

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into as of this 17th day of March, 2022 (the Effective Date), by and between Delaware City Refining Company LLC (“DCRC”) and the Delaware Department of Natural Resources and Environmental Control (“DNREC”) (collectively the “Parties”) to resolve certain matters associated with DCRC’s operations at its petroleum refinery located in Delaware City, Delaware (the “Refinery”).

WHEREAS, DCRC owns and operates the Refinery;

WHEREAS, on September 22, 2021, the Secretary of DNREC issued to DCRC a Notice of Administrative Penalty Assessment and Secretary’s Order No. 2021-A-0025 (the “Secretary’s Order”), alleging that, on specified dates between July 2019 and November 2020, DCRC’s operation of certain equipment at the Refinery did not fully comply with standards allegedly applicable to the relevant equipment pursuant to certain permit-based or regulatory standards;

WHEREAS, the Secretary’s Order includes an administrative penalty assessment of \$285,000;

WHEREAS, in response to and pursuant to the terms of the Secretary’s Order, DCRC filed with the Environmental Appeals Board for the State of Delaware (the “EAB”), an appeal of the Secretary’s Order, contesting the allegations of noncompliance and the penalty assessment on various legal and factual grounds (the “EAB Appeal”);

WHEREAS, in resolution of DNREC’s claims regarding the incidents governed by the Secretary’s Order, DCRC has agreed to pay an administrative penalty;

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

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

I. APPLICATION AND SCOPE

1. The provisions of this Agreement shall apply to and be binding upon both DNREC and DCRC, and their respective officers, employees, agents, successors, and assigns.

II. ADMINISTRATIVE PENALTY

2. In resolution of DNREC's claims against DCRC for alleged violations and noncompliance for the incidents identified in the Secretary's Order and the administrative penalty assessment of \$285,000, DCRC shall pay to DNREC the administrative penalty of \$250,000 (the "Administrative Penalty").

3. Within sixty (60) days of the Effective Date of this Agreement, DCRC shall submit to DNREC the Administrative Penalty by corporate check, payable to the State of Delaware, and mailed to the following address:

**Valerie S. Edge
Deputy Attorney General
Delaware Department of Justice
Environmental Unit – Third Floor
102 W. Water Street
Dover DE 19904**

III. EFFECT OF SETTLEMENT

4. DCRC's satisfaction of the payment obligations under Paragraphs 2 and 3 shall resolve all civil and administrative liability of DCRC to DNREC for the matters addressed herein, without any admission as to any matter of fact or law. DCRC denies that it has violated or continues to violate any applicable standard or limitation asserted in the Secretary's Order and denies any liability arising out of the occurrences alleged herein.

IV. GENERAL PROVISIONS

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

6. This Agreement is not a permit. Compliance with its terms does not guarantee compliance with any applicable federal, state, or local law or regulation. Nothing in this Agreement shall be construed to be a ruling on, or determination of, any issue related to any federal, state or local permit.

7. Other Laws. Nothing in this Agreement shall relieve DCRC of its obligation to comply with all applicable federal, state, and local laws and regulations. Other than as expressly provided for in Section III, nothing contained in this Agreement shall be construed to prevent, alter, or limit DNREC's ability to seek or obtain other remedies or sanctions available under federal, state, or local statutes or regulations in response to a violation by DCRC of applicable statutes and regulations, nor to limit any defenses otherwise available to DCRC including with respect to any such alleged violation.

8. In consideration of the Parties' voluntary resolution through this Agreement of the issues governed by the Secretary's Order and the EAB Appeal, DCRC shall file with the EAB a notice withdrawing the EAB Appeal within five (5) days of the making the Administrative Penalty payment governed by Paragraphs 2 and 3 of the Agreement.

9. Third Parties.

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

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


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

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

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

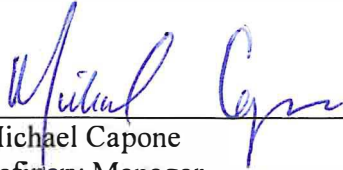
13. To the extent of any irreconcilable conflict between this Agreement and the requirements of federal and/or state law, the latter controls.

FOR THE DELAWARE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

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

Date: 3/17/22

FOR DELAWARE CITY REFINING COMPANY LLC

By: 
Michael Capone
Refinery Manager
Delaware City Refining Company LLC

Date: 3/16/2022