Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

December 11, 2006

CHANGE NOTICE NO. 3
OF
CONTRACT NO. 071B5200341
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Vicki Himes **(260) 432-6622**
Petroleum Traders Corp. **7110 Pointe Inverness Way** **Ft. Wayne, IN 46804-7928** **vhimes@petroleumtraders.com**	VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-0305 **Jeffrey A. White**
Contract Compliance Inspector: Jeffrey A. White (517) 373-0305 **Truck Transport Deliveries, Gasoline for; Eaton, Emmet, and Lenawee Counties**	
CONTRACT PERIOD: From: **August 1, 2005** To: **August 1, 2008**	
TERMS **Net 30 Days**	SHIPMENT **As Required**
F.O.B. **Delivered**	SHIPPED FROM **Various**
MINIMUM DELIVERY REQUIREMENTS	
As Specified	

CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT

NATURE OF CHANGE:

Effective immediately the price for regular unleaded gasoline has been corrected to .0189 per gallon on page 32 of this Contract.

All other terms and conditions remain the same.

AUTHORITY/REASONS:

Per DMB/Purchasing Operations

TOTAL ESTIMATED CONTRACT VALUE REMAINS: $1,961,996.08

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

November 17, 2005

CHANGE NOTICE NO. 2
OF
CONTRACT NO. 071B5200341
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Vicki Himes **(260) 432-6622**
Petroleum Traders Corp. **7110 Pointe Inverness Way** **Ft. Wayne, IN 46804-7928** **vhimes@petroleumtraders.com**	VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-0305 **Jeffrey A. White**
Contract Compliance Inspector: Jeffrey A. White (517) 373-0305 **Truck Transport Deliveries, Gasoline for; Eaton, Emmet, and Lenawee Counties**	
CONTRACT PERIOD: From: **August 1, 2005** To: **August 1, 2008**	
TERMS **Net 30 Days**	SHIPMENT **As Required**
F.O.B. **Delivered**	SHIPPED FROM **Various**
MINIMUM DELIVERY REQUIREMENTS **As Specified**	

CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT

NATURE OF CHANGE:

Effective immediately, please be advised that section 1.402, Price Terms, paragraph 3, of the contract terms and conditions are hereby changed to read as follows:

"The market price published for Fuel Oil, Low Sulfur, No. 2 Diesel shall apply to #2 and Premium Diesel Fuel, and the market price for #1 Low Sulfur will apply to #1 Diesel Fuel."

All other terms and conditions remain the same.

AUTHORITY/REASONS:

Per DMB/Acquisition Services

TOTAL ESTIMATED CONTRACT VALUE REMAINS: $1,961,996.08

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

October 24, 2005

CHANGE NOTICE NO. 1
OF
CONTRACT NO. 071B5200341
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Vicki Himes **(260) 432-6622**
Petroleum Traders Corp. **7110 Pointe Inverness Way** **Ft. Wayne, IN 46804-7928** **vhimes@petroleumtraders.com**	VENDOR NUMBER/MAIL CODE BUYER/CA (517) 373-0305 **Jeffrey A. White**
Contract Compliance Inspector: Jeffrey A. White (517) 373-0305 **Truck Transport Deliveries, Gasoline for; Eaton, Emmet, and Lenawee Counties**	
CONTRACT PERIOD: From: **August 1, 2005** To: **August 1, 2008**	
TERMS **Net 30 Days**	SHIPMENT **As Required**
F.O.B. **Delivered**	SHIPPED FROM **Various**
MINIMUM DELIVERY REQUIREMENTS **As Specified**	

CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT

NATURE OF CHANGE:

1) **Section 1.6 of the terms and conditions " Environmental Protection Regulation Fee", state "the State will pay 7/8 ($0.087) cent per gallon fee for each gallon fo fuel oil purchased…"**

2) **This statement should have displayed ($0.0087), and the contract is hereby corrected.**

AUTHORITY/REASONS:

Per DMB/Acquisition Services

TOTAL ESTIMATED CONTRACT VALUE REMAINS: $1,961,996.08

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

October 12, 2005

NOTICE
OF
CONTRACT NO. 071B5200341
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Vicki Himes **(260) 432-6622**
Petroleum Oil Traders Corp. **7110 Pointe Inverness Way** **Ft. Wayne, IN 46804-7928**	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-0305 **Jeffrey A. White**
Contract Compliance Inspector: Jeffrey A. White (517) 373-0305 **Truck Transport Deliveries, Gasoline for; Eaton, Emmet, and Lenawee Counties**	
CONTRACT PERIOD: From: **August 1, 2005**	To: **August 1, 2008**
TERMS **Net 30 Days**	SHIPMENT **As Required**
F.O.B. **Delivered**	SHIPPED FROM **Various**
MINIMUM DELIVERY REQUIREMENTS	
As Specified	

THIS CONTRACT IS EXTENDED TO LOCAL UNITS OF GOVERNMENT.

The terms and conditions of this Contract are those of ITB #071I5200133 this Contract Agreement and the vendor's quote dated February 18, 2005. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: $1,961,996.08

Form No. DMB 234 (Rev. 1/96)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CONTRACT NO. 071B5200341
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR	TELEPHONE: Vicki Himes **(260) 432-6622**
Petroleum Oil Traders Corp. **7110 Pointe Inverness Way** **Ft. Wayne, IN 46804-7928**	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-0305 **Jeffrey A. White**

Contract Compliance Inspector: Jeffrey A. White (517) 373-0305
Truck Transport Deliveries, Gasoline for; Eaton, Emmet, and Lenawee Counties

CONTRACT PERIOD: From: **August 1, 2005** To: **August 1, 2008**

TERMS	SHIPMENT
Net 30 Days	**As Required**
F.O.B.	SHIPPED FROM
Delivered	**Various**

MINIMUM DELIVERY REQUIREMENTS
As Specified

MISCELLANEOUS INFORMATION:
This Contract is Extended to Local Units of Government.

The terms and conditions of this Contract are those of ITB #071I5200133 this Contract Agreement and the vendor's quote dated February 18, 2005. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: $1,961,996.08

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No.071I5200133. Orders for delivery of equipment will be issued directly by the Department of Management & Budget through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:	**FOR THE STATE:**
Petroleum Oil Traders Corp. Firm Name	Signature
Authorized Agent Signature	**Jeffrey A. White, Buyer Manager** Name/Title
Authorized Agent (Print or Type)	**Commodities Division, Acquisition Services** Title
Date	Date

STATE OF MICHIGAN
Department of Management and Budget
Acquisition Services

Contract No. 071B5200341

Gasoline Truck Transport Deliveries

For: Eaton, Emmet, and Lenawee Counties

Buyer Name: Jeffrey A. White
Telephone Number: (517) 373-0305
E-Mail Address: whitej1@michigan.gov

Gasoline and Diesel Fuel Tank Wagon & Truck Transport Deliveries

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Article1 – Statement of Work (SOW)

1.0 Introduction

1.001 DEFINING DOCUMENT

This is Contract Agreement between Petroleum Traders Corporation and the State of Michigan for the delivery of Gasoline in Eaton, Emmet, and Lenawee Counties, for Truck Transport orders.

1.002 PROJECT TITLE AND DESCRIPTION

The purpose of this Contract for Gasoline and Fuel Oil. Article 1 is designed to provide contractors with information on requirements associated with this Contract Agreement.

1.003 PROJECT CONTROL

Project Control

a. The Contractor will carry out this project under the direction and control of the Department of Management and Budget.

b. Although there will be continuous liaison with the Contractor team, the client agency's project director will meet as needed, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.

c. The Contractor will submit brief written summaries **as needed** of progress which outline the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the client agency's project director; and notification of any significant deviation from previously agreed-upon work plans. A copy of this report will be forwarded to the named buyer in Acquisition Services.

d. Within five (5) working days of the award of the Contract, the Contractor will submit to the Department of Management and Budget project director for final approval a work plan, which must include the following:

The Contractor's project organizational structure.

