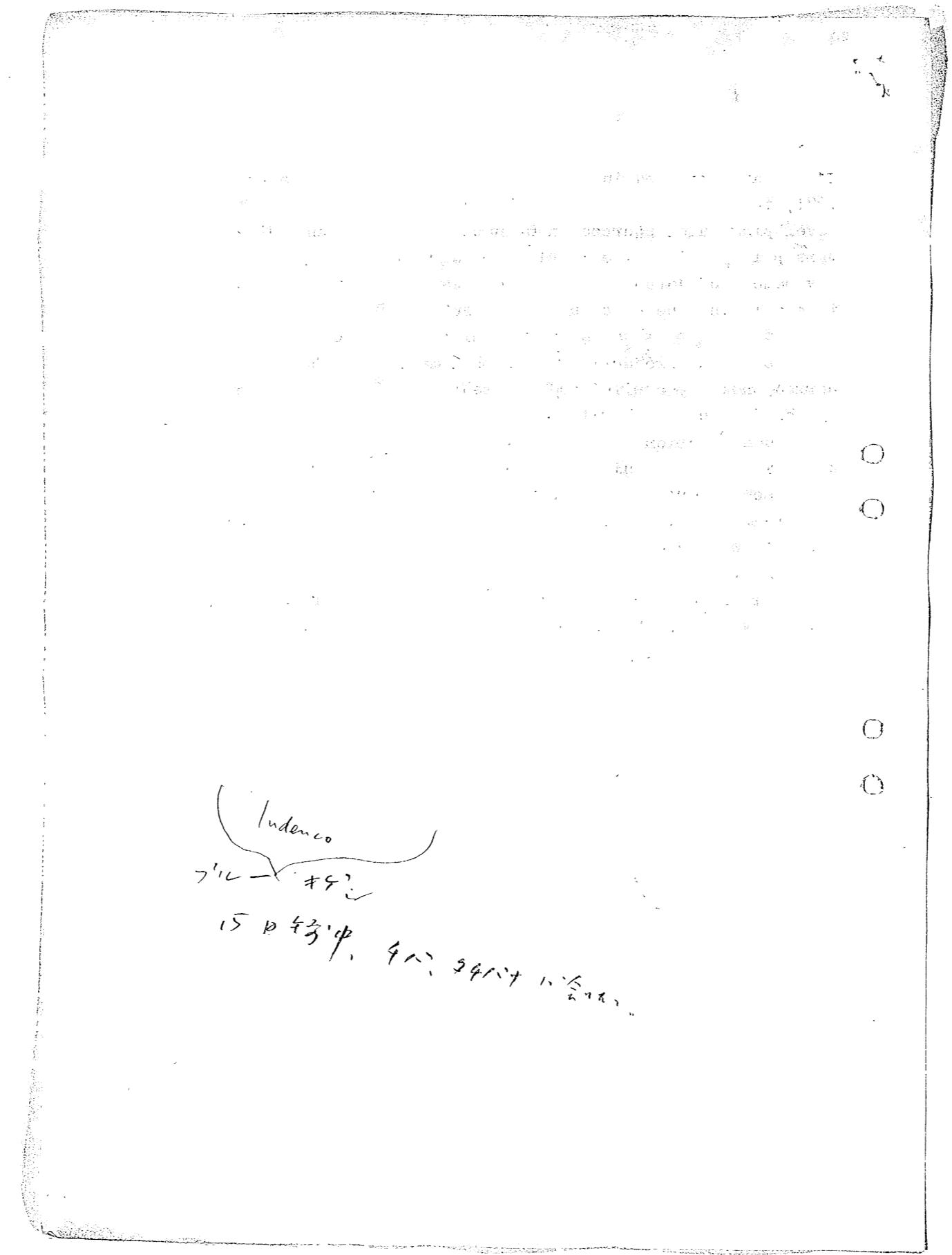
CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to record as follows:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer^{to} the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.

2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph ¹ above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.
3. With respect to Taira/Fukuchi P/S Modification Project and Maeda Tank Project, paragraph ¹ mentioned above will be correspondingly applied and necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction. *in the same manner as mentioned in*
4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.
5. In case of completion of Fukuchi Dam and related projects after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.



秘
無期限

(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning certain projects in Okinawa which are financed by the United States Government and have agreed to record as follows:

I. Re. Fukuchi Dam:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, grant the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.

2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.

46.9.27

- 2 -

3. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.

4. In case of completion of Fukuchi Dam after reversion, the Government of Japan will notify the United States Government of the completion. (The Government of Japan will, upon request, provide the United States Government with a copy of the Japanese auditor report concerning that part of the construction which will be carried out after reversion.)

5. For the purposes of this Record, "Fukuchi Dam" is understood to include "Taira/Fukuchi P/S Modification Project" and "Maeda Tank Project".

II. Re. Other projects:

1. In the event that ^{the} construction works of Highway 41 and other projects financed by the General Fund (other than Ryukyu Scholarships and Fukuchi Dam Project) would not be completed and the funds appropriated for these projects would remain undisbursed by the time of reversion, the United States Government will, before reversion, grant the Government of the Ryukyu Islands such undisbursed portions of the funds as fund to be earmarked for the construction

of Highway 41.

2. The Government of Japan intends to take up Highway 41 Project (and sewer system projects now financed by the General Fund) as priority project(s) within "the Okinawa Development Program" now under preparation (and necessary steps, including financial steps, will be taken for carrying out the above-mentioned projects.)

3. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.

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1971.9.28

(Draft)

CONFIDENTIAL

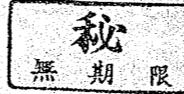
Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning certain projects in Okinawa which are financed by the United States Government and have agreed to record as follows:

1. In the event that the construction works of Highway 41 and other projects financed by the General Fund (other than Ryukyu Scholarships and Fukuchi Dam Project) would not be completed and the funds appropriated for these projects would remain undisbursed by the time of reversion, the United States Government will, before reversion, transfer the Government of the Ryukyu Islands such undisbursed portions of the funds as fund to be earmarked for the construction of Highway 41.

2. The Government of Japan intends to take up Highway 41 Project as priority project within "the Okinawa Development Program" now under preparation (and necessary steps, including financial steps, will be taken for carrying out the above-mentioned project(s).)

3. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.



1971.9.28

(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning certain projects in Okinawa which are financed by the United States Government and have agreed to record as follows:

1. In the event that the construction works of Highway 41 and other projects financed by the General Fund (other than Ryukyuan Scholarships and Fukuchi Dam Project) would not be completed and the funds appropriated for these projects would remain undisbursed by the time of reversion, the United States Government will, before reversion, transfer ^{to} the Government of the Ryukyu Islands such undisbursed portions of the funds as fund to be earmarked for the construction of Highway 41.

2. The Government of Japan intends to ~~take up~~ ^{complete} Highway 41 Project, as priority project within "the Okinawa Development Program" now under preparation (and necessary steps, including financial steps, will be taken for carrying out the above-mentioned project.)

Highway 41 Project to be completed by 1972.

The G.O.J. intends to complete Highway 41 project.

3. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.

43-2 (28)

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期 限

1971.9.28.

(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to record as follows:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer to the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.
2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, necessary steps will be taken by the Japanese authorities concerned with a view to completing the construction of Fukuchi Dam.

3. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works will, where necessary, be arranged for between the Japanese and United States authorities concerned.

4. In case of completion of Fukuchi Dam after reversion, the Government of Japan will notify the United States Government of the completion.

5. Taira/Fukuchi P/S Modification Project and Maeda Tank Project will be treated in the same manner as mentioned above, in case these projects will not be completed by the time of reversion.



(Draft)

1971.9.28.

~~CONFIDENTIAL~~

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer ^{to} the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.

2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.

8. Technical details necessary for taking over by the Japanese authorities of the unfinished construction work

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2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.
3. With respect to Taira/Fukuchi P/S Modification Project and Maeda Tank Project, Paragraph 1 mentioned above will be correspondingly applied and necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction.
4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.
5. In case of completion of Fukuchi Dam and related projects after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.

- will, where necessary, be arranged for between the Japanese and United States authorities concerned. *(and related projects)*
5. In case of completion of Fukuchi Dam *after reversion*, the Government of Japan *will be notify* the United States Government of the completion. *(The Government of Japan will, upon request, provide the United States Government with a copy of the Japanese auditor report concerning that part of the construction which will be carried out after reversion.)*
3. Taira/Fukuchi P/S Modification Project and Maeda Tank Project will be treated in the same manner as mentioned above, in case these projects will not be completed by the time of reversion.

14/3/1972
14/3/1972
14/3/1972

(Draft)

1971.10.1.

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to record as follows:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer to the Ryukyu Domestic Water Corporation the Undisbursed portion of the fund appropriated for the construction of the Dam.
2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.
3. With respect to Taira/Fukuchi P/S Modification Project and Maeda Tank Project, Paragraph I mentioned above will be correspondingly applied and necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction.
4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.
5. In case of completion of Fukuchi Dam and related projects after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.

2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.

3. With respect to Taira/Fukuchi P/S Modification Project and Maeda Tank Project, Paragraph I mentioned above will be correspondingly applied and necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction.

4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.

5. In case of completion of Fukuchi Dam and related projects after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.

第4次(第2回)

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1971.10

(Draft)

CONFIDENTIAL

Record of Discussions

The representatives of the Government of Japan and of the Government of the United States of America held consultations at the meeting of the Preparatory Commission of _____, 1971 concerning Fukuchi Dam Project and related projects and have agreed to record as follows:

1. The United States Government will make every effort to complete Fukuchi Dam before the reversion of Okinawa to Japan. Nevertheless, in the event it would be found that the construction of the Dam will not be completed by the time of reversion, the United States Government will, before reversion, transfer to the Ryukyu Domestic Water Corporation the undisbursed portion of the fund appropriated for the construction of the Dam.
2. As indicated in the Cabinet Decision of September 3, 1971, the Government of Japan has decided on a policy of developing water sources in Okinawa. In accordance with this policy and in the light of paragraph 1 above, the Government of Japan will take necessary steps with a view to completing the construction of Fukuchi Dam.

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194-2

3. Taira/Fukuchi P/S Modification Project and Maeda Tank Project will be treated by the U.S. side, in the same manner as mentioned in paragraph 1 above, and it is anticipated that necessary steps will be taken by the Japanese authorities concerned with a view to completing their construction.
4. Technical details necessary for taking over by the Japanese authorities of the unfinished construction works mentioned in paragraphs 1 and 3 will, where necessary, be arranged for between the Japanese and United States authorities concerned.
5. In case of completion of Fukuchi Dam and related projects mentioned above after reversion, the United States Government will be notified of the completion by the Japanese authorities concerned.

(3)

194-3

注意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

大政電外儀官

務務 典房

次次

臣官官審査長

儀総人電厚計

書文会議給

調査長

参企析調

領移長

参領旅查移

電信写

総番号(TA) 51974
主 管
71年10月7日15時00分 沖縄 省
71年10月7日15時50分 本 省 発 着 te/

外務大臣 殿 (大使) 臨時代理大使 総領事 代理

未完成プロジェクト

第1042号 略 至急

貴電米北/第285号に関し

6日ムラズミ及びコバヤシ指導課長はクラーク渉外局長を往訪し、冒頭貴電別電の案文を提示して冒頭貴電の各項を説明したところ、クラークは部内で検討の上、回答すべしと述べた。(約1週間位要する見込の由)。なお、その際クラークは全般的には簡かつてよいドRAFTと考えるとしつつも同人限りの意見として次の諸点を指摘した。

1. 別電1. 第2項の WITH A VIEW TO COMPLETING というのは完成するのかしないのか不確定な表現であり、それを TO COMPLETE と出来ないか。

2. 第3項の IT IS ANTICIPATED THAT の表現は米側内部で問題となる可能性あり、削除出来ないか。(わが方より冒頭貴電1.(/)の趣旨及び本土における種々の事業実施の際の国とけんとの分担等について説明したが)。

ア 参地中東

東二北二

米 参北北保

中 参一二

南 参西東洋

欧 参西東二

長

近 参書近ア

ア 参書近ア

次 経國資

源

長 参貿統二

經 参政技一理

企二

案 参多協規

長 国 参政経科

企 参道内外

文 一二

外務省

注意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

電信写

3. 第5項の単に完成の通報だけではなく、先般の東京会議でも要望したとおり、AUDITOR REPORTの写をもらいたいのでこの旨を何等かの形で明記してもらいたい。(あるいはサイド・レターでNOTIFICATIONの中にはAUDITOR REPORTの写を含むとすることも一案)。

4. 別電2. 第1項末びの FOR THE CONSTRUCTION OF とあれば、土地収用代金に使用できなくなるので単に FOR HIGHWAY 4/とした方が日本側にとつて好都合ではないか。

5. 第2項についてはこれで結構と思う。

6. RPC FUNDについてはわが方説明の線にそつて解決方を検討致したい。

7. 別電1. 及び2. を通じ前回の東京会議の際米側が主張した免責条項が見当らないがこれはぜひ必要である。

8. 同じくESSOのクレームについても何等かの形式(サイド・レターでも可)で明記する必要ありと考える。

(了)

(字手交渉)

外務省

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

大政厚外儀官

務務典房

次次

臣官官密鑑長長

領領人電厚計

書文会當給

調

査企析調

長領移

參領旅查移

電 信 写

511

總番号(TA) 58498
71年11月10日19時55分 中絶 発
71年11月10日20時02分 本省着

主 管

外務大臣 殿 高瀬 大使 臨時代理大使 総領事 代理

未完成プロジェクト

第1150号 略

往電第1042号に關し

5日ムラズミ及びコバヤシ指導課長はアラモニ副民政官、クラーク涉外局長及びマンバード公益事業局長と本件に關し、大要次の通りの会談を行なつた。

（1）米側より、民政府側の AD REFERENDUM の案として別電（1）及び（2）の案を提示し、次の通り補足説明を行なつた。

（1）別電（1）第1項にシナダム関係の資金額を明記した。

（2）第2項及び第3項については WARTH A VI IN W TWO COMPLETING TO COMPLETE II に変更した。

（3）第5項後段は東京会談において日本側からこの趣旨の発言があつた。

（4）第6項（及び別電（1）第6項）の免責条項は米側としては必要と考えている。

ア 參地中東

長 東二

北 西二

米 參北北保

長 中南

参一二

欧 参西東洋

長 西東

近 参書近ア

長 経 次経國資

源 一源

長 參貿統

参政技一理

国企二

長 參協規

参政科

軍社專

参道内外

一二

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

電 信 写

（1）別電（1）第3項後段は、米民政府の承認に基づき、地一 方公共団体等が請負業者と契約を結んだ援助事業（例えは下水工事等）が復帰時に於いて未完成である場合を除くするものであるが、通常であれば、米民政府は承認した契約分の資金は、アラモニしておらず、ところが、今回の取扱によりこれがすべて、（1）号線の資金にまわされるのであるから、善意のミントラクターを保護する意味から、この条項は必要である。

（2）第3項の ESSO のドームは、RTEC が石油の輸出価格を上げた際に、ESSO から米民政府に対し、値上げの要求がある。これについて検討した結果、現行契約の下においては、ESSO の値上げ要求を認める根拠がないと判断し、これを拒否した。ESSO 側は、この點不満として、ARRESTED SERVICE BOARD OF CONTRACT APPEAL に抗訴する旨の審議が行なわれている。ESSO の抗訴が認められる可能性は極めて少ないとは思いますが、GENERAL FUND が閉め切られる以上、万が一に備えてかかる取扱いを止めが必要がある。

（3）次いでわが方の質問に答えて次の通り述べた。

（4）シナダムは、2200万ドルで完工できる見込

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検査班に連絡ありたい。

電 信 写

か) 完工できる見込みである。
(2) (請負業者によればダムサイトの位置変更は件数をグレードがある模様であるが) 契約は単価と所要見込数量から成りており、後者については工事が完了するまでは明確なところはわからない。また今にの程度の変更は COX TINGENCOY FUND で十分カバーされると思われる。なおこの程グレードの詳細はノミ日から当地に派遣される建設省の調査団に説明する。
(3) (ESSOクレームの総額はいくらか) 複雑でこれまでの石油はん流量によって異なるが7月10日を仮定して総額400万ドル程度である。なお同様のクレームに関する資料を他にもらさざることを条件として民政省から入手する予定。
(4)

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外 交 省

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検査班に連絡ありたい。
3. 5. 1

電 信 写

総番号(TA) 55571 / 主管
71年11月10日20時05分 中(編) 発
71年11月10日20時14分 本省 着
外務大臣 殿 信(署) 大使 臨時代理大使 総領事 代理

未完成プロジェクト

第1151号 平(種段)

往復第1150号 別属

RECORD OF DISCUSSIONS

THE REPRESENTATIVES OF THE GOVERNMENT OF JAPAN
AND OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA
HELD CONSULTATIONS AT THE MEETING OF THE PREPARATORY
COMMISSION OF -----, 1971 CONCERNING FIKUJI
DAM PROJECT AND RELATED PROJECTS AND HAVE
AGREED TO RECORD AS FOLLOWS:

1. THE UNITED STATES GOVERNMENT WILL MAKE EVERY
EFFORT TO COMPLETE FIKUJI DAM BEFORE THE REVERSION
OF OKINAWA TO JAPAN. NEVERTHELESS, IN THE EVENT IT IS

外 交 省

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

電 信 写

FOUND THAT THE CONSTRUCTION OF THE DAM WILL NOT BE COMPLETED BY THE TIME OF REVERSION, THE UNITED STATES GOVERNMENT WILL, BEFORE REVERSION, TRANSFER TO THE RYUKYU DOMESTIC WATER CORPORATION THE UNDISBURSED PORTION OF THE 12,012,000 DOLLARS PROVIDED FOR THE CONSTRUCTION OF THE DAM.