(1) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

1.004 COMMENCEMENT OF WORK

Contractor shall show acceptance of this agreement by signing two copies of the contract and returning them to the contract administrator. Contractor shall not proceed with performance of the work to be done under the agreement, including the purchase of necessary materials, until both parties have signed the agreement to show acceptance of its terms.

1.1 Product Quality

1.101 SPECIFICATIONS

Definite Specifications - All commodities and services to be furnished hereunder shall conform to the specifications as noted in the "Contract Agreement" and/or copies of specifications attached.

In compliance with the Michigan Air Pollution Act, Act 348 of 1965, all State of Michigan facilities have permits which provide authorization to burn non-waste fuel oils, therefore, all fuel oils supplied in reference to any contract(s) resulting from this CONTRACT AGREEMENT must not be “non-waste oil”. Additionally, all State of Michigan Fuel oils must comply with United States Environmental Protection Agency, Clean Air Act of 1990.

Contractors will be required to review the specific needs of each state agency that appear on contract, prior to making initial shipments to ensure compliance with all State and Federal Laws. Contractors will also be responsible for identification, containment, notification to authorize, cleanup, disposal, and damages associated with any leak or discharge up to and including the State's hose connection point.

1.102 RESEARCH AND DEVELOPMENT - RESERVED

1.103 QUALITY ASSURANCE PROGRAM

All products shall be in accordance with specifications, and all suppliers are nationally recognized companies.

1.104 WARRANTY FOR PRODUCTS OR SERVICES

All products are warranted to meet the specifications of this contract.

1.2 Service Capabilities

1.201 CUSTOMER SERVICE/ORDERING

Orders may be submitted by phone, facsimile, and mail. Contractor shall have internal controls, approved by Acquisition Services, to insure that authorized individuals with the State place orders. The Contractor shall verify orders that have quantities that appear to be abnormal or excessive.

The Contractor shall have an accessible customer service department/represenative with an individual specifically assigned to State of Michigan accounts. The Contractor's customer service must respond to State agency inquiries promptly.

Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule.

All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

If mailed, a delivery order or task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods.

1.202 TRAINING

The contractor may be required to visit each point of delivery on resulting contracts to offer technical assistance. If such a visit is required, the agency will notify the contractor directly. The contractor will be required to provide the necessary assistance within ten (10) state working days after notification., During the visit, a written report to the agency from the contractor outlining recommendations and general conditions of the agency operation may be required.

1.203 REPORTING

Contractors shall provide reports, when requested by the State. Reports shall include sales reports by location, including quantity and price. The contractor can also provide open invoice reports, upon request.

1.204 SPECIAL PROGRAMS

None offered.

1.205 SECURITY

The Contract may require frequent deliveries to State of Michigan facilities. The contractor complies with U.S. Department of Transportation Hazardous Materials Transportation Security Regulations.

The State will decide whether to issue State ID badges to the contractors delivery personnel or accept the ID badge issued to delivery personnel by the contractor.

The State may decide to also perform a security background check. If so, contractors will be required to provide to the State a list of all delivery people that will service State of Michigan facilities, including name and date of birth (social security number of driver license number would also be helpful).

The Contractor and its subcontractors shall comply with the security access requirements of individual State facilities.

1.3 Delivery Capabilities

1.301 TIME FRAMES

It is requested that all orders be delivered within three (3) calendar days after receipt of order, unless otherwise specified under special delivery requirements on the attached item listing for individual location.

1.302 MINIMUM ORDER

Truck Transport Deliveries will be in quantities of 5,000 gallons or more per location.

Several agencies have special delivery conditions, as indicated within the item listing which must be provided by the successful contractor. Failure to comply with requirements for special delivery conditions, may be cause for the contractor to be considered in default.

1.303 PACKAGING - RESERVED

1.304 PALLETIZING - RESERVED

1.305 DELIVERY TERM

F.O.B. Delivered.

Prices are "F.O.B. Delivered" with transportation charges prepaid on all orders of more than 5,000 gallons per location for Truck Transports.

1.306 ACCEPTANCE OF DELIVERABLES/PARE EXPLANATION - RESERVED

1.4 Project Price

1.401 PROPOSAL PRICING

Contractors have provided pricing for the items included on this Contract Agreement (see attached Item Listing).

1.402 QUICK PAYMENT TERMS - RESERVED

1.403 PRICE TERM

Firm Fixed Price

Prices quoted are firm for the entire length of the Contract.

For the purpose of this Contract Agreement, price for Gasoline and Fuel Oil products are plus or minus OPIS” for each product within a specified county for both Tank Wagon Deliveries or Truck Transport Deliveries for all fuel oil products.

The basis for determining market price for each grade of Gasoline shall be the OPIS weekly newsletter Average Rack PAD 2, Detroit posting published each Monday for the applicable grade of Gasoline (i.e. regular, mid grade, premium). The market price for Diesel Fuel shall be the OPIS weekly newsletter Average Rack PAD 2, posting for Fuel Oil, Low Sulfur, No.2 Diesel for Detroit. The

Monday market price shall be applicable to all deliveries made from the Sunday prior to the Monday posting through the following Saturday of that same week.

The market price published for Fuel Oil, Low Sulfur, No.2 Diesel will be used for Low Sulfur #1, Low Sulfur #2, and Low Sulfur Premium Diesel.

For the purpose of total price calculation the OPIS posting +/- Bid Price results in the Unit Price.

When a holiday falls on Monday, the price published on Tuesday will be used for shipments during that week.

The continued payment of any charges due after September 30th of any fiscal year will be subject to the availability of an appropriation for this purpose.

1.5 Quantity term

Requirements – Contractor agrees to supply all that authorized agencies may order during the contract period.

1.6 Other Terms and Conditions Needed for this Contract

1.601 ENVIRONMENTAL PROTECTION REGULATION FEE

Sales to the State of Michigan and/or local units of government under this contract are not exempt from the Environmental Protection Regulatory Fee imposed pursuant to Section 8, 1989, Public Act 518, as amended by Public Act 152 of 1989, being MCLA 299.808. Effective August 1, 1989, the State will pay this 7/8 ($0.087) cent per gallon fee for each gallon of fuel oil purchased in addition to the price per gallon determined pursuant to the price clause of these terms and conditions. This regulatory fee shall be set forth separately and clearly identified in the “billing document”.

Article 2 – General Terms and Conditions

2.0 Introduction

2.001 GENERAL PURPOSE

The Contract is for Gasoline for the State of Michigan, in Eaton, Emmet, and Lenawee Counties. Exact quantities to be purchased are unknown, however, as the successful Contractor you will be required to furnish all such materials and services as may be ordered during the Contract period. Quantities specified if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities. Orders for delivery will be issued directly to the Contractor by various State Agencies on the Purchase Order Contract Release Form.

Attached is a listing of State agencies and/or locations that may order from the Contract. The listing shall not limit participation of additional agencies/locations as the need may develop at the same prices, terms and conditions. Units of local government may also issue orders (see attached Non-State Agency Statement).

2.002 ISSUING OFFICE AND CONTRACT ADMINISTRATOR

The Contract is issued by Acquisition Services, State of Michigan, Department of Management and Budget, hereinafter known as Acquisition Services, for various State of Michigan agencies, hereinafter known as State agencies. Where actions are a combination of those of Acquisition Services and the State agencies, the authority will be known as the State.

Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the commodities and/or services described herein. Acquisition Services is the only office authorized to negotiate, change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of the Contract. Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process.