2. AS INDICATED IN THE CABINET DECISION OF SEPTEMBER 3, 1971, THE GOVERNMENT OF JAPAN HAS DECIDED ON A POLICY OF DEVELOPING WATER SOURCES IN OKINAWA. IN ACCORDANCE WITH THIS POLICY AND IN THE LIGHT OF PARAGRAPH 1 ABOVE, THE GOVERNMENT OF JAPAN WILL TAKE NECESSARY STEPS TO COMPLETE THE CONSTRUCTION OF FUKUJI DAM.

3. TAIRA/FUKUJI P/S MODIFICATION PROJECT AND TAEDA TANK PROJECT WILL BE TREATED BY THE U.S. SIDE IN A MANNER SIMILAR TO THAT MENTIONED IN PARAGRAPH 1 ABOVE, AND IT IS ANTICIPATED THAT NECESSARY STEPS WILL BE TAKEN BY THE JAPANESE AUTHORITIES CONCERNED TO COMPLETE THEIR CONSTRUCTION.

4. TECHNICAL DETAILS NECESSARY FOR TAKING OVER

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

電 信 写

BY THE JAPANESE AUTHORITIES OF THE UNFINISHED CONSTRUCTION WORKS MENTIONED IN PARAGRAPHS 1 AND 3 WILL, WHERE NECESSARY, BE ARRANGED FOR BETWEEN THE JAPANESE AND UNITED STATES AUTHORITIES CONCERNED.

5. IN CASE OF COMPLETION OF FUKUJI DAM AND RELATED PROJECTS MENTIONED ABOVE AFTER REVERSION, THE UNITED STATES GOVERNMENT WILL BE NOTIFIED OF THE COMPLETION BY THE JAPANESE AUTHORITIES CONCERNED. THE GOJ AGREES THAT SHOULD ANY UNUSED FUNDS REMAIN AT COMPLETION OF THESE PROJECTS, SUCH FUNDS WILL BE APPLIED TO WATER DEVELOPMENT PROJECTS ON OKINAWA.

6. THE JAPANESE GOVERNMENT FURTHER AGREES TO HOLD HARMLESS THE GOVERNMENT OF THE UNITED STATES FROM ANY AND ALL CHARGES OR CLAIMS WHICH MIGHT ARISE IN CONNECTION WITH PROJECTS WHICH ARE NOT COMPLETED BY REVERSION.

(1)

外務省

注意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検閲班に連絡ありたい。

大政事外儀官
務務 典房
次次
臣官官審審長長
儀總人電厚計
書文會當給

電信写

総番号(TA) 58503
71年11月10日20時18分 半纏 発
71年11月10日20時23分 本省 着 319

調査長
参企析調
領移長
参領旅査移

外務大臣 殿 高須(大使) 臨時代理大使 総領事 代理

未完成プロジェクト

ア 参地中東
長 東西
北 参北北保
中 南審
南 参西東洋
審 長 西東
参

RECORD OF DISCUSSIONS

THE REPRESENTATIVES OF THE GOVERNMENT OF JAPAN AND OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA HELD CONSULTATIONS AT THE MEETING OF THE PREPARATORY COMMISSION OF -----, 1971 CONCERNING CERTAIN PROJECTS IN OKINAWA WHICH ARE FINANCED BY THE UNITED STATES GOVERNMENT AND HAVE AGREED TO RECORD AS FOLLOWS:

1. IN THE EVENT THAT THE CONSTRUCTION WORKS OF HIGHWAY 41 AND OTHER PROJECTS FINANCED BY THE GENERAL FUND (OTHER THAN RYUKYUAN SCHOLARSHIPS, THE FUKUJI DAM AND OTHER WATER PROJECTS) ARE NOT COMPLETED AND

近ア長
参書近ア
次總經
源
長
參貿統國
參政技一理
企二
家
參務規
長
參政經科
最
軍社專
情
長
參道内外
文
長
一二

外務省

注意

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2. 本電の主管変更その他については検閲班に連絡ありたい。

電信写

THE FUNDS PROVIDED FOR THESE PROJECTS REMAIN UNDISBURSED BY THE TIME OF REVERSION, THE UNITED STATES GOVERNMENT WILL BEFORE REVERSION, TRANSFER TO THE GOVERNMENT OF THE RYUKYU ISLANDS SUCH UNDISBURSED PORTIONS OF THE FUNDS AS A FUND TO BE EARMARKED FOR THE CONSTRUCTION OF HIGHWAY 41.

2. THE GOVERNMENT OF JAPAN INTENDS TO COMPLETE THE HIGHWAY 41 AND OTHER PROJECTS AND UNDERTAKES TO SEE THAT CONTRACTS, LET ON THE BASIS OF UNITED STATES GOVERNMENT OBLIGATIONS, AND FROM WHICH FUNDS ARE TRANSFERRED AS SPECIFIED IN PARAGRAPH 1 ABOVE, ARE FUNDED TO COMPLETION IN CONFORMANCE WITH EXISTING CONTRACTS.

3. TECHNICAL DETAILS NECESSARY FOR TAKING OVER BY THE JAPANESE AUTHORITIES OF THE UNFINISHED CONSTRUCTION WORKS WILL, WHERE NECESSARY, BE ARRANGED OR BETWEEN THE JAPANESE AND UNITED STATES AUTHORITIES CONCERNED.

4. THE JAPANESE GOVERNMENT FURTHER AGREES TO HOLD ARMED THE GOVERNMENT OF THE UNITED STATES FROM

外務省

注 意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検問班に連絡ありたい。

電 信 写

ANY AND ALL CHARGES OR CLAIMS WHICH MIGHT ARISE IN
CONNECTION WITH PROJECTS WHICH ARE NOT COMPLETED
BY REVERSION.

5. THE GOVERNMENT OF JAPAN FURTHER AGREES TO THE
ESTABLISHMENT BY THE UNITED STATES GOVERNMENT OF
A CONTINGENCY FUND FROM GENERAL FUND REVENUES IN THE
AMOUNT NECESSARY TO COVER A CLAIM NOW BEING BROUGHT BY
ESSO SEMICOLON IT BEING UNDERSTOOD THAT IF THIS CLAIM IS
DISALLOWED, ALL OR IN PART, THE CONTINGENCY FUND RESIDU
WILL REVERT TO OKINAWA PREFECTURE.

外 務 省

		秘密標記(赤色)
アメリカ局長		秘
参考官 北米オ一課長		
<p>郵便</p> <p>宋忠長</p>		() 第 746 号
		昭和 46 年 11 月 18 日
外務大臣 殿		
<p>在华領事代行官 高瀬 代行官</p> 		
(件名)		
未完成プロジェクト (ESSO クーラー資料)		
引用公・電信 日付・番号	社電 41150 号	
米国政府より、他に渡らざる上記条件		
として、ESSO クーラーに関する下記資料を入手		
したがて、各 3 部別途送付の方。		
<p>付属添付 <input checked="" type="checkbox"/> 付属空便(行) <input type="checkbox"/> 付属空便(DP) <input type="checkbox"/> 付属船便(貨) <input type="checkbox"/> 付属船便(郵) <input type="checkbox"/></p> <p>本信送付先:</p> <p>本信写送付先:</p> <p>配付先:</p>		
<p>46.11.19</p> 		

記

1. ESSO STANDARD 石油（沖繩）発米民政府
契約相当官宛 1971年3月15日付書簡
2. 同 1971年3月19日付書簡
3. 米民政府契約相当官発 ESSO STANDARD 石油
(沖繩) 宛 1971年8月20日付書簡
4. ESSO STANDARD 石油 (沖繩) 発米民政府
契約相当官宛 1971年9月17日付書簡 (訴願書)
5. ESSO STANDARD (沖繩) 与 ESSO STANDARD
石油 (沖繩) へ 1970年1月22日付委託書
6. ESSO STANDARD (沖繩) と米民政府との間の
石油製品供給契約 (1969年2月10日発効)
7. 同修正書 (1971年5月1日発効)

C O N T R A C T

CONTRACT USCAR 69-N-1
EFFECTIVE DATE: 10 February 1969
ISSUED AND ADMINISTERED BY: Contracting Officer
United States Civil Administration
of the Ryukyu Islands
Naha, Okinawa
CONTRACTOR NAME AND ADDRESS: Esso Standard (Okinawa) Limited
CFO Box 525
Naha, Okinawa
SUBMIT INVOICES TO: Address Shown Above
PAYMENT WILL BE MADE BY: The Funding Officer
USCAR (CM)
Naha, Okinawa
APPROPRIATION DATA: No. U. S. Government Funds are obligated.

THIS PROCUREMENT WAS NEGOTIATED. PROPOSALS WERE SOLICITED BY RFP 69-N-1,
DATED 20 SEPTEMBER 1968.

This contract includes the effective provisions of RFP 69-N-1, the accepted
offer of Esso Standard (Okinawa) Limited, the acceptance letter issued by
USCAR 10 February 1969, and negotiated subsequent modifications mutually
agreed upon by Esso Standard (Okinawa) Limited and USCAR.



ESSO STANDARD (OKINAWA) LTD.

WAKO BLDG., NO. 433, MINATOGAWA, URASOE-SON, OKINAWA
NAHA C.P.O. BOX 525, NAHA TEL. 057-4334

January 22, 1970

Esso Standard Sekiyu (Okinawa) Limited
c/o Terushima Law Offices
1-32, Matsushita-cho
Naha City, Okinawa

Re: Assignment of Portions of
Contract No. USCAR 69-N-1

Dear Sirs:

On October 31, 1969 Esso Standard (Okinawa) Limited (hereinafter called "EOL") and the United States Civil Administration of the Ryukyu Islands (hereinafter called "USCAR") executed a Petroleum Product Supply Contract, designated Contract No. USCAR 69-N-1 and having an effective date of February 10, 1969 (hereinafter called the "Contract"). The Contract provides, among other things:

- (1) That EOL will sell and USCAR will buy petroleum products at prices, terms and conditions and during certain periods as provided therein;
- (2) That EOL will construct a refinery in the Ryukyu Islands together with petroleum product storage and delivery facilities including marine facilities on the refinery site; and
- (3) That EOL will construct certain petroleum product delivery facilities including petroleum product pipelines in Okinawa outside the refinery site.

EOL hereby assigns to Esso Standard Sekiyu (Okinawa) Limited all of its rights and obligations under the Contract excepting only those relating to construction of a refinery and petroleum product storage and delivery facilities including marine facilities on the refinery site.

If Esso Standard Sekiyu (Okinawa) Limited is willing to accept this Assignment of such rights and obligations under the Contract, please so indicate by signing in the space provided below and returning a copy to us whereupon this Assignment shall become valid and effective.

Very truly yours,

ESSO STANDARD (OKINAWA) LIMITED

By G. H. Touchstone
G. H. Touchstone
Vice President and
Representative Director

By M. C. Fluegia

M. C. Fluegia
Attorney in fact

FEDERAL CONTRACT FORM 101-101-101			
1. CONTRACT NUMBER	2. EFFECTIVE DATE	3. ACQUISITION/PURCHASE REQUEST NO.	4. PROJECT NO.
1	1 May 71		
SUBJ. TO S. Civil Administration of the Ryukyu Islands PO San Francisco 96248	CODE Same	5. ADVERTISED IN (if other than block 3)	
CONTRACTOR NAME AND ADDRESS		6. AMENDMENT OF SOLICITATION NO.	
Esso Standard Sekiyu (Okinawa) Limited CPO Box 525 Naha, Okinawa		7. DATED _____ (See block 2)	
8. MODIFICATION OF CONTRACT/ORDER NO. USCAR 69-N-1		9. DATED 10 Feb 69 (See block 11)	
10. BLOCK APPLIES ONLY TO AMENDMENTS OF SOLICITATIONS [] This above numbered solicitation is extended as set forth in block 12. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Persons must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation, or as amended, by one of the following methods: By signing and returning _____ copies of this amendment on each copy of the offer submitted; or (c) by separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOU TO ACKNOWLEDGE SAME TO BE RECEIVED AT THIS ISSUING OFFICE PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If, by virtue of this amendment you desire to change an offer already submitted, such change may be made by the offeror, provided such telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
11. BLOCK APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS [] This Change Order is issued pursuant to _____ The Changes set forth in block 12 are made to the above numbered contract/order. [] This above numbered contract/order is modified to reflect the following changes from the changes in paying officer, appropriation date, etc. set forth in block 12. [] This Supplemental Agreement is entered into pursuant to authority of _____ It modifies the above numbered contract as set forth in block 12.			
12. DESCRIPTION OF AMENDMENT/MODIFICATION So much of the cover page as reads: "Submit Invoices to: Address shown above" and "Payment will be made by: The Funding Officer USCAR (CM) Naha, Okinawa"			
Modified to read as follows: "Submit Invoices to: 1. Address shown above for fuel oil delivered to Kin Power Plant only; 2. The USCAR Terminal Operator, Caltex (Asia) Ltd, CPO Box 190, Naha, Okinawa for all products delivered to the USCAR Clean and Black Oil Terminals.			
Payment will be made by: 1. The Funding Officer, USCAR (CM), Naha, Okinawa for fuel oil delivered to Kin Power Plant, and 2. By: Caltex (Asia) Limited, CPO Box 190, Naha, Okinawa for products delivered to the USCAR Clean and Black Oil Terminals.			
13. CONTRACT/ORDER IS NOT REQUIRED TO BE MAILED OR COPIED. THIS IS A FEDERAL CONTRACT AND SHOULD NOT COME TO CIVIL SERVICE CONTRACTING OFFICES.			
14. CONTRACTING OFFICER M.C. FUQUA SAC-014			
15. CONTRACTING OFFICER JOSEPH KRAMER			

ESSO
ESSO STANDARD SEKIYU (OKINAWA) LTD.
WAKO BLDG. NO. 439, MINATOGAWA, URASOE-SON, OKINAWA
C.P.O. BOX 558, NAHA OKINAWA TEL. 097-4034

March 15, 1971

United States Civil Administration
of the Ryukyu Islands
Urasoe-Shi, Okinawa

Attn: Joshua Kramer
Contracting Officer

Dear Sirs:

As you are no doubt aware the taxes imposed upon petroleum suppliers by members of the Organization of Petroleum Exporting Countries have recently been increased. We are therefore advising you pursuant to the requirements of General Provision 14 of the referenced agreement that such tax increases affect the prices of the products supplied to you under the said agreement. We would like to arrange an early appointment to discuss with you the implementation of the requisite price changes.

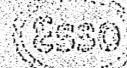
Sincerely,

M.C. Fuqua

M. C. Fuqua
President

JFGustin:hi

March 2



ESSO STANDARD SEKIYU (OKINAWA) LTD.

WAKO BLDG. NO. 439, MINATOGAWA, URASOE CITY, OKINAWA
C.P.O. BOX 556, NAHA OKINAWA TEL. 097-6504 • 5251 • 5252

March 19, 1971

United States Civil Administration
of the Ryukyu Islands
Urasoe-Shi, Okinawa

Re: Contract USCAR 69-N-1

Attn: Joshua Kramer
Contracting Officer

Dear Sir:

In our letter dated March 15, 1971, we advised you of the increase in taxes imposed upon petroleum suppliers by members of the Organization of Petroleum Exporting Countries which requires an increase in the price of products supplied to USCAR under the referenced contract.

The amount of the tax increase and therefore the amount of the price increase is U.S. \$0.287 per barrel. This increase will be effective for all deliveries of products loaded aboard the transporting vessel on or after February 15, 1971.

Invoices for such products will state this increase as a separate item as required by subparagraph C (3) of General Provision 14. In accordance with the provisions of subparagraph C (1) (iii) of General Provision 14, we hereby warrant that no amount of said increase was included in the contract price as a contingency reserve or otherwise.

We would be pleased to answer any questions that you may have at your convenience.

Sincerely,

M. C. Fuqua
M. C. Fuqua
President

RECollins:kk

Serial 3

Office of the Comptroller

HCR7-CM

AUG 20 1971

Mr. M. C. Fuqua, President
Esso Standard Sekiyu (Okinawa) Limited
CPO Box 556
Naha, Okinawa

① Dear Mr. Fuqua:

The decision contained herein is in response to your letters dated 15 March 1971 and 19 March 1971, claiming additional compensation because of taxes imposed upon petroleum suppliers by members of the Organization of Petroleum Exporting Countries. The amount claimed for the tax increase is 28.7 cents per barrel, effective with loadings on or after 15 February 1971, increasing to 34.3c per barrel effective 1 June 1971. A letter was sent to your company on 22 March 1971 requesting more specific information to justify its claim asserted under provisions of the tax clause, paragraph 14 of the contract's General Provisions. In response, your letter dated 6 July 1971 furnished some of the requested information, and transmitted copies of the decrees of the Kingdom of Saudi Arabia. On 27 July 1971 your written agreement was submitted.