Contractor proceeds at its own risk if it takes negotiation, changes, modification, alterations, amendments, clarification, etc., of the specifications, terms, or conditions of the contract from any individual or office other than Acquisition Services and the listed contract administrator

All communications covering this procurement must be addressed to contract administrator indicated below:

Department of Management and Budget
Acquisition Services
Attn: Jeffrey A. White
2nd Floor, Mason Building
P.O. Box 30026
Lansing, Michigan 48909
(517) 373-0305
whitej1@michigan.gov

2.003 NOTICE

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

2.004 CONTRACT TERM

The term of this Contract will be for three (3) years and will commence with the issuance of a Contract. This will be August 1, 2005 to August 1, 2008.

Option. The State reserves the right to exercise two one-year options, at the sole option of the State. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Extension. At the sole option of the State, the contract may also be extended. Contractor performance, quality of products, price, cost savings, and the contractor's ability to deliver on time are some of the criteria that will be used as a basis for any decision by Acquisition Services to exercise an option year.

Written notice will be provided to the Contractor within 60 days, provided that the State gives the Contractor a preliminary written notice of its intent to extend at least 60 days before the contract expires. The preliminary notice does not commit the Government to an extension. If the Government exercises this option, the extended contract shall be considered to include this option clause.

2.005 GOVERNING LAW

The Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. By signing this agreement, vendor consents to personal jurisdiction in the state of Michigan. Any dispute arising herein shall be resolved in the State of Michigan.

2.006 APPLICABLE STATUTES

The following statutes, rules, and laws are applicable to the performance of this contract; some statutes are reflected in the clauses of this contract. This list is NOT exhaustive.

MI Uniform Commercial Code (MIUCC) MCL 440. (All sections unless otherwise altered by agreement)
MI OSHA MCL §§ 408.1001 – 408.1094
Freedom of Information Act (FIOA) MCL §§ 15.231, et seq.
Natural Resources and Environmental Protection Act MCL §§ 324.101, et seq.
MI Consumer Protection Act MCL §§ 445.901 – 445.922
Laws relating to wages, payments of wages, and fringe benefits on state projects MCL §§ 408.551 – 408.558, 408.471 – 408.490, 1965 PA 390.
Department of Civil Service Rules and regulations
Elliot Larsen Civil Rights Act MCL §§ 37.2201, et seq.
Persons with disabilities Civil Rights Act MCL §§ 37.1101, et seq.
MCL §§ 423.321, et seq.
MCL § 18.1264 (law regarding debarment)
Davis-Bacon Act (DBA) 40 USCU §§ 276(a), et seq.
Contract Work Hours and Safety Standards Act (CWHSAA) 40 USCS § 327, et seq.
Business Opportunity Act for Persons with Disabilities MCL §§ 450.791 – 450.795
Rules and regulations of the Environmental Protection Agency
Internal Revenue Code
Rules and regulations of the Equal Employment Opportunity Commission (EEOC)
The Civil Rights Act of 1964, USCS Chapter 42
Title VII, 42 USCS §§ 2000e et seq.
The Americans with Disabilities Act (ADA), 42 USCS §§ 12101 et seq.
The Age Discrimination in Employment Act of 1967 (ADEA), 29 USCS §§ 621, 623 et seq.
The Old Workers Benefit and Protection Act of 1990 (OWBPA), 29 USCS §§ 626, et seq.
The Family Medical Leave Act of 1993 (FMLA), 29 USC §§ 651 et seq.
The Fair Labor Standards Act (FLSA), 29 USC §§ 201 et seq.
Pollution Prevention Act of 1990 (PPA) 42 U.S.C. §13106
Sherman Act, 15 U.S.C.S. § 1 et seq.
Robinson-Patman Act, 15 U.S.C.S. § 13 et. seq.
Clayton Act, 15 U.S.C.S. § 14 et seq.

2.007 RELATIONSHIP OF THE PARTIES

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

2.008 HEADINGS

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

2.009 MERGER

This document constitutes the complete, final, and exclusive agreement between the parties. All other prior writings and negotiations are ineffective.

2.010 SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

2.011 SURVIVORSHIP

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of the Contract for any reason.

2.012 NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

2.013 PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State agencies through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

Acquisition Services has given the State Departments approval to make payments for commodities and services purchased from this contract through Direct Voucher. For this reason, the Contractor may be asked to reference the Blanket Purchase Order/Contract number rather than a Purchase Order Number when invoicing for payment.

2.1 Vendor/Contractor Obligations

2.101 ACCOUNTING RECORDS

The Contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three years from expiration date and final payment on the Contract or extension thereof.

2.102 NOTIFICATION OF OWNERSHIP

The Contractor shall make the following notifications in writing:

1. When the Contractor becomes aware that a change in its ownership or officers has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify Acquisition Services within 30 days.

2. The Contractor shall also notify the Acquisition Services within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

The Contractor shall:

1. Maintain current, accurate, and complete inventory records of assets and their costs;

2. Provide Acquisition Services or designated representative ready access to the records upon request;

3. Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership or officer changes; and

4. Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership or officer change.

2.103 SOFTWARE COMPLIANCE - RESERVED

2.104 RESERVED

2.105 PERFORMANCE AND RELIABILTIY EVALUATION (PARE) - RESERVED

2.106 PREVAILING WAGE - RESERVED

2.107 PAYROLL AND BASIC RECORDS - RESERVED

2.108 COMPETITION IN SUB-CONTRACTING

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

2.109 CALL CENTER DISCLOSURE

Vendor and/or all subcontractors involved in the performance of this contract providing call or contact center services to the State of Michigan must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information shall be a material breach of this agreement.

2.2 Contract Performance

2.201 TIME IS OF THE ESSENCE

Contractor/Vendor is on notice that time is of the essence in the performance of this contract. Late performance will be considered a material breach of this contract, giving the State a right to invoke all remedies available to it under this contract.

2.202 CONTRACT PAYMENT SCHEDULE

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) will mutually agree upon the result of this Contract Agreement. Such schedules may be arranged directly between each ordering agency and the contractor.

2.203 POSSIBLE PROGRESS PAYMENTS - RESERVED

2.204 POSSIBLE PERFORMANCE-BASED PAYMENTS (Actual performance rendered) - RESERVED

2.205 ELECTRONIC PAYMENT AVAILABILITY

Electronic transfer of funds is available to State contractors. Vendor is required register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

2.206 PERFORMANCE OF WORK BY CONTRACTOR

The Contractor shall perform on the site, and with its own organization, according to the statement of work of this contract, work equivalent to at least ninety-five (95) percent of the total amount of work to be performed under the contract. This percentage may be reduced by a supplemental agreement to this contract if, during performing the work, the Contractor requests a reduction and the Contract Administrator determines that the reduction would be to the advantage of the Government.

2.3 Contract Rights and Obligations

2.301 INCURRING COSTS

The State of Michigan is not liable for any cost incurred by the Contractor prior to signing of the Contract. The State fiscal year is October 1st through September 30th. The Contractor(s) should realize that payments in any given fiscal year are contingent upon enactment of legislative appropriations. Total liability of the State is limited to terms and conditions of the Contract.

2.302 CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve subcontractors and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract. Any change in subcontractors must be approved by the State, in writing, prior to such change.

2.303 ASSIGNMENT AND DELEGATION

The Contractor shall not have the right to assign this Contract, to assign its rights under this contract, or delegate any of its duties or obligations under the Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

The Contractor shall not delegate any duties or obligations under the Contract to a subcontractor other than a subcontractor named and approved in the bid unless the Director of Acquisition Services has given written consent to the delegation.

Contractor must obtain the approval of the Director of Acquisition Services before using a place of performance that is different from the address that contractor provided in the bid.

2.304 TAXES

Sales Tax: For purchases made directly by the State of Michigan, the State is exempt from State and Local Sales Tax. Prices shall not include such taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

Federal Excise Tax: The State of Michigan may be exempt for Federal Excise Tax, or such taxes may be reimbursable, if articles purchased under this Contract are used for the State's exclusive use. Certificates exclusive use for the purposes of substantiating a tax-free, or tax-reimbursable sale will be sent to the Contractor upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices shall not include the Federal Excise Tax.