Several meetings with Esso representatives were held in order to define the issues, to permit the submission of additional information and arguments, and to ascertain the prospects of settlement. Esso's basic position is that the products being supplied under USCAR Contract 69-N-1 originates in Saudi Arabia, that the petroleum producers agreed with that government to certain adjustments in posted prices which operated to increase royalties paid for the right to extract minerals in place, and that a contemporaneous increase in income tax rates tied to the posted prices operated in effect as an increase in taxes on units of production. Esso therefore claims that the royalty and tax increases are both reimbursable under the contract's tax clause.

After consideration of all the facts and arguments presented, I hereby find as follows:

RGAL-GM
Mr. H. G. Huglin, President

1. Saudi Arabia is not a "country concerned" within the meaning of paragraph 14a(1) of the contract and therefore its tax increases cannot be considered a basis for additional compensation under the contract.

2. Royalties payable to the owner of minerals in place cannot be equated with taxes and therefore any increase in royalties cannot be considered a basis for additional compensation under the contract.

3. Any tax increases imposed by Saudi Arabia are imposed upon the producer located in that country and not upon the present contractor. No showing has been made that the present contractor either pays or bears the burden of the increased tax within the meaning of paragraph 14c of the contract. I therefore find that such increased taxes are a component of the price charged by the producer and merged therein.

4. The tax imposed by Saudi Arabia is an income tax whose increase is expressly excluded from the operation of the contract tax clause by paragraph 14c(5).

5. If the Saudi Arabia income tax be regarded as an excise or property tax, as argued by Esso, this conclusion can be based only on the arbitrary nature of posted prices agreed to between the producer and the government as the measure of the amount of gross sales reported for income tax purposes; therefore an increase in such tax due to the agreement or affirmative act of the producer would be excluded from consideration by the second proviso of paragraph 14c(1) (iii).

I have therefore concluded that the claim of the contractor is without merit and it is hereby denied.

Under the provisions of paragraph 11 of the contract's General Provisions, the contractor has 30 days from the date of receipt of this letter to appeal to the Secretary of the Army. The appeal must be in writing addressed to the Secretary and mailed or otherwise furnished to the Contracting Officer. In the absence of appeal, this decision is final and conclusive.

Sincerely,

JOSHUA KRAMER
Contracting Officer

(2)



ESSO STANDARD SEKIYU (OKINAWA) LTD.

WAKO BLDG. NO. 439, MINATOGAWA, URASOE CITY, OKINAWA
C.P.O. BOX 556, NAHA OKINAWA TEL. 097-6504-5251-5252

September 17, 1971

Mr. Joshua Kramer
Contracting Officer
Department of the Army
U.S. Civil Administration of
the Ryukyu Islands
APO San Francisco 96248

Re: Appeal Pursuant to the Disputes Clause of
Contract No. USCAR 69-N-1

Dear Sir,

Please be advised that the undersigned Contractor under Contract USCAR 69-N-1 hereby appeals from the decision and each and every aspect thereof, including each and every finding, of Mr. Joshua Kramer, Contracting Officer under subject contract, which decision is set forth in his letter to the undersigned dated August 20, 1971.

The undersigned is informed that the Armed Services Board of Contract Appeals is the authorized representative referred to in the disputes clause of subject contract, that the rules applicable to this appeal are those contained in 32 CFR, Sec. 30.1, being the rules of said Armed Services Board of Contract Appeals, that under rules 1 and 2 of said rules, Contractor is required to file a notice of appeal, that under rule 6 of said rules, Contractor is entitled to file a complaint with the Board within thirty days of receipt by Contractor of a docketing notice from that Board, and that Contractor, under the provisions of said rules is entitled to be heard by the Board and offer evidence in support of its appeal.

Please be further advised that this letter constitutes the notice of appeal required under the aforementioned rules 1 and 2, that the undersigned will file a complaint, and that the undersigned, pursuant to the aforementioned disputes clause and rules of the Board hereby requests that it be afforded an opportunity to be heard and to offer evidence in support of its appeal.

Messrs. Sullivan and Cromwell, 48 Wall Street, New York, New York 10005, and Roy H. Steyer, Esq., of that firm, have been authorized to represent the undersigned for all purposes in connection with this appeal. Their authority includes the power to delegate authority or to substitute another representative.

Copies of notices and other written communications addressed to the undersigned in proceedings involving the above matters should be sent to:

Roy H. Steyer, Esq.
Sullivan and Cromwell
48 Wall Street
New York, New York 10005.

The Contracting Officer is requested to acknowledge receipt, where indicated below, on one of the copies hereof and return said acknowledgement copy to the undersigned, and to forward the original and three copies hereof to the Secretary of the Army, the Pentagon, Washington, D.C. 20310.

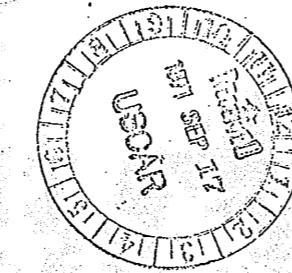
Very truly yours,

M. C. Fuqua
Esso Standard Sekiyu (Okinawa) Ltd.

By M. C. Fuqua, President

The undersigned Contracting Officer acknowledges that on September 17, 1971, he received the original and five copies of this notice of appeal.

Contracting Officer under
Contract No. USCAR 69-N-1



SCHEDULE

SECTION I - PRICE ESCALATION

A. AS USED THROUGHOUT THIS SECTION I:

1. The term "listed item" means the fuel oil for Ryukyu Electric Power Corporation (REPC) as listed in Section II of the Schedule which is the only item to which escalation shall apply.
2. The term "base price" means the unit price set forth opposite the item in Section II.
3. The term "reference price" means the price set forth in Part C of this Section I with which the base price is to fluctuate.
4. The term "date of delivery" means:
 - a. the date and time vessel begins to load where contract calls for delivery at origin into tanker or barge;
 - b. the date and time vessel begins to discharge where contract calls for delivery at destination by tanker or barge;
 - c. the date and time product commences to move past the specified FOB point where contract calls for delivery by pipeline.

B. CONTRACTOR RESPONSIBILITIES:

1. The Contractor shall notify the Contracting Officer, USCAR-CM, APO San Francisco 96248 of any change in the reference price by telegram dated (preferably confirmed promptly, by letter), registered letter mailed, or unregistered letter received, within seven (7) days from the date thereof.
 - a. In the event the Contractor fails so to notify the Contracting Officer of any increase in reference price, such increase shall apply only to deliveries made on and after the date of receipt by the Contracting Officer or a written notification from the Contractor of such increase.
 - b. In the event the Contractor fails to give notice of a decrease in the reference price, such decrease shall apply to all deliveries made on or subsequent to the date of such decrease.
 - c. An increase or decrease in any reference price published in the trade price service referred to in Paragraph C2a, shall apply to deliveries made on and after the publication date of such trade price service.
 - d. The Contracting Officer will issue a change notice to this contract to reflect any change pursuant to this section.
2. Notwithstanding any provision of this section to the contrary, the prices payable under this contract shall in no event exceed either:

SCHEDULE (Continued)

- a. The lower of Contractor's posted or established selling price in effect at the refinery from which the product originates on the date of delivery for the product supplied, or
 - b. The prices shown in Parts E and F, of Section II.
3. The Contractor warrants that the prices to be invoiced hereunder for listed items shall be computed in accordance with these escalation provisions.
4. In the event the reference price is an average of prices, and any one price ceases to be posted or published, the remaining prices shall be used to determine the average. In the event the trade price service referred to in Paragraph C 2a shall cease to publish said reference price or changes its method of quoting prices, this contract shall be amended effective on the date such publication ceases to publish or changes its method of quoting to (1) provide for a substitute reference price comparable to the one which the publication has ceased to publish or has changed its method of quoting, or (ii) conform to the new method of price quotations.

C. PRODUCT PRICE ESCALATION

1. All prices set forth in the contract Schedule are firm for the respective contract periods (subject to the provisions of Clause 14 of the General Provisions) except prices for the fuel oil requirements of REPC (Section II, E and F of the Schedule) which shall escalate as outlined in Paragraph 2 below.

2. The base prices for the REPC requirements as covered by Section II, E and F of the Schedule are subject to the following:

- a. Automatic Escalation: A price revision is to take effect on February 1, 1973, February 1, 1976 and/or February 1, 1978 if there has been a change in the posted price of heavy Arabian crude oil since the effective date of the contract or the immediately previous revision date, as the case may be, outside the limits set forth below. The amount of the revision shall be computed as described herein, and shall be based on the average of prices of Arabian heavy crude FOB Tas Tanura, Saudi Arabia posted by Esso International, Inc., Texaco Trading Co., Ltd., Chevron Oil Trading Co., and Mobil Oil Middle East, Inc., and quoted in "Platts Oilgram Price Service - Crude Oil Supplement", or if there are no such postings, such price as is publicly posted by Contractor's crude oil supplier. Such average posted price shall be the arithmetic mean of the available postings computed to the nearest 0.1¢/bbl. The average posted price to be used, or Contractor's crude oil supplier's publicly posted price, as the case may be (herein called "current crude posting"), shall be the latest in effect with respect to crude oil cargoes, the loading of which is completed no later than 0001 hours January 1, 1973, January 1, 1976 or January 1, 1978, as the case may be. If the current crude

-2-

SCHEDULE (Continued)

posting falls between \$1.320/bbl and \$1.620/bbl inclusive, no adjustments to the base prices will be made; otherwise the base prices will be reduced by 1.0¢/bbl for each full 1.0¢/bbl by which the current crude posting is lower than \$1.329/bbl or increased by 1.0¢/bbl for each full 1.0¢/bbl by which the current crude posting is greater than \$1.611/bbl, as the case may be.

- b. The Contractor represents and warrants that the price of heavy Arabian crude, as of the date of this contract, was \$1.470 per barrel.

SECTION III

(1) The Contractor shall supply and deliver fuel oil requirements of the Ryukyu Electric Power Corporation as follows:

(A) PRODUCT TO BE FURNISHED:

Item 1: Fuel Oil Burner No. 5 (heavy) Specification VV-F-815A, and Amend 2, maximum sulphur content 3.5% by wt. Flash Point 150°F minimum.

B. QUANTITIES (in barrels): Upon the order of USCAR or its designee, Contractor shall furnish such quantities as may be required to meet all requirements of the Ryukyu Electric Power Corporation (REPC). The estimated annual requirements by delivery point are set forth in Annex A of this Section III of the Schedule. The actual requirements may vary substantially from the estimated requirements due to changing conditions over the contract period. All requirements will be furnished at the prices stated in the applicable portion of the Schedule and there will be no increase in price due to an increase in requirements above the estimated volume or due to a decrease in requirements below the estimated volume. However, based on the requirements shown in Annex A, to this Section II, and in Paragraph I, Section IV,

(B) Contractor's base transportation cost which is included in the fuel oil price contemplates the use of 27,000 DWT class tankers for supplying both REPC and non-REPC fuel oil requirements until Contractor's fuel oil storage and pipeline facilities are completed on Okinawa (target date is 1 Jan 71; see Paragraph F, below), recognizing that these tankers must be lightened at Kin to permit entry into Naha Port due to draft limitations; therefore, if a reduction in the estimated requirements of Kin Power Plant, as shown in Annex A, should necessitate the use of smaller tankers and increase the base transportation cost, such increase in cost shall be borne by USCAR. Contractor agrees to consult with the Contracting Officer prior to taking any action that may result in increasing the base transportation cost. The Contractor shall be the exclusive supplier of fuel oil for the use of REPC.

SCHEDULE (Continued)

C. ORDERING AND DELIVERY PERIOD:

The ordering period begins 15 December 1969 and ends 15 January 1980. The delivery period begins 1 February 1970 and ends 29 February 1980. Fuel oil consuming facilities for electric power generation, together with estimated completion dates for planned facilities, are set forth in Annex B of this Section II of the Schedule.

D. SOURCE OF PRODUCTS:

Contractor agrees that, by 1 April 1972, Contractor will have completed construction of a refinery in the Ryukyu Islands capable of producing the fuel oil called for by this Section II of the Schedule in volumes set forth in Annex A of this Section II. Until such time as the Contractor is required to have completed such refinery in the Ryukyu Islands, and thereafter to the extent of requirements in excess of the volumes set forth in Annex A of Section II of the Schedule, Contractor may supply fuel oil from other sources; provided, however, that Contractor shall furnish all facilities for and begin delivering the required fuel oil in the manner specified herein no later than the beginning of the delivery period specified herein.

E. METHODS OF DELIVERY AND PRICES FOR FUEL OIL ORIGINATING FROM CONTRACTOR'S REFINERY IN THE RYUKYU ISLANDS:

Item 1a: Delivered by pipeline to the following locations subject to payment of pipeline charges set forth in Section V:

(1) Machinato Power Plant storage tanks: \$1.55 per bbl plus P/L charge.

(2) Buckner Bay Area Power Plant, if adjacent to refinery: \$1.55 per bbl. (If not adjacent to the refinery a delivery charge will be negotiated.)

(3) Junction with military pipeline (Quantities shown in Annex A for Chatan & Naha Port): \$1.55 per bbl plus P/L charge.

Item 1b: Delivered by tanker or barge to storage at Kin Power Plant: \$1.61 per bbl.

F. METHODS OF DELIVERY AND PRICES FOR FUEL OIL SUPPLIED FROM OUTSIDE RYUKYU ISLANDS PRIOR TO COMPLETION OF REFINERY:

Item 1c: Delivered by pipeline to the following locations subject to payment of the pipeline charge set forth in Section V:

(1) Machinato Power Plant: \$1.55 per bbl plus P/L charge.

SCHEDULE (Continued)

(2) Buckner Bay Area Power Plant - subject to condition stated in Item 1(a)(2), Paragraph E: \$1.55 per bbl.

(3) Junction with military pipeline (Quantities shown in Annex A for Chatan & Naha Port): \$1.55 per bbl plus P/L charge.

Item 1d: Delivered by tanker or barge to storage tanks (Quantities set forth in Annex A):

(1) Kin Power Plant: \$1.61 per bbl.

(2) Naha BOT (Quantities shown in Annex A for Machinato, Chatan and Naha Port): \$1.61 per bbl.

For the period beginning 1 February 1970 and ending upon completion of Contractor's storage and pipeline facilities on Okinawa (target date is 1 January 1971), deliveries will be made only under Item 1d. After completion of said Contractor's facilities, deliveries under this Paragraph will be made only under Items 1c and 1d(1).

G. CONTRACTOR FURNISHED FACILITIES:

1. The Contractor shall furnish at his expense all facilities required for the delivery of fuel oil by the methods specified hereunder except those facilities present and planned to be furnished by USCAR as set forth in Annex B to this Section II of the Schedule and in Sub-paragraph b, below. After the interim period, described in Sub-paragraph b, it is not intended that the USCAR Fuel Oil Terminal be used for distribution of fuel oil to REPC, except to the floating power plants in Naha Port. Distribution of fuel oil to other REPC power plants must be through facilities provided by the Contractor at his expense. Contractor shall bear the cost of connecting Contractor furnished facilities to USCAR facilities.

2. Other facilities:

(a) Pending completion of Contractor's fuel oil storage and delivery facilities at the Nishihara refinery site (target date is 1 January 1971), USCAR agrees to accept delivery of all fuel oil, with the exception of Kin Power Plant requirements, at the Black Oil Terminal, Naha Port. Further, USCAR agrees to provide facilities and to distribute fuel oil from the Black Oil Terminal to Machinato and Chatan Power Plants during the above period. In consideration for use of these distribution facilities provided by USCAR, during the interim period until Contractor's permanent fuel oil delivery facilities are completed, Contractor agrees to pay a Black Oil Terminal/pipeline system throughput charge of \$0.03 per barrel to USCAR for Contractor's fuel oil delivered into storage at the Machinato and Chatan Power Plants. Quantities shall be determined by mutual agreement of USCAR.

SCHEDULE (Continued)

and Contractor, and shall exclude fuel oil in inventory at the power plants when Contractor's deliveries are started.

(b) Contractor agrees to provide engineering and design services, at no charge to USCAR, for the required modification of the USCAR and military pipeline systems to render the combined system capable of supplying fuel oil to the Machinato and Chatan Power Plants. Contractor further agrees to assist USCAR, if requested to do so, without charge to USCAR in soliciting proposals and contracting for the construction of pipeline modifications, and additions to the USCAR and military pipeline systems. The cost of such modifications and additions, with the exception of costs related to the laying of a spur line from the military pipeline to the Machinato Power Plant, shall be borne by USCAR. The spur line from the military pipeline to the Machinato Power Plant shall be the property of the Contractor and all costs related thereto shall be borne by the Contractor.

(c) H. MINIMUM INVENTORY REQUIREMENTS:

1. The prices set forth herein are subject to the provision that the Contractor shall maintain in inventory at all times, for delivery to REPC, not less than ten days supply of fuel oil.

2. The minimum inventory requirements of this section will be considered satisfied as long as Contractor is able to rent from the Ryukyu Electric Power Corporation 160,000 barrels of fuel oil storage at the REPC's Kin Power Plant for the period 1 February 1970 until completion of fuel oil storage and delivery facilities at Contractor's refinery site at Nishihara. In the event backloading of inventory oil at Kin is required to supply Naha BOT, Contractor will arrange for the necessary marine transportation. If the necessity for backloading is a direct result of Contractor's failure to deliver confirmed quantities of fuel oil to Kin and Naha, such marine transportation shall be furnished at Contractor's expense. Confirmed supplies are hereby defined as requirements tabled by USCAR at least 70 days in advance of the requirement date and confirmed by Contractor at least 45 days in advance of the requirement date. Contractor also agrees to provide required facilities to load tankers or barges at Kin if necessary. If it is necessary to load tankers at Kin, Contractor agrees to pay an equitable fee for the additional handling of fuel oil to be negotiated with REPC. The appropriate provisions of this Sub-paragraph 2 are subject to the approval of REPC. In the event REPC approval of such provisions is not granted, the Contractor will provide the required inventory by other means.