The State's Tax Exempt Certification is available for vendor viewing upon request to the Contract Administrator.

Other taxes and/or fees not specifically addressed within the terms and conditions of this Contract Agreement, from which the State is not exempt, must have been incorporated into the unit price offered in your bid response to the ITB.

2.305 INDEMNIFICATION

General Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract.

2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;

3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;

4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;

5. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

Patent/Copyright Infringement Indemnification

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or

service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Code Indemnification

To the extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor’s breach of the No Surreptitious Code Warranty.

Indemnification Obligation Not Limited

In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub clause.

Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and affect not withstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

Indemnification Procedures

The procedures set forth below shall apply to all indemnity obligations under this Contract.

(a) After receipt by the State of notice of the action or proceeding involving a claim in respect of which it will seek indemnification, the State shall promptly notify Contractor of such claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to so notify Contractor shall relieve Contractor of its indemnification obligations except to the extent that Contractor can demonstrate damages attributable to such failure. Within ten (10) days following receipt of written notice from the State relating to any claim, Contractor shall notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a “Notice of Election”). After notifying Contractor of a claim and prior to the State receiving Contractor’s Notice of Election, the State shall be entitled to defend against the claim, at Contractor’s expense, and Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during such period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim and to monitor and advise the State about the status and progress of the Defense; (ii) Contractor shall, at the request of the State, demonstrate to the reasonable satisfaction of the State, Contractor’s financial ability to carry out its defense and indemnity obligations under this Contract; (iii) Contractor shall periodically advise the State about the

status and progress of the defense and shall obtain the prior written approval of the State before entering into any settlement of such claim or ceasing to defend against such claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State shall have the right, at its own expense, to control the defense of that portion of such claim involving the principles of Michigan governmental or public law. Notwithstanding the foregoing, the State may retain control of the defense and settlement of a claim by written notice to Contractor given within ten (10) days after the State's receipt of Contractor' s information requested by the State pursuant to clause (ii) of this paragraph if the State determines that Contractor has failed to demonstrate to the reasonable satisfaction of the State Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions pursuant to this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State pursuant to this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State shall have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor shall promptly reimburse the State for all such reasonable costs and expenses.

2.306 LIMITATION OF LIABILITY

Except as set forth herein, neither the Contractor nor the State shall be liable to the other party for indirect or consequential damages, even if such party has been advised of the possibility of such damages. Such limitation as to indirect or consequential damages shall not apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of this Contract calling for liquidated damages; to Contractor's indemnification obligations (2.305); or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on this Contract.

2.307 CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

2.308 FORM, FUNCTION, AND UTILITY

If the Contract is for use of more than one State agency and if the good or service provided under this Contract do not the meet the form, function, and utility required by a State agency, that agency may, subject to State purchasing policies, procure the good or service from another source, if approved by Acquisition Services.

2.309 ASSIGNMENT OF ANTITRUST CAUSE OF ACTION

For and in consideration of the opportunity to submit a quotation and other good and valuable consideration, the contractor hereby assigns, sells and transfers to the State of Michigan all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of payment and which relate solely to the particular goods, commodities, or services purchased or procured by this State pursuant to this transaction.

2.310 PURCHASING FROM OTHER STATE AGENCIES - RESERVED

2.311 TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to 60 days after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance.

2.312 RESERVED

2.313 RESERVED

2.314 WEBSITE INCORPORATION

State expressly states that it will not be bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of such content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representation of the State.

2.4 Contract Review and Evaluation

2.401 CONTRACT COMPLIANCE INSPECTOR

Upon receipt at Acquisition Services of the properly executed Contract Agreement(s), the person designated by each individual agency will be allowed to oversee the Contract performance on a day-to-day basis during the term of the Contract. However, overseeing the Contract implies **no authority to negotiate, change, modify, clarify, amend, or otherwise alter the terms, conditions, and specifications of such Contract(s). That authority is retained by Acquisition Services**.