ESTIMATED ANNUAL REQUIREMENTS OF REPC BY DELIVERY POINTS (Unit: Barrel)
(All Quantities in Thousands)

REPC POWER PLANTS - EXISTING AND PLANNED (a)

Period	Kin	Machinato	Naha Port	Chatan	Buckner Bay Area (b)	Total REPC
1 Feb 70 - 31 Jan 71	960	1,540	230	360	---	3,090
1 Feb 71 - 31 Jan 72	1,110	1,710	130	350	---	3,300
1 Feb 72 - 31 Jan 73	1,150	1,810	420	350	10	3,690
1 Feb 73 - 31 Jan 74	610	1,720	190	350	830	3,700
1 Feb 74 - 31 Jan 75	690	1,780	310	350	860	3,990
1 Feb 75 - 31 Jan 76	200	1,680	90	350	1,670	3,990
1 Feb 76 - 31 Jan 77	210	1,750	90	370	1,740	4,160
1 Feb 77 - 31 Jan 78	260	1,420	170	270	2,240	4,360
1 Feb 78 - 31 Jan 79	270	1,470	180	340	2,320	4,550
1 Feb 79 - 31 Jan 80	280	1,520	185	280	2,390	4,655
TOTAL	5,690	16,400	1,995	3,370	12,060	39,515

NOTES: a. See Annex B for planned new power plants, time frame, and locations.
b. Site not firm - plant to be located adjacent to or near oil refinery.

Annex A, Section II

ELECTRIC POWER GENERATING PLANTS AND ANCILLARY FACILITIES

POWER PLANTS	CAPA CITY (MW)	STORAGE (BARRELS)	TANKS	MARINE FACILITIES	LOCATION
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A. EXISTING

1. Machinato Steam Power Plant: (4 units @ 11.5 MW)	46	80,000	2	Barge mooring pier w/19' draft; 1x8" dockline to tanks; 1x8" fuel oil line from military pipeline to plant storage to be provided by Contractor.	Machinato
2. Kin Steam Power Plant (4 Units @ 22 MW)	88	240,000	3	Buoy Mooring (up to 45,000 DWT) 2x4 Submarine discharge lines; 60' draft.	Kin
3. Jacona Power Barge (To be retired Dec 1970)	20	10,000	1	Barge mooring w/19' draft 1x6" dockline to shore tank; 1x6" pipeline to Chatan Power Plant.	Sukiran Basin (Chatan)
4. Impedance Power Barge	30	(on board tanks only)	1	1x8" pipeline from USCAR BOT (3,800,000 bbl tanks).	Naha Port
5. Inductance Power Barge	30	(on board tanks only)	1	Fuel supplied through same pipeline as Impedance.	Naha Port
6. Chatan Steam Unit No. 1	33	40,000 (1 tank)	1	Same as A-3 for Jacona Power Barge plus 1x8" fuel oil line from the military pipeline.	Chatan

B. IN PROGRESS

1. Machinato Steam Unit No. 5 (Est completion date, Mar 70)	85	200,000	1	Same as A-1 for Machinato Units 1-4 (See Part E, Section II of the Schedule)	Machinato
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ELECTRIC POWER GENERATING PLANTS AND ANCILLARY FACILITIES

POWER PLANTS	CAPA CITY (MW)	STORAGE BARRELS	MARINE FACILITIES	LOCATION
B. IN PROGRESS (Cont'd)				
2. Machinato Steam Unit No. 6 (Est completion date Jul 70)	85	Same tank as Unit 5	Same as for Machinato Units 1-5	Machinato
C. IN PLANNING STAGE ONLY				
1. Chatan Steam Unit No. 2 (Est completion date May 70)	33	(See A-6)	Same as A-3	Chatan
2. East Coast Steam Unit No. 1 (Est completion date Jun 73)	85	10,000 (See note)	None	Near refinery
3. East Coast Steam Unit No. 2 (Est completion date Jun 75)	85	10,000 (See note)	None	do
4. East Coast Steam Unit No. 3 (Est completion date Jun 78)	85	10,000 (See note)	None	do

NOTE: Depending on distance from refinery, and the suppliers ability to guarantee the fuel supply, "day" tanks only may be built at these plants. If, due to distance, or other circumstances, supplier cannot guarantee delivery, larger tanks will be considered.

SCHEDULE (Continued)

SECTION III

The Contractor shall supply and deliver clean petroleum products as follows:

A. PRODUCTS TO BE FURNISHED:

Item 2 - Gasoline, automotive, combat, type I, Specification MIL-G-3056-G.

Item 3 - Kerosene, Spec: VV-K-211D and amendment 3.

Item 4 - Aircraft turbine fuel, kerosene type, freeze point - 58° F, DERD 2494 Issue 4 (Jet type 1-A).

Item 5 - Fuel oil, diesel (Grade DF-2) Specification VV-F-800; (pour point + 20° F max, and cloud point + 30° F max; sulphur content 1.0% max; distillation: 90% 675° F max; end point 725° F max).

B. QUANTITIES (Gallons): Upon the order of USCAR or its designee, Contractor shall furnish such quantities as may be required to meet the fuel consumption and distribution requirements of USCAR. Such requirements include all non-military requirements of the Ryukyu Islands, the quantities furnished by USCAR to the U. S. military exchange service stations, and the quantities furnished by USCAR to the U. S. military forces in the Ryukyu Islands. The estimated annual requirements are set forth in Paragraph J of this Section III of the Schedule. The actual requirements may vary substantially from the estimated requirements due to changing conditions over the contract period. The stated estimates do not limit in any manner the obligation of the Contractor to furnish the total requirements of USCAR for the entire contract period. All requirements will be furnished at the prices stated in the applicable portion of the Schedule and there will be no increase in price due to an increase in requirements above the estimated volume or due to a decrease in requirements below the estimated volume. The Contractor shall be the exclusive supplier of the products covered by this Section III of the Schedule to USCAR.

C. ORDERING AND DELIVERY PERIODS: The ordering period begins 1 March 1971 and ends 31 March 1974. The delivery period begins 1 May 1971 and ends 30 April 1974. USCAR shall have the right at its option to extend the ordering and delivery periods to end 31 March 1975 and 30 April 1975, respectively, by written notice delivered to the Contractor prior to 1 February 1974.

D. SOURCE OF PRODUCTS: Contractor agrees that by 1 April 1972, Contractor will have completed construction of a refinery in the Ryukyu

SCHEDULE (Continued)

Islands capable of producing the products called for by this Section III. Until such time as the Contractor is required to have completed such refinery in the Ryukyu Islands, and thereafter to the extent of requirements in excess of the volumes set forth in Paragraph J of this Section III of the Schedule, Contractor may supply products from other sources; provided, however, that Contractor shall furnish all facilities for, and begin delivering the required products in the manner specified herein, no later than the beginning of the delivery period specified herein.

E. METHODS OF DELIVERY AND PRICES FOR PRODUCTS WHICH ORIGINATE FROM CONTRACTOR'S REFINERY IN THE RYUKYU ISLANDS

The estimated quantities to be delivered by each indicated method are shown in Paragraph J, and the applicable pipeline charges are set forth in Section V.

Item 2. Gasoline

a. FOB conveyance at Contractor's refinery as follows:

(1) Barge or tanker	\$0.0724 per gallon plus P/L charge
(2) Tank truck	\$0.0752 per gallon

b. Delivered to a junction with the military pipeline by (U. S. military volumes only):

(1) Contractor's pipeline	\$0.0724 per gallon plus P/L charge
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Item 3. Kerosene

a. FOB conveyance at Contractor's refinery as follows:

(1) Barge or tanker	\$0.0686 per gallon plus P/L charge
(2) Tank truck	\$0.0714 per gallon

b. Delivered to a junction with the military pipeline by (U. S. military volumes only):

(1) Contractor's pipeline	\$0.0686 per gallon plus P/L charge
---------------------------	-------------------------------------

Item 4. Aircraft Turbine Fuel

a. Delivered to a junction with the military pipeline by:

(1) Contractor's pipeline	\$0.0686 per gallon plus P/L charge
---------------------------	-------------------------------------

Item 5. Fuel Oil Diesel

a. FOB conveyance at Contractor's refinery as follows:

SCHEDULE (Continued)

- | | |
|---|-------------------------------------|
| (1) Barge or tanker | \$0.0612 per gallon plus P/L charge |
| (2) Tank truck | \$0.0640 per gallon |
| b. Delivered to a junction with the military pipeline by U. S. military volumes only: | |
| (1) Contractor's pipeline | \$0.0612 per gallon plus P/L charge |

F. METHODS OF DELIVERY AND PRICES FOR PRODUCTS SUPPLIED FROM OUTSIDE THE RYUKYU ISLANDS PRIOR TO COMPLETION OF CONTRACTOR'S REFINERY IN THE RYUKYU ISLANDS:

For the period beginning 1 May 1971 and ending upon completion by the Contractor of clean product tankage and delivery facilities on Okinawa (target date is 1 October 1971), deliveries will be made only under items 2a, 3a, 4a and 5a, below. After Contractor's said facilities are completed, deliveries will be made only under items 2b, 2c, 3b, 3c, 4b, 5b and 5c. Estimated quantities by delivery method are set forth in Paragraph J, and applicable pipeline charges are set forth in Section V.

Item 2. Gasoline

- | | |
|---|-------------------------------------|
| a. Delivered by barge or tanker to USCAR Clean Products Terminal, Naha, Okinawa. | \$0.0738 per gallon |
| b. FOB conveyance at Contractor's refinery: | |
| (1) Barge or tanker | \$0.0724 per gallon plus P/L charge |
| (2) Tank truck | \$0.0752 per gallon |
| c. Delivered by Contractor's pipeline to a junction with the military pipeline (U. S. military volumes only). | \$0.0724 per gallon plus P/L charge |

Item 3. Kerosene

- | | |
|--|-------------------------------------|
| a. Delivered by barge or tanker to USCAR Clean Products Terminal, Naha, Okinawa. | \$0.07 per gallon |
| b. FOB conveyance at Contractor's refinery: | |
| (1) Barge or tanker | \$0.0686 per gallon plus P/L charge |
| (2) Tank truck | \$0.0714 per gallon |

SCHEDULE (Continued)

- | | |
|---|-------------------------------------|
| c. Delivered by Contractor's pipeline to a junction with the military pipeline (U. S. military volumes only). | \$0.0686 per gallon plus P/L charge |
|---|-------------------------------------|

Item 4. Aircraft Turbine Fuel

- | | |
|--|-------------------------------------|
| a. Delivered by barge or tanker to USCAR Clean Products Terminal, Naha, Okinawa. | \$0.07 per gallon |
| b. Delivered by Contractor's pipeline to a junction with the military pipeline. | \$0.0686 per gallon plus P/L charge |

Item 5. Fuel Oil Diesel

- | | |
|---|-------------------------------------|
| a. Delivered by barge or tanker to USCAR Clean Products Terminal, Naha, Okinawa. | \$0.0626 per gallon |
| b. FOB conveyance at Contractor's refinery: | |
| (1) Barge or tanker | \$0.0612 per gallon plus P/L charge |
| (2) Tank truck | \$0.0640 per gallon |
| c. Delivered by Contractor's pipeline to a junction with the military pipeline (U. S. military volumes only). | \$0.0612 per gallon plus P/L charge |

G. CONTRACTOR FURNISHED FACILITIES: The Contractor shall furnish at his expense all facilities required for delivery of clean petroleum products by the methods specified hereunder. Contractor shall bear the cost of connecting Contractor furnished facilities to USCAR or U. S. military facilities.

H. USCAR FURNISHED FACILITIES: See Annex A for a list of USCAR and other facilities which will be available for storage and distribution of products supplied under this contract.

I. MINIMUM INVENTORY REQUIREMENTS:

1. The prices set forth herein are subject to the provision that the Contractor shall maintain in inventory at all times, for delivery to USCAR, not less than ten days supply of all products. In the event Contractor owned storage and handling facilities are not completed by the delivery dates

SCHEDULE (Continued)

set forth in Section III C, the Contractor will be required to provide the required inventory by other means. One alternative is set forth in Sub-paragraph 2, below.

2. For the period May 1, 1971 to date of completion of clean product storage and handling facilities at its Nishihara refinery site, Contractor shall pay to USCAR a fee of \$10,000 per month. Such fee shall be considered payment by the Contractor of a rental charge for 160,000 bbls of USCAR owned clean product tankage on Okinawa, pursuant to the minimum storage requirements specified in Sub-paragraph 1, above.

J. ESTIMATED ANNUAL REQUIREMENTS FOR CLEAN PRODUCTS (Unit: U. S. Gallon):

i. Requirements by delivery method (quantities less 000):

Periods	Delivery Method	Motor Gasoline	Kerosene	Jet A-1	Diesel Gas Oil
1 May 71 - 30 April 72	Pipeline	10,300	-	71,200	14,200
	Tank Truck	65,900	7,700	-	14,400
	Barge/Tanker	10,800	2,600	-	7,400
1 May 72 - 30 April 73	Pipeline	11,200	-	71,300	15,000
	Tank Truck	70,700	7,400	-	15,200
	Barge/Tanker	11,600	2,400	-	7,800
1 May 73 - 30 April 74	Pipeline	12,100	-	71,400	15,800
	Tank Truck	76,000	7,000	-	16,000
	Barge/Tanker	12,400	2,300	-	8,200
1 May 74 - 30 April 75	Pipeline	13,000	-	71,500	16,600
	Tank Truck	81,600	6,600	-	16,800
	Barge/Tanker	13,400	2,200	-	8,600

2. Changes in delivery pattern: The above table contemplates that deliveries for civilian consumption will be made by tank truck, except for quantities to be delivered to existing facilities in remote areas (northern Okinawa) and to islands other than Okinawa. If any change in the aforesaid delivery pattern is contemplated, USCAR will consult with the Contractor prior to such change. For an implemented change in said delivery pattern which exceeds 10% of stated Contract volume(s) for the delivery mode(s) affected, Contractor will have the right, for that volume which exceeds 110% of said Contract volume(s) to charge the highest price shown in Paragraph E for such excess volume of the product(s) involved, regardless of delivery method used.

SCHEDULE (Continued)

For example:

Contract quantity of Mogas shown in Paragraph J for FY 1971 -

Tank Truck	=	65,900	MG =	86%
Barge/Tanker	=	10,800	MG =	14%
Total		76,700	MG =	100%

If actual FY 1971 Mogas volume is -

Tank Truck	=	70,000	MG =	70%
Barge/Tanker	=	30,000	MG =	30%
Total		100,000	MG =	100%

Total growth is 100,000 MG - 76,700 MG = 23,300 MG
Allowable Barge/Tanker growth = 5,600 MG

(14% of total + 10% variation = 24% X 23,300 = 5,600 MG)

For billing purposes - balance of growth (23,300 - 5,600) = 17,700 MG would be billed at the FOB tank truck price regardless of delivery method used.

I. USCAR STORAGE FACILITIES

At the USCAR Clean Products Terminal (Naha Terminal)

Tank No.	Product	Service as of 10 Feb 1969	Bbl Capacity	Type
1	Mogas		33,800	Pontoon Roof
2	Mogas		33,800	Pontoon Roof
3	Mogas		18,000	Pontoon Roof
4	Mogas		18,300	Pontoon Roof
5	Mogas		18,800	Pontoon Roof
6	Dual Purpose Kerosene		34,500	Cone Roof
7	Diesel*		26,000	Cone Roof
8	Diesel		52,000	Cone Roof
15	Diesel		18,800	Cone Roof
21	Mogas*		26,000	Cone Roof
28	Dual Purpose Kerosene		183,600	Cone Roof

*On loan to the U. S. Army in exchange for 6 - 10,000 bbls tanks at Rue #2 Tank Farm, at Kadena Air Base as follows:

Tank No.	Product	Service as of 10 Feb 1969	Bbl Capacity	Type
20	Dual Purpose Kerosene		10,000	Cone Roof
21	Dual Purpose Kerosene		10,000	Cone Roof
22	Dual Purpose Kerosene		10,000	Cone Roof
23	Dual Purpose Kerosene		10,000	Cone Roof
24	Dual Purpose Kerosene		10,000	Cone Roof
25	Dual Purpose Kerosene		10,000	Cone Roof

II. OTHER FACILITIES:

A military owned clean products pipeline with three 8" lines connects USCAR facilities at Naha Terminal with U. S. military facilities as shown at Annex A-1.

SCHEDULE (Continued)

SECTION IV

The Contractor shall supply and deliver the fuel oil requirements of USCAR which are not for the use of REPC as follows:

A. PRODUCT TO BE FURNISHED:

Item 6. Fuel Oil Burner No. 5 (heavy), Specification VV-F-815A and amend 2; maximum sulphur content 3.5% by wt; flash point 150° F minimum.

B. QUANTITIES (in barrels): Upon the order of USCAR or its designee, Contractor shall furnish such quantities as may be required to meet all non-military requirements of the Ryukyu Islands (excluding REPC requirements which are covered by Section II of the Schedule) plus those military requirements supplied by USCAR. Such requirements include, but are not limited to, those quantities supplied to the civilian economy, bunkers for vessels calling at the Ryukyu Islands, and certain limited military requirements which are supplied by USCAR. The estimated annual requirements by delivery point are set forth in Paragraph I of this Section IV of the Schedule. The actual requirements may vary substantially from the estimated requirements due to changing conditions over the contract period. The stated estimates do not limit in any manner the obligation of the Contractor to furnish the total requirements of USCAR for the entire contract period. All requirements will be furnished at the prices stated in the applicable portion of the Schedule and there will be no increase in price due to an increase in requirements above the estimated volume or due to a decrease in requirements below the estimated volume. The Contractor shall be the exclusive supplier of fuel oil to USCAR.

C. ORDERING AND DELIVERY PERIODS: The ordering period begins 15 December 1969 and ends 15 March 1974. The delivery period begins 1 February 1970 and ends 30 April 1974. USCAR shall have the right at its option to extend the ordering and delivery periods to end 15 March 1975 and 30 April 1975 respectively, by written notice delivered to the Contractor prior to 1 February 1974.

D. SOURCE OF PRODUCTS: Contractor agrees that, by 1 April 1972, Contractor will have completed construction of a refinery in the Ryukyu Islands capable of producing the fuel oil called for by this Section IV of the Schedule, in the volumes set forth in Paragraph I hereof, in addition to those volumes required by Section II of the Schedule. Until such time as the Contractor is required to have completed such refinery in the Ryukyu Islands, and thereafter to the extent of requirements in excess of the volumes set forth in Paragraph I of this Section IV of the Schedule, Contractor may supply products from other sources; provided, however, that Contractor

SCHEDULE (Continued)

shall furnish all facilities for and begin delivering the required products in the manner specified herein no later than the beginning of the delivery period specified herein.

E. METHODS OF DELIVERY AND PRICES FOR FUEL OIL ORIGINATING FROM CONTRACTOR'S REFINERY IN THE RYUKYU ISLANDS:

The estimated quantities by delivery method are shown in Paragraph I. Applicable pipeline charges are set forth in Section V.

Item 6 a. FOB tankers or barges at Contractor's refinery in the Ryukyu Islands at Nishihara at \$1.55 per bbl plus appropriate pipeline charge set forth in Section V.

Item 6 b. Delivered by pipeline to junction with military pipeline: \$1.55 per bbl plus appropriate pipeline charge set forth in Section V.

F. METHODS OF DELIVERY AND PRICES FOR FUEL OIL SUPPLIED FROM OUTSIDE RYUKYU ISLANDS PRIOR TO COMPLETION OF REFINERY IN THE RYUKYU ISLANDS:

The estimated quantities by delivery method are shown in Paragraph I. Applicable pipeline charges are set forth in Section V.

Item 6 c. FOB tankers or barges at Contractor's storage facilities in the Ryukyu Islands at Nishihara: \$1.55 per bbl plus appropriate pipeline charge set forth in Section V.

Item 6 d. Delivered by pipeline to junction with military pipeline: \$1.55 per bbl plus appropriate pipeline charge as set forth in Section V.

Item 6 e. Delivered by tanker or barge to storage tanks at Naha: \$1.61 per bbl.

For the period beginning 1 February 1970 and ending upon the completion of on-island fuel oil storage and delivery facilities (target date is 1 January 1971), deliveries will be made only under Item 6 e. After Contractor's said facilities are completed, deliveries under this paragraph will be made only under Items 6 c and d.

G. CONTRACTOR FURNISHED FACILITIES:

The Contractor shall furnish at his expense all facilities required for the delivery of fuel oil by the methods specified herein.

H. MINIMUM INVENTORY:

The prices set forth herein are subject to the provision that the Contractor maintain in inventory at all times for delivery to USCAR not less than ten

SCHEDULE (Continued)

days supply of fuel oil. In the event Contractor owned storage and handling facilities are not completed by the delivery dates set forth in this Section IV, the Contractor will be required to provide the minimum inventory by other means. The minimum inventory requirement of this section will be considered satisfied as long as Contractor is able to rent fuel oil storage capacity as provided in Paragraph H.2, Section II.

I. ESTIMATED ANNUAL NON-REPC FUEL OIL REQUIREMENTS:

1. Requirements by delivery method (Unit: Barrel):

Period	FOB Barge or Tanker at Contractor's Refinery	Pipeline	Delivered to Naha	Total Volumes
1 Feb 70 - 31 Jan 71	-0-	-0-	2,530,000	2,530,000
1 Feb 71 - 31 Jan 72	530,000	2,050,000	-0-	2,580,000
1 Feb 72 - 31 Jan 73	535,000	2,085,000	-0-	2,620,000
1 Feb 73 - 31 Jan 74	540,000	2,110,000	-0-	2,660,000
1 Feb 74 - 31 Jan 75	545,000	2,155,000	-0-	2,700,000

2. Changes in delivery pattern: If any change is contemplated in the above delivery pattern, USCAR agrees to consult with the Contractor prior to implementation of such change.

SECTION V: PIPELINE CHARGE SCHEDULE:

A. BASIS FOR CHARGES:

1. For the products to be delivered hereunder by means of the Contractor's pipeline and marine facilities the Contractor shall be paid the applicable delivery charge as set forth in the charge schedule below. Such charge shall be paid in addition to the appropriate product price FOB the Contractor's refinery or storage as set forth under Section II, Paragraph E, Items 1a(1) and 1a(3); Paragraph F, Items 1c(1) and 1c(3); Section III, Paragraph E, Items 2a(1) and 2b(1), Items 3a(1) and 3b(1), Item 4a(1), Item 5a(1) and 5b(1); Paragraph F, Items 2b(1), 2c, 3b(1), 3c, 4b, 5b(1) and 5c; Section IV, Paragraph E, Items 6a and 6b; and Paragraph F, Items 6c and 6d. The volumes to be applied to the charge schedule shall be the volume, without reservation, delivered in each 365 day (366 days for leap years) period, beginning with the first day all pipelines and marine facilities are operational, and shall include all products delivered through the pipeline to the U. S. military or to any other party, and shall also include quantities delivered through Contractor's pipeline and marine facilities at the refinery to tankers or barges of USCAR customers where the schedule provides for a pipeline charge.

SCHEDULE (Continued)

<u>Volume bbls.</u>	<u>Dollars Per bbl.</u>
1 to 7,000,000	0.045
7,000,001 to 9,500,000	0.035
9,500,001 to 11,000,000	0.032
11,000,001 and above	0.031

B. EXPLANATORY NOTES:

1. The per barrel pipeline charge to be paid is the highest rate until the total volume of all deliveries for the 365 day (366 days for leap year) period then current fall into the next higher bracket in which event the charges shall be computed retroactively to the beginning of such current period at the lower price for such next bracket and the Contractor shall refund USCAR the amount that will then become due to USCAR. In the event the total volume of all deliveries falls into successively lower brackets, the charges shall be computed retroactively for the total volume of all deliveries using the lowest price reached by virtue of the volume delivered. All pipeline delivery charges are for delivery from the Contractor's Nishihara refinery, or from the Contractor's Nishihara storage as follows:

- a. Fuel oil to REPC's storage tanks at the Machinato Power Plant and to the U. S. military pipeline in the Machinato area,
- b. Clean products to the junction of the Contractor's and the military pipelines in the Machinato area, and
- c. Fuel oil and clean products to barges or tankers FOB Contractor's refinery at Nishihara.

2. The Contractor agrees to construct two pipelines connecting the refinery and the U. S. military pipelines at a point near Machinato, one for fuel oil and one for clean products (the fuel oil pipeline will also connect with the REPC Machinato Power Plant), and to construct marine facilities at the refinery for delivery of fuel oil and clean products. Such pipelines and marine facilities shall be adequate for delivery of the estimated quantities shown for each delivery method in Sections II, III and IV of the Schedule plus 10% of such quantities. Upon receipt of adequate notice, Contractor further agrees to expand the delivery capabilities of such pipelines and marine facilities to handle all increases in USCAR's requirements above the estimated quantities; provided, however,

SCHEDULE (Continued)

that if any such expansion of facilities is required to increase delivery capability by a particular method (i.e. into tank trucks, barges or tankers; or by pipelines) as a result of a proposed change by USCAR in the delivery pattern, an additional charge will be agreed upon by Contractor and USCAR to reflect a fair return on any additional investment required by the Contractor as a direct result of such change. Delivery pattern is defined as the percentage relationship of volumes of each product delivered by each delivery method to the total volume of each product for a given period. For example (Quantities in thousands of U. S. gallons):

<u>PERIOD</u>	<u>DELIVERY METHOD</u>	<u>MOTOR GASOLINE</u>	<u>DELIVERY PATTERN</u>
1 May 71 - 30 Apr 72	(Pipeline	10,300	11.8%
	("		
	(Tank Truck	65,900	75.8%
	(
	(Barge/Tanker	10,800	12.4%
		87,000	100.0%

END OF SCHEDULE

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GENERAL PROVISIONS

1. DEFINITIONS:

As used throughout this contract, the following terms shall have the meaning set forth below:

- a. The term "head of the agency" or "Secretary" means the Secretary of the Army, the Under Secretary, and Assistant Secretary, or any other head or assistant head of the Department of the Army and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the head of the agency or the Secretary.
- b. The term "Administrator" means the Civil Administrator of the Ryukyu Islands (USCAR); and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Administrator.
- c. The term "Contracting Officer" means the person executing this contract on behalf of USCAR, and any other officer or civilian employee of the Office of the Civil Administrator of the Ryukyu Islands who is properly designated Contracting Officer; and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.
- d. The term "USCAR" means the United States Civil Administration of the Ryukyu Islands or members of the USCAR staff designated to act on its behalf.
- e. Except as otherwise provided in this contract, the term "subcontracts" includes purchase orders under this contract.
- f. United States, when used in a geographic sense, means the States and the District of Columbia.
- g. The term "effective date of the contract" means 10 February 1969.
- h. The symbol "TK" means tanker, "B" barge, "TC" tank car, "T" truck, "TT" transport truck, "TTR" truck and trailer, "TW" tank wagon and "P" pipeline. The symbols or terms "(TR) transport truck" and "(TTR) truck trailer" means tank truck equipment for hauling drummed or packaged supplies.
- i. The term "barge" includes tankers of up to 5000 tons.
- j. The term "Quality Assurance Representative" means the inspector designated by USCAR, the name and address of whom will be furnished by USCAR to the Contractor in writing.

2. CHANGES:

The Contracting Officer may at any time, by a written order, and without notice to the sureties, make changes within the general scope of this

GENERAL PROVISIONS (Continued)

contract, in any one or more of the following: (i) Specifications of the supplies to be furnished; (ii) method of shipment or packing; (iii) grade of the product to be furnished, but only to a grade within the same specification; (iv) type of container or of transportation equipment; (v) place of inspection, delivery or acceptance; and (vi) destination of shipments. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this contract, whether changed or not changed by any such order, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Contractor for adjustment under this clause must be asserted within 90 days from the date of receipt by the Contractor of the notification of change, provided, however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Where the cost of property made obsolete or excess as result of a change is included in the Contractor's claim for adjustment, the Contracting Officer shall have the right to prescribe the manner of disposition of such property. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes". However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

3. EXTRAS:

Except as otherwise provided in this contract, no payment for extras shall be made unless such extras and the price therefor have been authorized in writing by the Contracting Officer.

4. VARIATION IN QUANTITY:

No variation in the quantity set forth in any individual order for any item will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in refining or manufacturing processes, and then only to extent that such variation is within 10 percent, plus or minus, of the quantity ordered. Any such variation in quantity accepted hereunder that is in excess of the quantity ordered shall not be applied to reduce, nor shall any such variation in quantity that is less than the quantity ordered be deemed a quantity ordered in determining the maximum quantity of supplies or services which USCAR is entitled to order, and the Contractor is required to furnish if ordered.

5. INSPECTION:

a. All supplies (which term throughout this clause includes without limitation raw materials, components, intermediate assemblies, and end products) shall be subject to inspection and test by USCAR, to the extent practicable at all times and places including the period of manufacture, and in any event prior to acceptance.

GENERAL PROVISIONS (Continued)

b. In case any supplies or lots of supplies are defective or otherwise not in conformity with the requirements of this contract, USCAR shall have the right either to reject them (with or without instructions as to their disposition) or to require their correction. Supplies or lots of supplies which have been rejected or required to be corrected shall be removed or, if permitted or required by the Contracting Officer, corrected in place by and at the expense of the Contractor promptly after notice, and shall not thereafter be tendered for acceptance unless the former rejection or requirement of correction is disclosed. If the Contractor fails promptly to remove such supplies or lots of supplies which are required to be removed, or promptly to replace or correct such supplies or lots of supplies, USCAR either (i) may be contract or otherwise replace or correct such supplies and charge to the Contractor the cost occasioned USCAR thereby, or (ii) may terminate this contract for default as provided in the clause of this contract entitled "Default". Unless the Contractor corrects or replaces such supplies within the delivery schedule, the Contracting Officer may require the delivery of such supplies at a reduction in price which is equitable under the circumstances. Failure to agree to such reduction of price shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes".

c. If any inspection or test is made by USCAR on the premises of the Contractor or a subcontractor, the Contractor without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the USCAR inspectors in the performance of their duties. If USCAR inspection or test is made at a point other than the premises of the Contractor or a subcontractor, it shall be at the expense of USCAR except as otherwise provided in this contract. Provided, that in case of rejection USCAR shall not be liable for any reduction in value of samples used in connection with such inspection or test. All inspections and tests by USCAR shall be performed in such a manner as not to unduly delay the work. USCAR reserves the right to charge to the Contractor any additional cost of USCAR inspection and test when supplies are not ready at the time such inspection and test is requested by the Contractor or when reinspection or retest is necessitated by prior rejection. Acceptance or rejection of the supplies shall be made as promptly as practicable after delivery, except as otherwise provided in this contract; but failure to inspect and accept or reject supplies shall neither relieve the Contractor from responsibility for such supplies as are not in accordance with the contract requirements nor impose liability on USCAR therefor.

d. The inspection and test by USCAR of any supplies or lots thereof does not relieve the Contractor from any responsibility regarding defects or other failures to meet the contract requirements which may be discovered prior to acceptance. Except as otherwise provided in this contract, acceptance shall be conclusive except as regards latent defect, fraud, or such gross mistakes as amount to fraud.

GENERAL PROVISIONS (Continued)

e. The Contractor shall provide and maintain an inspection system acceptable to USCAR covering the supplies hereunder pursuant to clause 31 of these General Provisions.

6. TITLE AND RISK OF LOSS:

a. Unless this contract specifically provides for earlier passage of title, title to supplies covered by this contract shall pass to USCAR upon formal acceptance, regardless of when or where USCAR takes physical possession.

b. (1) Unless this contract specifically provides otherwise, risk of loss of or damage to supplies covered by this contract shall remain with the Contractor until, and shall pass to USCAR upon:

- (i) delivery of the supplies to a carrier, if transportation is FOB origin;
- (ii) acceptance by USCAR or delivery of possession of the supplies to USCAR at the destination specified in this contract, whichever is later, if transportation is FOB destination.

(2) Notwithstanding (1) above, the risk of loss or damage to supplies which so fail to conform to the contract as to give a right of rejection shall remain with the Contractor until cure or acceptance, at which time (1) above shall apply.

c. Notwithstanding (b) above, the Contractor shall not be liable for loss of or damage to supplies caused by the negligence of officers, agents, or employees of USCAR acting within the scope of their employment.

7. PAYMENTS:

The Contractor shall be paid, upon the submission of proper invoices or vouchers, the prices stipulated herein for supplies delivered and accepted or services rendered and accepted less deductions, if any, as herein provided. Unless otherwise specified, payment will be made on partial deliveries accepted by USCAR when the amount due on such deliveries so warrants; or, when requested by the Contractor, payment for accepted partial deliveries shall be made whenever such payment would equal or exceed \$1,000.

8. ASSIGNMENT OF CLAIMS:

a. Pursuant to the provisions of the Assignment of Claims Act of 1940, as amended (S1 U.S.C. 203, 41 U.S.C. 15) (if applicable to this contract) if this contract provides for payments aggregating \$1,000 or more, claims for moneys due or to become due the Contractor from the government under this contract may be assigned to a bank, trust company,

GENERAL PROVISIONS (Continued)

or other financing institution, including any Federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any such assignment or reassignment shall cover all amounts payable under this contract and not already paid, and shall not be made to more than one party; except that any such assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in such financing. Unless otherwise provided in this contract, payments to an assignee of any moneys due or to become due under this contract shall not, to the extent provided in said Act, as amended, be subject to reduction or setoff. (The preceding sentence applies only if this contract is made in time of war or national emergency as defined in said Act and is with the Department of Defense, the General Services Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, the Federal Aviation Agency, or any other department or agency of the United States designated by the President pursuant to Clause 4 of the proviso of Section 1 of the Assignment of Claims Act of 1940, as amended by the Act of May 15, 1951, 65 Stat. 41).

b. In no event shall copies of this contract or of any plans, specifications, or other similar documents relating to work under this contract, if marked "Top Secret", "Secret", or "Confidential", be furnished to any assignee of any claim arising under this contract or to any other person not entitled to receive the same. However, a copy of any part or all of this contract so marked may be furnished, or any information contained therein may be disclosed, to such assignee upon the prior written authorization of the Contracting Officer.

9. ADDITIONAL BOND SECURITY:

If any surety upon any bond furnished in connection with this contract becomes unacceptable to USCAR or if any such surety fails to furnish reports as to his financial condition from time to time as requested by USCAR, the Contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of USCAR and of persons supplying labor or materials in the prosecution of the work contemplated by this contract.

10. DEFAULT:

a. USCAR may, subject to the provisions of paragraph c below, by written notice of default to the Contractor, terminate the whole or any part of this contract in any one of the following circumstances:

- (i) if the Contractor fails to make delivery of the supplies or to perform the services within the time specified herein or any extension thereof; or
- (ii) if the Contractor fails to perform any of the other provisions of this contract, or so fails to make progress as

GENERAL PROVISIONS (Continued)

to endanger performance of this contract in accordance with its terms, and in either of those two circumstances does not cure such failure within a period of 10 days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure.

b. In the event USCAR terminates this contract in whole or in part as provided in paragraph a of this clause, USCAR may procure, upon such terms and in such manner as the Contracting Officer may deem appropriate, supplies or services similar to those so terminated, and the Contractor shall be liable to USCAR for any excess costs for such similar supplies or services: Provided, that the Contractor shall continue the performance of this contract to the extent not terminated under the provisions of this clause...

c. Except with respect to defaults of subcontractors, the Contractor shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the United States in its sovereign capacity, acts of USCAR in either its governmental or contractual capacity, fires, floods, epidemics, quarantine, freight, embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.

d. If this contract is terminated in whole or in part, as provided in paragraph a of this clause, USCAR, in addition to any other rights provided in this clause may require the Contractor to make available to USCAR the use of such completed or partially completed facilities as the Contractor has constructed for such part of the contract as has been terminated and as may be required by USCAR to adequately receive, store, transport and deliver products obtained from third parties of the kind and quality called for in the terminated portion of the contract. Contractor shall, upon direction of the Contracting Officer, protect and preserve property in possession of the Contractor in which USCAR has an interest. Payment for completed supplies delivered to and accepted by USCAR shall be at the contract price. Payment for use of petroleum facilities used by USCAR shall be in an amount agreed upon by the Contractor and Contracting Officer: failure to agree to such amount shall

GENERAL PROVISIONS (Conti)

be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes". USCAR may withhold from amounts otherwise due the Contractor for such completed supplies or use of petroleum facilities such sum as the Contracting Officer determines to be necessary to protect USCAR against loss because of outstanding liens or claims or former lien holders.

e. If, after notice of termination of this contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause or that the default was excusable under the provisions of this clause, the rights and obligations of the parties shall, if the contract contains a clause providing for termination for convenience of USCAR be the same as if the notice of termination had been issued pursuant to such clause. If, after notice of termination of this contract under the provisions of this clause, it is determined for any reason that the Contractor was not in default under the provisions of this clause, and if this contract does not contain a clause providing for termination for convenience of USCAR, the contract shall be equitably adjusted to compensate for such termination and the contract modified accordingly; failure to agree to any such adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes".

f. If the Contractor fails to complete the construction of a petroleum refinery in the Ryukyu Islands adequate to produce the products which this contract requires the Contractor to supply from such a refinery within the time specified in the contract, or any extension thereof, the actual damage to USCAR and the economy of the Ryukyu Islands will be difficult or impossible to determine. Therefore, in lieu of actual damages the Contractor shall pay to USCAR as fixed, agreed, and liquidated damages for each calendar day of delay, \$2,500.00. There shall be a 30 day grace period before such liquidated damages shall begin to accrue. Alternatively, USCAR may terminate this contract in whole or in part as provided in Paragraph a of this clause, and in that event the Contractor shall be liable in addition to the excess costs provided in Paragraph b above for such liquidated damages (\$2,500.00 for each calendar day of delay, excluding a 30 day grace period) accruing until such time as a petroleum refinery is actually completed under a subsequent USCAR contract. The Contractor shall not be liable for any portion of such delay which exceeds two (2) years. Contractor shall not be liable for liquidated damages for any delay beyond the effective date of termination of this contract if at the end of a period of six (6) months from the effective date of termination of this contract USCAR has not entered into a subsequent contract which requires that a petroleum refinery be built in the Ryukyu Islands. The Contractor shall not be charged with liquidated damages when the delay arises out of causes beyond the control and without the fault or negligence of the Contractor, as

GENERAL PROVISIONS (Continued)

defined in Paragraph c above, and in such event, subject to the "Disputes" clause, the Contracting Officer shall ascertain the facts and extent of the delay and shall extend the time for performance of the contract when in his judgment the findings of fact justify an extension.

g. The rights and remedies of USCAR provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

11. DISPUTES

a. Except as otherwise provided in this contract any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Contractor. The decision of the Contracting Officer shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Contractor mails or otherwise furnishes to the Contracting Officer a written appeal addressed to the Secretary. The decision of the Secretary or his duly authorized representative for the determination of such appeal shall be final and conclusive unless determined by a United States court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this clause, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Contractor shall proceed diligently with the performance of the contract and in accordance with the Contracting Officer's decision.

b. This "Disputes" clause does not preclude consideration of law questions in connection with decisions provided for in Paragraph a above; provided, that nothing in this contract shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

12. OFFICIALS NOT TO BENEFIT:

No member of or delegate to Congress, or resident COMMISSIONER, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

13. COVENANT AGAINST CONTINGENT FEES

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or under

GENERAL PROVISIONS (Continued)

standing for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty USCAR shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

14. TAXES, DUTIES, AND CHARGES FOR DOING BUSINESS:

a. As used throughout this clause, the words and terms defined in this paragraph shall have the meanings set forth herein.

- (i) The term "country concerned" means any country in which expenditures under this contract are made. This term includes the Ryukyu Islands.
- (ii) The words Tax and Taxes includes fees and charges for doing business that are levied by the Government of the country concerned or by political subdivisions thereof.
- (iii) The term "contract date" means the date of this contract; as to additional supplies or services procured by modification on this contract, the term means the date of the modification.

b. Except as may be otherwise provided in this contract, the contract price includes all taxes and duties in effect and applicable to this contract on the contract date, except taxes and duties (i) from which USCAR, the Contractor, and subcontractor, or the transactions of property covered by this contract are exempt under the laws of the country concerned or political subdivisions thereof, or (ii) which the Government of the United States or USCAR and the government of the country concerned have agreed shall not be applicable to expenditures in such country by or on behalf of USCAR.

- c. (1) If the Contractor is required to pay or bear the burden—
 - (i) of any tax or duty which either was not to be included in the contract price pursuant to the requirements of paragraph b, hereof, or was specifically excluded from the contract price by a provision of this contract; or
 - (ii) of an increase in rate of any tax or duty, whether or not such tax or duty was excluded from the contract price; or
 - (iii) of any interest or penalty on any tax or duty referred to in (i) or (ii) above, the contract price shall be correspondingly increased; Provided, that the Contractor warrants in writing that no amount of such tax, duty or increase

GENERAL PROVISIONS (Continued)

therein was included in the contract price as a contingency reserve or otherwise; and Provided Further, that liability for such tax, duty, increase therein, interest or penalty was not incurred through the fault or negligence of the Contractor or his failure to follow instructions of the Contracting Officer or to comply with the provisions of subparagraph d (1) below.

(2) If the Contractor is not required to pay or bear the burden, or obtains a refund or drawback in whole or in part, of any tax, duty, increase therein, interest or penalty which (i) was to be included in the contract price pursuant to the requirement of paragraph b, (ii) was included in the contract price, or (iii) was the basis of an increase in the contract price, the contract price shall be correspondingly decreased or the amount of such relief, refund, or drawback shall be paid to USCAR, as directed by the Contracting Officer. The contract price also shall be correspondingly decreased if the Contractor, through his fault or negligence or his failure to follow instructions is required to pay or bear the burden, or does not obtain a refund or drawback of any such tax, duty, increase therein, interest or penalty. Interest paid or credited to the Contractor incident to a refund of taxes or duties shall inure to the benefit of USCAR to the extent that such interest was earned after the Contractor was paid or reimbursed by USCAR for such taxes or duties.

(3) Invoices or vouchers covering any adjustment of the contract price pursuant to this paragraph d shall set forth the amount thereof as a separate item and shall identify the particular tax or duty involved.

(4) No adjustment in the contract price or payment or credit to USCAR is required pursuant to this paragraph c if the total amount thereof for the contract period will be less than one hundred dollars (\$100).

(5) Subparagraphs (1) and (2) of this paragraph c shall not be applicable to social security taxes; income and franchise taxes, other than those levied on or measured by (i) sales or receipts from sales, or (ii) the Contractor's possession of, interest in, or use of property, title to which is in USCAR; excess profits taxes; capital stock taxes; transportation taxes; unemployment compensation taxes; or property taxes, other than such property taxes, allocable to this contract, as are assessed either on completed supplies covered by this contract, or on the Contractor's possession of, interest in, or use of property, title to which is in USCAR.

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GENERAL PROVISIONS (Continued)

d. (1) The Contractor shall take all reasonable action to obtain exemption from or refund of any taxes or duties, including interest or penalty, from which USCAR, the Contractor, any subcontractor, or the transactions, or property covered by this contract are exempt under the laws of the country concerned or political subdivision thereof, or which the Government of the United States or USCAR and the government of the country concerned have agreed shall not be applicable to expenditures in such country by or on behalf of USCAR.

(2) The Contractor shall promptly notify the Contracting Officer of all matters pertaining to taxes or duties which reasonably may be expected to result in either an increase or decrease in the contract price.

(3) Whenever an increase or decrease in the contract price may be required under this clause, the Contractor shall take action as directed by the Contracting Officer and the contract price shall be equitably adjusted to cover the cost of such action, including any interest, penalty, and reasonable attorney's fees.

15. REPORTING OF ROYALTIES:

(The provisions of this clause shall not be applicable where the supplies to be furnished under this contract were refined or manufactured in the United States, its possessions or Puerto Rico.)

a. If this contract is in an amount which exceeds fifty thousand United States dollars (\$50,000), the Contractor shall report in writing to the Contracting Officer during the performance of this contract the amount of royalties paid or to be paid by the Contractor directly to others in the performance of this contract. The Contractor shall also (i) furnish in writing any additional information relating to such royalties as may be requested by the Contracting Officer, and (ii) insert a provision similar to this clause in any subcontract hereunder which involves an amount in excess of the equivalent of fifty thousand United States dollars (\$50,000).

b. The term royalties as used herein refers to any cost or charges in the nature of royalties, license fees, patent or license amortization costs or the like for the use of or for rights in patents or patent applications.

16. COMMUNIST AREAS:

a. Unless he first obtains the written approval of the Contracting Officer, the Contractor shall not acquire for use in the performance of this contract:

(i) any supplies or services originating from sources within the following communist areas: Albania; Bulgaria; China,

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GENERAL PROVISIONS (Continued)

excluding Taiwan (Formosa), but including Manchuria, Inner Mongolia the provinces of Tsinghai and Sikang, Sinkiang, Tibet, the former Kwantung Leased Territory the present Port Arthur Naval Base Area, and Lianoning Province; Communist-controlled area of Viet Nam and Communist-controlled area of Laos; Cuba; Czechoslovakia; East Germany (Soviet Zone of Germany and the Soviet Sector of Berlin) Estonia; Hungary; Latvia; Lithuania; North Korea; Outer Mongolia; Poland and Danzig; Rumania; Union of Soviet Socialist Republics;

(ii) any supplies, however processed, which are or were located in or transported from or through China (as described in (i) above), North Korea, North Viet Nam, or Cuba;

b. The Contractor agrees to insert the provisions of this clause, including this Paragraph b, in all subcontracts hereunder.

17. NON-USE OF FOREIGN FLAG VESSELS ENGAGED IN CUBAN AND NORTH VIET NAM TRADE:

a. If, after the date of award, any supplies to be furnished or any materials to be incorporated in such supplies or in a construction project will require ocean transportation from the United States in the performance of this contract, the Contractor shall not use any foreign-flag vessel which the Maritime Commission has listed in the Federal Register as having called at a Cuban port on or after 1 January 1963, or a North Viet Nam port on or after 25 January 1966, unless an exception has been made by the Secretary of Commerce.

b. For purpose of this clause, the term "United States" includes the fifty States, Puerto Rico, possessions of the United States, and the District of Columbia.

c. The Contractor shall include the substance of this clause, including this Paragraph c, in each subcontract or purchase order hereunder which may involve ocean transportation from the United States.

18. GRATUITIES:

a. USCAR may, by written notice to the Contractor, terminate the right of the Contractor to proceed under this contract if it is found, after notice and hearing, by the Secretary or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of USCAR with a view toward securing a contract or securing favorable treatment

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GENERAL PROVISIONS (Continued)

with respect to the awarding or amending, or the making of any determinations with respect to the performing of such contract: provided, that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent United States court.

b. In the event this contract is terminated as provided in Paragraph a hereof, USCAR shall be entitled (i) to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall be not less than three nor more than ten times the costs incurred by the Contractor in providing any such gratuities to any such officer or employee.

c. The rights and remedies of USCAR provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

19. RENEGOTIATION:

a. This contract will be exempt from the provisions of the Renegotiation Act of 1951 (50 U.S.C. App. 1211, et seq.) as amended, if it is wholly performed outside the United States, its possessions and Puerto Rico and if throughout the performance of the contract the Contractor is not engaged in a trade or business in the United States, its possessions and Puerto Rico and is:

- (i) an individual who is not a national of the United States; or
- (ii) a partnership or joint venture in which individuals who are not nationals of the United States or corporations which are not created by, or organized under the laws of the United States or any state or possession thereof or Puerto Rico are entitled to more than 50 percent of the profits; or
- (iii) a corporation (other than a corporation created by, or organized under the laws of the United States or any state or possession thereof or Puerto Rico) more than 50 percent of the voting stock of which is owned directly or indirectly by persons described in (i) and (ii) above.

b. If the Contractor does not meet all the requirements for exemption, set forth in Paragraph a above at all times during the entire performance of this contract, this contract shall be subjected, to the extent required by law, to the Renegotiation Act of 1951, as amended, and to any subsequent Act of the United States Congress providing for the renegotia-

GENERAL PROVISIONS (Continued)

tion of contracts; provided, however, that nothing contained in this clause shall impose any renegotiation obligation with respect to this contract or any subcontract hereunder which is not imposed by an act of the United States Congress heretofore or hereafter enacted. In the event this contract is subject to the Renegotiation Act of 1951, it shall be deemed to contain all the provisions required by Section 104 of that Act, and by any such other Act, without subsequent contract amendment specifically incorporating such provisions.

c. The Contractor agrees to insert the provisions of this clause, including this paragraph c in all subcontracts, as that term is defined in section 103g of the Renegotiation Act of 1951, as amended.

20. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - PRICE ADJUSTMENTS:

a. This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. The right to price reduction under this clause shall be limited to such price adjustments.

b. If the Contracting Officer determines that any price, including profit, or fee, negotiated in connection with any price adjustment under this contract was increased by any significant sums because the Contractor or any subcontractor in connection with a subcontract covered by paragraph d below, furnished incomplete or inaccurate cost or pricing data or data not current as of the date of execution of the Contractor's certificate of current Cost or Pricing Data, then such price shall be reduced accordingly and the contract shall be modified in writing to reflect such adjustment.

c. If contractor does not agree on a price reduction determined by the Contracting Officer pursuant to b. above, such failure to agree shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract.

d. The Contractor agrees to insert the substance of paragraphs a, b, and c of this clause in each subcontract hereunder that exceeds \$100,000.

21. AUDIT - PRICE ADJUSTMENTS:

a. This clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000, unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

GENERAL PROVISIONS (Continued)

b. For purposes of verifying that certified cost or pricing data submitted in conjunction with such a contract change or other modification were accurate, complete, and current, the Contracting Officer, or any authorized representative, shall--until the expiration of three years from the date of final payment under this contract--have the right to examine those books, records, documents, papers and other supporting data which involve transactions related to this contract or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein.

c. The Contractor agrees to insert this clause, including this paragraph c, in all subcontracts hereunder which when entered into exceed \$100,000. When so inserted, changes shall be made to designate the higher-tier subcontractor at the level involved as the contracting and certifying party; to add "of the Government prime contract" after "Contracting Officer"; and to add, at the end of a above, the words, "provided that the change or other modification to the subcontract results from a change or other modification to the Government prime contract."

22. SUBCONTRACTOR COST AND PRICING DATA - PRICE ADJUSTMENTS:

a. Paragraphs b and c of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.

b. The Contractor shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive, or price redeterminable subcontracts; (ii) prior to the award of any subcontract the price of which is expected to exceed \$100,000; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000; except in the case of (ii) or (iii) where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.

c. The Contractor shall require subcontractors to certify that to the best of their knowledge and belief the cost and pricing data submitted under b above is accurate, complete, and current as of the date of execution, which date shall be as close as possible to the date

GENERAL PROVISIONS (Continued)

of agreement on the negotiated price of the contract modification.

d. The Contractor shall insert the substance of this clause including this Paragraph d in each subcontract which exceeds \$100,000.

23. RESTRICTION ON SALES BY CONTRACTOR:

Contractor agrees that it will not compete with USCAR for sales of any products furnished under this contract to USCAR for the supply of the non-military requirements of the Ryukyu Islands, including, but not limited to, bunkers for ships discharging or lifting cargo at ports on the Western side of Okinawa and commercial aircraft engaged in international flights.

24. CHOICE OF LAW:

The parties to this contract agree that it shall be interpreted and governed by the common law principles of contract generally recognized in the United States of America. Should any conflict arise as to the law stipulated by this section, the parties agree that the law of the District of Columbia shall govern this contract.

25. CONFLICT IN TRANSLATION:

In the event of a disagreement between the English text of this contract and any translation thereof, or an ambiguity in such translation, the English text shall govern.

26. SUB-CONTRACTING AND ASSIGNMENT:

Performance of this contract shall not be assigned and no contract shall be made with any other party for furnishing any of the supplies or services herein contracted for without the written approval of the Contracting Officer as to source. (Exception: Petroleum products procured and/or supplied by oil companies affiliated with the Contractor).

27. USCAR RESPONSIBILITY AND FUNDS:

Any claims or liabilities created by this contract are the exclusive responsibility of the USCAR Petroleum Distribution Fund or its assignee or successor. This contract shall not be construed to obligate the United States or any appropriated funds of the United States in any way.

28. ASSIGNMENT BY USCAR:

It is agreed that in the event the United States relinquishes its

GENERAL PROVISIONS (Continued)

authority over the Ryukyu Islands during the term of this contract, USCAR may assign, in whole or in part, its rights and obligations under this contract. This provision in no way limits USCAR's right to terminate this contract under Clause 30 of the General Provisions.

29. RELINQUISHMENT OF UNITED STATES AUTHORITY:

In the event the United States relinquishes its authority over the Ryukyu Islands during the term of this contract, USCAR may terminate the contract and will thereby be relieved of any further obligation to purchase the items supplied thereunder and from any claim for damages allegedly incurred thereby. Such termination will not be regarded as being of the type covered elsewhere in this contract. USCAR agrees that in the event the United States relinquishes its authority over the Ryukyu Islands, it shall use its best efforts to assign this contract pursuant to Clause 29 of the General Provisions.

30. TERMINATION FOR THE CONVENIENCE OF USCAR:

a. This contract may be terminated by USCAR in accordance with this clause in whole or from time to time in part, at any time when the Contracting Officer shall determine that such termination is in the best interest of USCAR and the economy of the Ryukyu Islands. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

b. The term "effective date of termination" means the date upon which the notice of termination first requires the Contractor to stop performance, in whole or in part, under the contract. If, however, the termination notice is received subsequent to the date fixed for termination, then the effective date of termination means the date on which the notice is received.

c. After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall:

(1) stop deliveries under the contract on the date and to the extent specified in the Notice of Termination;

(2) continue such deliveries to USCAR as shall not have been terminated by the Notice of Termination; and

(3) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which USCAR has or may acquire an interest.

GENERAL PROVISIONS (Continued)

d. If this contract is terminated, in whole or in part, by USCAR pursuant to this clause, Contractor shall use its best efforts to sell at the best price reasonably attainable such terminated quantities of the products as were estimated to be the requirements of USCAR for a period of two years following the effective date of termination or for a period ending with the end of the delivery period whichever period is shorter. If the contract is terminated prior to the beginning of the delivery period, such two year period shall be measured from the beginning of the delivery period. (See Annex A of Section II of the Schedule, Annex A of Section III of the Schedule, and Annex A of Section IV of the Schedule).

e. If this contract is terminated, in whole or in part, by USCAR pursuant to this clause, USCAR's liability to the Contractor shall be limited to payments due for products delivered prior to the effective date of termination, plus any amount by which the contract price, as stated in the applicable section of the Schedule, exceeds the price obtained by the Contractor for the quantities of the terminated products which he sells pursuant to Paragraph d of this clause. In no event shall USCAR be liable for any costs related to the construction, operation, or maintenance of Contractor's petroleum refinery in the Ryukyu Islands.

f. Contractor shall submit only one termination claim for payment pursuant to Paragraph e relating to any termination, in whole or in part, of this contract. The preceding sentence shall not apply to claims for payments due for products delivered prior to the effective date of termination. Contractor's claim for payment shall be submitted not later than twenty-six months after the effective date of termination or, if the contract is terminated prior to the beginning of the delivery period, Contractor's claim shall be submitted not later than twenty-six months after the beginning of the delivery period. The Contracting Officer may, in his discretion, grant extensions of this time limit. Contractor shall furnish such documentation of his termination claim as shall be required by the Contracting Officer.

g. After receipt of Contractor's termination claim or claims, the Contracting Officer and the Contractor may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of the contract pursuant to this clause. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.

h. In the event of failure of the Contractor and the Contracting Officer to agree as provided in Paragraph g upon the whole amount to be paid to the Contractor, the Contracting Officer shall pay to the Contractor the amounts determined by the Contracting Officer to be

GENERAL PROVISIONS (Continued)

due the Contractor from USCAR.

i. The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes", from any determination made by the Contracting Officer under Paragraph h.

j. In arriving at the amount due the Contractor under this clause there shall be deducted all unliquidated advance or other payments on account theretofore made to the Contractor in connection with this contract.

k. If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file with the Contracting Officer a request for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract (the portion not terminated by the Notice of Termination), and such equitable adjustment as may be agreed upon shall be made in such price or prices.

l. Unless otherwise provided for in this contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of three years after final settlement under this contract, shall preserve and make available to USCAR at all reasonable times at the office of the Contractor but without direct charge to USCAR, all his books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this contract and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, micro-photographs, or other authentic reproduction thereof.

31. CONTRACTOR INSPECTION RESPONSIBILITIES:

a. The Contractor shall provide and maintain, and be responsible that subcontractors provide and maintain, an inspection system acceptable to USCAR. Upon establishment of an acceptable inspection system, unless otherwise indicated by USCAR, the Contractor shall prepare, and be responsible that subcontractors prepare, for and with the assistance of the Quality Assurance Representative, who shall be designated by USCAR, a written description thereof, including the designation of key operational positions. Such description shall cover the following operations relating to the supplies to be furnished under this contract: (i) receiving, (ii) blending and compounding, (iii) sampling, (iv) testing, (v) calibration of testing and measuring equipment, (vi) storage and handling, (vii) packaging, packing and marking, (viii) loading and shipping and (ix) records and reports.

GENERAL PROVISIONS (Continued)

b. The Contractor shall perform or cause to be performed, in a laboratory acceptable to USCAR all inspection and acceptance tests set forth in the specifications of the supplies to be furnished under this contract to substantiate conformance of such supplies to requirements of the specification and of this contract; provided, however, that in the event such tests are performed at origin on supplies to be accepted at destination the Contractor shall further provide, or cause to be provided, at the point and time of acceptance, such evidence of quality that will enable USCAR to verify original test results.

c. The Contractor shall inspect, prior to loading all shipping conveyances and containers to determine that such conveyances and containers are suitable for loading. In the event of a dispute between the Contractor and the Quality Assurance Representative as to the suitability for loading of a USCAR furnished conveyance or container for supplies to be accepted at origin, the determination of the Quality Assurance Representative shall govern. USCAR furnished transportation equipment that is unsatisfactory for loading shall be promptly reported by the Contractor to USCAR.

d. The Contractor, if required by the Quality Assurance Representative, shall take a representative sample, after loading or filling from each shipment made under this contract and verify quality requirements. Samples taken from each shipment shall be retained for a period of 6 months or such less period as may be authorized by the Quality Assurance Representative.

e. The Contractor shall also furnish hereunder, from time to time, at the request of, in the manner and to the place designated by the Quality Assurance Representative, no more than five (10 in the case of jet fuels) 1-gallon samples of liquid product or five 1-pound samples of solid or semi-solid product from any individual batch or lot of the supplies to be furnished under this contract. Such samples shall be furnished without charge to the government and shall be packed, marked and shipped by the Contractor, shipping expense prepaid, in containers and shipping boxes furnished by the Contractor.

f. The Contractor shall keep all quality and quantity records, including DD Form 250-series documents or other forms designated by USCAR complete and available to USCAR during the performance of this contract and for 3 years after final payment under this contract.

g. At the time of each delivery under this Contract, the Contractor shall prepare and furnish to USCAR a Material Inspection and Receiving Report (DD Form 250-series) or other forms designated by USCAR in the manner and to the extent required by USCAR.

GENERAL PROVISIONS (Continued)

h. Except for delivery into tanker, barge, or pipeline, strainers and filter, located as near the loading or filling point as practicable, shall be used as outlined below:

(1) All aviation fuel shall be passed through strainers of 100 mesh or finer.

(2) Contractor shall furnish and periodically inspect strainers and filters required pursuant to this Paragraph h to determine condition and perform maintenance as necessary, keeping a written record thereof.

i. The Contractor, immediately following the award of this contract, shall notify the Quality Assurance Representative of the source or sources of the supplies to be furnished under this contract. The Contractor shall also furnish such notification with respect to any change in source. Such notification shall be sufficiently timely to permit necessary inspection by USCAR.

j. The inspection system, including operations directly related thereto, that must be provided or performed pursuant to this clause shall be subject to surveillance by the Quality Assurance Representative.

32. SUPPLEMENTAL INSPECTION:

a. On items calling for FOB origin delivery, inspection and acceptance will be performed at the point of delivery.

b. On items calling for FOB destination delivery, preliminary inspection for quality will be performed at the product source, with final inspection and acceptance at destination.

c. Whenever the item calls for delivery into or by tanker, either FOB origin or FOB destination, the Contractor shall keep the inspector informed of the loading date and source of supply and any changes thereto as far in advance of the loading date as is possible to permit necessary inspection by USCAR.

33. PAYMENTS AND SUBMISSION OF INVOICES:

a. On supplies delivered FOB origin, but not on supplies delivered FOB destination, the Contractor shall support each invoice with two copies, one of which must be signed by the Quality Assurance Representative (duplicated signatures are acceptable), of the applicable inspection report form prepared by the Contractor pursuant to Paragraph 8 of the clause entitled "Contractor Inspection Responsibilities".

SCHEDULE (Continued)

b. Invoices shall be prepared and submitted in quadruplicate and shall contain the contract number, order number, name of tanker and cargo number, item number, contract description of supplies, sizes, quantities, unit prices and extended totals. Such invoices shall be made out and forwarded in accordance with instructions of USCAR.

c. Payment of invoices will be made in United States currency. When the contract prices or reference prices are expressed in pounds sterling, the rate of exchange for the conversion of sterling into U. S. dollars for payment purposes shall be \$2.40 per one (1) pound sterling, as long as the limits of the dollar/sterling exchange rate remain \$2.38 - \$2.42 per one (1) pound sterling. In the event the limits of the dollar/sterling exchange rate should change, the rate of exchange for conversion would be the mean of the established new limits as of the date of delivery and will be expressed in a modification to this contract.

34. INTEREST:

Notwithstanding any other provision of this contract, unless paid within 30 days all amounts that become payable by the Contractor to USCAR under this contract shall bear interest at the rate of six percent per annum from the date due until paid. Amounts shall be due upon the earliest one of (i) the date fixed pursuant to this contract; (ii) the date of the first written demand for payment, consistent with this contract including demand consequent upon default termination; (iii) the date of transmittal by USCAR to the Contractor of a proposed supplemental agreement to confirm completed negotiations fixing the amount; or (iv) if this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by contract supplement.

35. REPORTS:

The Contractor shall, upon request of USCAR, report as to the quantities of each grade of supplies shipped by items under this contract as of the date set forth in the request.

36. NOTICE TO USCAR OF LABOR DISPUTES:

a. Whenever the Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor shall immediately give notice thereof, including all relevant information with respect thereto, to the Contracting Officer.

SCHEDULE (Continued)

b. The Contractor agrees to insert the substances of this clause, including this paragraph b, in any subcontract hereunder as to which a labor dispute may delay the timely performance of this contract; except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify his next higher tier subcontractor, or the prime contractor, as the case may be of all relevant information with respect to such dispute.

37. SHIPMENT AND ROUTING:

a. The Contractor shall make shipments of the supplies ordered hereunder by the method specified in the schedule, to the delivery point, in the quantity, and according to the delivery date specified in the order or in the schedule.

b. On items calling for delivery at Contractor's refinery, terminal or bulk plant on an FOB origin basis; transportation equipment will be furnished by USCAR. Whenever any item of the schedule specifies delivery by more than one method, selection of the method to be used shall be at USCAR's option. USCAR furnished transportation equipment which Contractor finds unsatisfactory for loading shall be reported to USCAR.

c. The Contractor shall be responsible for scheduling of commercial tank trucks to its plant in accordance with instructions of USCAR. The Contractor shall reimburse USCAR for any demurrage incurred as a result of improper scheduling.

d. The Contractor shall furnish serially numbered seals and effectively seal all transport trucks and trucks and trailer, whether delivery is made on an FOB origin or on an FOB destination basis. The marking on the seal shall be indicated on all shipping documents.

38. TANKER LOADING CONDITIONS:

On items calling for delivery FOB tanker at origin:

a. Unless otherwise specified in the schedule, orders placed under items of the schedule calling for delivery FOB tanker at Contractor's refinery, terminal or bulk plant will be furnished the Contractor at least 10 days in advance of the date on which delivery is to be made, which date is hereinafter referred to in this clause as the "scheduled delivery date." Each order will specify the quantity

GENERAL PROVISIONS (Continued)

to be delivered, the scheduled delivery date, the cargo number and, if then available, the name and size of the tanker to be loaded. The scheduled delivery date may be revised by USCAR at any time, and, unless the Contractor registers objections with USCAR within 48 hours of receipt of such revised scheduled delivery date, such revised date shall become the scheduled delivery date.

b. USCAR or the Quality Assurance Representative will notify the Contractor, or cause it to be notified, of the name, size and expected hour of arrival of each tanker at least 72 hours before the time of arrival.

c. Within 6 hours after receipt of notice by the Contractor from the captain or master of a tanker of readiness to load, the Contractor shall provide, free of cost to USCAR, a reachable berth at the loading port for the loading of the supplies ordered where at least tankers with a maximum draft of 35 feet can be safely moored and afloat at all times. Provided, however, that if the Contractor does not receive notice of a tanker's readiness to load within 24 hours before or after noon of the latest approved scheduled delivery date, the Contractor will be allowed 24 hours after receipt of notice within which to provide a berth.

d. The Contractor shall be allowed and shall complete loading within laytime determined as follows:

(i) One half of the allowable laytime as provided in the International tanker nominal freight scale (or American tanker rate schedule with respect to U. S. flag tankers).

(ii) Where partial tanker cargoes are to be loaded, the allowable laytime as specified in (i) above, will be prorated with the quantity loaded at each loading port: Provided, however, that if the condition or facilities of the tanker to be loaded do not permit loading within such period of time, such allowed laytime shall be increased by a number of hours sufficient to permit the loading of the tanker: provided, further, that when the tanker is delayed in reaching its berth within 6 hours or 24 hours, as the case may be, from the time notice of readiness to load is given, and the delay is caused by the fault of the tanker, such allowed laytime shall be increased by the duration of such delay: provided, further, that if regulations of the owner or operator of the tanker or Port Authorities prohibit loading at any time, time so lost shall be added to the amount of such allowed laytime: provided, further, that if for any reason the Contractor is delayed in loading the tanker, or there is a delay in releasing the tanker for sailing, because of action of the Quality Assurance Representative that arises through no fault of the Contractor,

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GENERAL PROVISIONS (Continued)

such allowed laytime shall be increased by the duration of such delay. Laytime shall commence either (i) at the expiration of the notice period prescribed by Paragraph c above (the 6 hours' or the 24 hours' notice period, as the case may be), berth or no berth or (ii) immediately upon the tanker's arrival in berth (i.e., all fast), with or without notice of readiness, whichever first occurs. Laytime shall continue 24 hours per day, 7 days per week without interruption from its commencement until loading of the tanker is completed and the tanker has been released for sailing by the Quality Assurance Representative.

e. For all hours of laytime which elapse in excess of the allowed laytime for loading provided for by Paragraph d above, demurrage shall be paid by the Contractor as follows:

(i) Voyage Chartered Tanker: At the demurrage rate in the charter, except that the demurrage payable by the Contractor shall in no event exceed the actual demurrage expense incurred by USCAR under the charter:

(ii) USS, USNS or Time Chartered Tanker: At the per diem rate appropriate for the tanker loading computed to the nearest whole hour, as published by the Military Sea Transportation Service and in effect on the date loading of the tanker is completed.

The rates as provided for in (i) and (ii) above, shall be reduced by one half if demurrage is incurred due to causes, such as those specified in the clause entitled Default, General Provisions, beyond the control and without the fault or negligence of the Contractor.

f. Hoses for loading a tanker shall be furnished, connected and disconnected by the Contractor.

g. Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR when the supplies pass the tanker's permanent hose connections.

h. The temperature of any fuel oil loaded shall be at least 10° F below the flash point of the oil and in no case higher than 150° F if the cargo tanks are uncoated, or 135° F if coated; provided, however, that in no event shall the difference between the temperature of the oil entering the tanker manifold and the recorded temperature of sea water at the tanker's condenser intake exceed 70° F.

39. TANKER UNLOADING CONDITIONS:

On items calling for delivery FOB destination by means of tanker:

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GENERAL PROVISIONS (Continued)

a. The supplies ordered hereunder shall be delivered, all transportation charges paid, to the destination specified in the Schedule. Unless otherwise specified in the Schedule, orders placed under items of the Schedule calling for delivery FOB destination by means of tanker will be furnished the Contractor at least 45 days in advance of the date on which delivery is to be made, which date is hereinafter referred to in this clause as "the scheduled delivery date". Each order will specify the quantity to be delivered and the scheduled delivery date. The scheduled delivery date may be changed by the Contractor at any time if USCAR approves.

b. The Contractor will notify the receiving activity, or cause it to be notified of the name, size of and expected hour of arrival of each tanker at least 72 hours before the time of arrival.

c. Within six (6) hours after receipt of notice by the receiving activity from the Captain or Master of a tanker of readiness to unload, USCAR will provide, free of cost, a reachable berth at the unloading port for the unloading of the supplies ordered. Provided, however, that if the receiving activity does not receive notice of the tanker's readiness to unload 24 hours before or after noon of the latest approved scheduled delivery date, USCAR will be allowed 24 hours after receipt of notice within which to provide a berth.

d. USCAR shall be allowed, and will complete unloading within, laytime determined as follows: 1 hour for each 3,000 barrels of supplies to be unloaded, plus 3 hours: provided, however, that if the condition or facilities of the tanker to be unloaded do not permit unloading within the number of hours so determined, such allowed laytime shall be increased by a number of hours sufficient to permit the unloading of the tanker; provided, further, that when the tanker is delayed in reaching its berth within 6 hours or 24 hours, as the case may be, from the time notice of readiness to unload is given, and the delay is caused by fault of the tanker, such allowed laytime shall be increased by the duration of such delay, and provided, further, that if regulations of the owner or operator of the tanker or port authorities prohibit unloading at any time, time so lost shall be added to the amount of such laytime. Laytime shall commence either (i) at the expiration of the notice period prescribed by Paragraph c above (the 6 hours or the 24 hours' notice period, as the case may be) berth or no berth, or (ii) immediately upon the tanker's arrival in berth (i.e. all fast), with or without notice of readiness whichever first occurs. Laytime shall continue 24 hours per day, 7 days per week without interruption from its commencement until unloading of the tanker is completed and the hoses have been disconnected.

e. For all hours of laytime which elapse in excess of the allowed laytime for unloading provided for by Paragraph d above, demurrage will

GENERAL PROVISIONS (Continued)

be paid by USCAR at the demurrage rate in the charter if a chartered tanker; or, if not a chartered tanker, at the charter rate applicable to tankers of the type unloaded under market conditions prevailing on the date the tanker is unloaded, except (i) that such rates shall be reduced by $\frac{1}{2}$ if demurrage is incurred due to causes beyond the control and without the fault or negligence of USCAR such as those specified in the clause entitled "Default", of the General Provisions; and (ii) that, if a charter tanker, the demurrage payable by USCAR shall in no event exceed the actual demurrage expense incurred by the Contractor under the charter. For purposes of computing demurrage payable by USCAR where a chartered tanker is utilized, $\frac{1}{2}$ of the total laytime allowed for loading and discharging under the charter shall be allocated to the unloading operation, except when less than a full cargo is unloaded where such allocation shall be determined on a pro rata basis.

f. Hoses for unloading a tanker will be furnished, connected and disconnected by USCAR.

g. Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR when the supplies pass the tanker's permanent hose connections.

h. While unloading, the tanker shall be governed by all applicable regulations in force at unloading port, including those relating to fires on board ships.

40. BUNKERS FOR TANKERS LOADING CARGOES.

a. If this contract provides for delivery of Fuel Oil No. 5 into tankers as cargo:

- (i) Contractor agrees, upon request of USCAR to deliver Fuel Oil No. 5 into bunkers of any vessel loading Fuel Oil No. 5 cargo under this contract at the price applicable hereunder to such cargo; or at the option of USCAR;
- (ii) Contractor agrees, upon request of USCAR to deliver commercial grade bunker fuel into such bunkers (i) at the price applicable hereunder to Fuel Oil No. 5 cargo or
- (iii) at a price not in excess of Contractor's posted or established price for such type of delivery, whichever is lower.

b. If this contract provides for delivery of No. 6 Fuel Oil into tankers as cargo:

Contractor agrees, upon request of USCAR to deliver No. 6 Fuel Oil into bunkers of any vessel loading No. 6 Fuel Oil under this contract at the price applicable hereunder to such cargo.

GENERAL PROVISIONS (Continued)

c. If this contract provides for delivery of product, other than Fuel Oil No. 5 or No. 6 Fuel Oil, into tankers as cargo:

Contractor agrees, upon request of the Ordering Officer, to deliver commercial grade bunker fuel into bunkers of any vessel loading such cargo under this contract at a price not in excess of the price applicable hereunder to Fuel Oil No. 5 cargoes.

d. Notwithstanding the clause entitled "Payment and Submission of Invoices", General Provisions, invoices for any product delivered as bunkers hereunder shall be separately prepared in quadruplicate and processed pursuant to instructions of USCAR.

41. BARGE LOADING CONDITIONS:

C On items calling for delivery FOB barge at origin:

a. Unless otherwise specified in the Schedule, orders placed under items of the Schedule calling for delivery at Contractor's refinery, terminal or bulk plant FOB barge will be furnished to the Contractor at least 48 hours in advance of the date on which delivery is to be made; which date is hereinafter referred to in this clause as the "scheduled delivery date". Each order will specify the quantity to be delivered and the scheduled delivery date. The scheduled delivery date may be changed by USCAR at any time if the Contractor approves.

b. Within 3 hours after receipt of notice by the Contractor from the master or mate of a tug or of a self-propelled barge of readiness to load, the Contractor shall provide, free of cost to USCAR a reachable safe berth for the tug and tow or self-propelled barge to be afloat at all times at the loading port: provided, however, that if the Contractor does not receive notice of a barge's readiness to load within 24 hours before or after noon of the latest approved scheduled delivery date the Contractor will be allowed 12 hours after receipt of notice within which to provide a berth.

c. Unless otherwise provided in the Schedule, the Contractor shall be allowed, and shall complete loading within, laytime determined as follows: 1 hour for each 2,000 bbls. of supplies to be loaded, plus $\frac{1}{2}$ hours: provided, however, that if the condition or facilities of the barge to be loaded do not permit loading within the number of hours so determined, such allowed laytime shall be increased by a number of hours sufficient to permit the loading of the barge: provided, further, that when the barge is delayed in reaching its berth within 3 hours or 12 hours, as the case may be, from the time notice of readiness to load is given, and the delay is caused by the fault of the barge, such allowed laytime shall be increased by the duration of such delay; provided; further; that if regulations of the owner or operator of the barge

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GENERAL PROVISIONS (Continued)

or port authorities prohibit loading at any time, time so lost shall be added to the amount of such allowed laytime; and provided, further, that if for any reason the Contractor is delayed in loading the barge, or there is a delay in releasing the barge for sailing, because of action of the Quality Assurance Representative that arises through no fault of the Contractor, such allowed laytime shall be increased by the duration of such delay. Laytime shall commence either (i) at the expiration of the notice period prescribed by Paragraph b above (the 3 hours' or the 12 hours' notice, as the case may be), berth or no berth, or (ii) immediately upon the barge's arrival in berth (i.e., all fast), with or without notice of readiness, whichever first occurs. Laytime shall continue 24 hours per day, 7 days per week without interruption from its commencement until loading of the barge is completed and the barge has been released for sailing by the Quality Assurance Representative.

d. For all hours of laytime which elapse in excess of the allowed laytime for loading provided for by Paragraph c above, demurrage shall be paid by the Contractor at the demurrage rate in the charter for the barge loaded, except (i) that such rate shall be reduced by $\frac{1}{2}$ if demurrage is incurred due to causes, such as those specified in Paragraph c of the clause entitled Default, General Provisions, beyond the control and without the fault or negligence of the Contractor; and (ii) that the demurrage payable by the Contractor shall in no event exceed the actual demurrage expense incurred by USCAR under the charter. For purposes of computing demurrage payable by the Contractor, if the laytime allowed in the charter is a combined total for both loading and discharging, $\frac{1}{2}$ thereof shall be allocated to the loading operation, except when less than a full cargo is loaded where such allocation shall be determined on a pro rata basis.

e. Hoses for loading a barge shall be furnished, connected and disconnected by the Contractor.

f. Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR when the supplies pass the permanent hose connections of the barge receiving the supplies.

g. Notwithstanding any provision in this clause to the contrary, delivery of supplies FOB barge at Contractor's refinery, terminal or bulk plant, which are ordered for ships bunkers, shall be made at the specific time specified in the order, provided that such order shall have been received by the Contractor at least 24 hours prior to the specific time such delivery is required to be made.

GENERAL PROVISIONS (Continued)

42. BARGE UNLOADING CONDITIONS:

On items calling for delivery FOB destination by means of barge:

a. The supplies ordered hereunder shall be delivered, all transportation charges paid, to the destination specified in the Schedule. Unless otherwise specified in the Schedule, orders placed under items of the Schedule calling for delivery FOB destination by means of barge will be furnished the Contractor at least 24 hours, plus the normal barge running time from the point of loading to the destination, in advance of the date on which delivery is to be made, which date is hereinafter referred to in this clause as the "scheduled delivery date". Each order will specify the quantity to be delivered and the scheduled delivery date. The scheduled delivery date may be changed by the Contractor at any time if USCAR approves.

b. Within 3 hours after receipt of notice by the receiving activity from the master or mate of a tug or of a self-propelled barge of readiness to unload, USCAR will provide, free of cost, a reachable safe berth for the tug and tow or self-propelled barge to be afloat at all times at the unloading port: provided, however, that if the receiving activity does not receive notice of a barge's readiness to unload within 24 hours before or after noon of the latest approved scheduled delivery date USCAR will be allowed 12 hours after receipt of notice within which to provide a berth.

c. Unless otherwise provided in the schedule, USCAR shall be allowed, and will complete unloading within, laytime determined as follows: 1 hour for each 2,000 barrels of supplies to be unloaded, plus 1½ hours: provided, however, that if the condition or facilities of the barge to be unloaded do not permit unloading within the number of hours so determined, such allowed laytime shall be increased by a number of hours sufficient to permit the unloading of the barge: provided, further, that when the barge is delayed in reaching its berth within 3 hours or 12 hours, as the case may be, from the time notice of readiness to unload is given, and the delay is caused by the fault of the barge, such allowed laytime shall be increased by the duration of such delay; and provided, further, that if regulations of the owner or operator of the barge or port authorities prohibit unloading at any time, time so lost shall be added to the amount of such allowed laytime.

d. Laytime shall commence either (i) at the expiration of the notice period prescribed by paragraph c above (the 3 hours' or the 12 hours' notice, as the case may be), berth or no berth, or (ii) immediately upon the barge's arrival in berth (i.e., all fast), with or without notice of readiness, whichever first occurs. Laytime shall continue 24 hours per day, 7 days per week, without interruption from its commencement, until unloading of the barge is completed and the hoses have been disconnected.

GENERAL PROVISIONS (Continued)

e. For all hours of laytime which elapse in excess of the allowed laytime for unloading provided for by Paragraph d above, or as otherwise provided for in the Schedule demurrage will be paid by USCAR at the demurrage rate in the charter for the barge unloading, except (i) that such rate shall be reduced by $\frac{1}{2}$ if demurrage is incurred due to causes, such as those specified in Paragraph c of the clause entitled Default, General Provisions, beyond the control and without the fault and negligence of USCAR and (ii) that the demurrage payable by USCAR shall in no event exceed the actual demurrage expense incurred by the Contractor under the charter. For purposes of computing demurrage payable by USCAR, if the laytime allowed in the charter is a combined total for both loading and discharging, $\frac{1}{2}$ thereof shall be allocated to the unloading operation, except when less than a full cargo is unloaded where such allocation shall be determined on a pro rata basis.

f. Hoses for unloading a barge will be furnished, connected and disconnected by USCAR.

g. Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR when the supplies pass the permanent hose connections of the barge unloading the supplies.

h. Notwithstanding any provision in this clause to the contrary, delivery of supplies by means of barge into vessels or dredges, which are ordered for ships' bunkers, shall be made at the specific time specified in the order, provided that such order shall have been received by the Contractor at least 24 hours prior to the specific time such delivery is required to be made.

43. DELIVERY CONDITIONS:

a. On items calling for delivery at Contractor's refinery, terminal or bulk plant FOB tank truck or pipeline:

(1) Supplies ordered hereunder shall be delivered, at Contractor's expense, into the equipment specified in the Schedule.

(2) Delivery shall be made on the day specified in the order, provided that such order shall have been received by the Contractor at least 48 hours, unless otherwise specified in the Schedule, prior to the day so specified.

(3) Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR when the supplies pass into the receiving conveyance.

GENERAL PROVISIONS (Continued)

b. On items calling for delivery by tanker, barge or pipeline into USCAR or military facilities:

(1) Supplies ordered hereunder shall be delivered, at Contractor's expense, into the facilities specified in the Schedule.

(2) Delivery shall be made on the day specified in the order, provided that such order shall have been received by the Contractor at least 48 hours, unless otherwise specified in the Schedule, prior to the day specified.

(3) Title to the supplies delivered, and risk of loss thereof, shall pass from the Contractor to USCAR in accordance with Clause 6 of these General Provisions entitled, "TITLE AND RISK OF LOSS".

(4) Orders by USCAR for delivery by Contractor's barge or tanker shall be in quantities representing economically sized cargo lots. Failure of USCAR and the Contractor to agree upon the meaning of "economically sized cargo lot" shall be a dispute concerning a question of fact, within the meaning of the clause of this contract entitled "Disputes".

44. DETERMINATION OF QUANTITY:

a. The quantity of supplies furnished under this contract shall be determined as follows:

(1) on items calling for delivery at Contractor's refinery, terminal or bulk plant on an FOB origin basis:

(i) INTO TANKER OR BARGE: On the basis of shore tank measurements, jointly determined by the Contractor and the Quality Assurance Representative.

(ii) INTO TANK TRUCK: On the basis of certified capacity tables of the conveyance loaded; or, at Contractor's option, by meter, or by weight.

(iii) INTO PIPELINE: On the basis of shipping tank measurements, jointly determined by the Contractor and the Quality Assurance Representative; or, at Contractor's option, by meter.

(2) On items calling for delivery on a FOB destination basis:

(i) BY TANKER OR BARGE: On the basis of receiving shore tank measurements, applying the temperature and gravity of the product in the shore tank after completion of unloading. Contractor shall have the right to have a representative present to witness the delivery and measurement of quantity.

GENERAL PROVISIONS (Continued)

(ii) BY PIPELINE: On the basis of receiving tank measurements, applying the temperature and gravity of the product in the receiving tank upon completion of delivery; or, at USCAR option, by meter: Contractor shall have the right to have a representative present to witness the delivery and measurement of quantity.

(3) On items calling for delivery FOB junction of Contractor-owned or controlled pipeline and U. S. military owned or controlled pipeline: On the basis of shipping tank measurements, jointly determined by Contractor and Quality Assurance Representative; or, at USCAR option, by meter provided the facilities are so equipped. Pipeline between shipping tank and FOB point shall be full of product at time of all gaugings.

(4) On items calling for delivery FOB vessels by pipeline or ex-Contractor's marine service station where product is for vessel's use as distinguished from vessel's cargo: On the basis of shore tank measurements, or by meter if Contractor's facilities are so equipped.

(5) On items calling for delivery FOB vessels by barge: On the basis of barge measurements or, at Contractor's option, by meter.

b. All storage tank measurements made pursuant to Paragraph a. above, shall be obtained in accordance with procedures prescribed by the ASTM Manual on Measurements and Sampling of Petroleum and Petroleum Products, as last revised except that, as provided in paragraph c. below, Table 7 of the ASTM-IP Petroleum Measurement Tables shall be used for temperature correction. All meters used in determining quantity shall be calibrated in accordance with the provisions of said Manual.

c. All deliveries of Petroleum products shall be corrected to a standard temperature of 60° F in accordance with Table 7 of the ASTM-IP Petroleum Measurement Tables (American Edition) ASTM Designation D-1250, dated 1952. For other than petroleum products, volume correction shall be made in accordance with the provisions of the product specification.

d. Depending upon the unit shown in the Schedule, the unit of quantity, as used in this contract shall be (i) the barrel of 42 U. S. gallons, (ii) the U. S. gallon of 231 cubic inches, (iii) the long ton of 2,240 pounds, or (iv) the pound of 16 ounces, (v) the metric ton of 2,204.6 pounds, or (vi) the imperial gallon 277.42 cubic inches.

e. Unless specified otherwise in the Schedule, a reference to gallon(s) shall be U. S. gallon(s).

END GENERAL PROVISIONS

CONTRACT NO. USCAR-69-N-1 EFFECTIVE DATE 10 FEBRUARY 1969

IN WITNESS HEREOF, the parties hereto have executed this PETROLEUM PRODUCTS
SUPPLY CONTRACT at Urasoe, Okinawa this 3/09 day of February 1969.

ESSO STANDARD (OKINAWA) LIMITED

G. H. Touchstone
BY: G. H. TOUCHSTONE
TITLE: Vice President

THE UNITED STATES CIVIL ADMINISTRATION
OF THE RYUKYU ISLANDS

C. A. Neuling
BY: C. A. NEULING
TITLE: Contracting Officer