2.402 PERFORMANCE REVIEWS

Acquisition Services in conjunction with the State agencies may review with the Contractor their performance under the Contract. Performance reviews shall be conducted quarterly, semi-annually or annually depending on Contractor's past performance with the State. Performance reviews shall include, but not limited to, quality of products/services being delivered and provided, timeliness of delivery, percentage of completion of orders, the amount of back orders, status of such orders, accuracy of billings, customer service, completion and submission of required paperwork, the number of substitutions and the reasons for substitutions, and other requirements of the Contract.

Upon a finding of poor performance, which has been documented by Acquisition Services, the Contractor shall be given an opportunity to respond and take corrective action. If corrective action is not taken in a reasonable amount of time as determined by Acquisition Services, the Contract may be canceled for default. Delivery by the Contractor of unsafe and/or adulterated or off-condition products to any State agency is considered a material breach of Contract subject to the cancellation provisions contained herein.

2.403 AUDIT OF CONTRACT COMPLIANCE/ RECORDS AND INSPECTIONS

(a) Inspection of Work Performed. The State's authorized representatives shall at all reasonable times and with ten (10) days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and shall have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon ten (10) Days prior written notice and during business hours, the State's representatives shall be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that such access will not interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives, so long as no security, labor relations policies and propriety information policies are violated.

(b) Examination of Records. No more than once per year, Contractor agrees that the State, including its duly authorized representatives, until the expiration of seven (7) years following the creation of the material (collectively, the "Audit Period"), shall, upon twenty (20) days prior written notice, have access to and the right to examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the terms and conditions of the Contract and with applicable laws and rules, including the State's procurement rules, regulations and procedures, and actual performance of the Contract for the purpose of conducting an audit, examination, excerpt and/or transcription but the State shall not have access to any information deemed confidential to Contractor to the extent such access would require such confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

(c) Retention of Records. Contractor shall maintain at least until the end of the Audit Period all pertinent financial and accounting records (including time sheets and payroll records, and information pertaining to the Contract and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract in accordance with generally accepted accounting principles and other procedures specified in this Section. Financial and accounting records shall be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

(d) Audit Resolution. If necessary, the Contractor and the State shall meet to review each audit report promptly after issuance. The Contractor will respond to each audit report in writing within thirty (30) days from receipt of such report, unless a shorter response time is specified in such report. The Contractor and the State shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in such audit report.

1. Errors. If the audit demonstrates any errors in the statements provided to the State, then the amount in error shall be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four (4) quarterly statements. If a balance remains after four (4) quarterly statements, then the remaining amount will be due as a payment or refund within forty-five (45) days of the last quarterly statement that the balance appeared on or termination of the contract, whichever is earlier.

2. In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than ten (10%), then the Contractor shall pay all of the reasonable costs of the audit.

2.5 Quality and Warranties

2.501 PROHIBITED PRODUCTS

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, shall be considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items shall remain consistent for the term of the Contract, unless Acquisition Services has approved a change.

2.502 QUALITY ASSURANCE

The State reserves the right to periodically test products, which have been received to verify compliance with specifications. If laboratory analysis shows that the product does not meet specifications or fails to perform satisfactorily at any time, the Contractor shall be responsible for:

1. All costs of testing and laboratory analysis.
2. Disposal and/or replacement of all products which fail to meet specifications.
3. All costs of repair and/or replacement of equipment deemed to have been damaged by substandard products as determined by the State.

2.503 INSPECTION

All goods are subject to inspection and testing. In the event goods are defective in material or workmanship, or otherwise fail to meet the requirements of the Contract, the State shall have the right to reject the goods or retain the goods and correct the defects. The Contractor shall pay the State for expenses incurred in correcting defects. Rejected goods will be held for 45 days after delivery. The Contractor must arrange for the return of said goods, including paying for handling, packing, and transportation costs. The State has the authority to dispose of the goods without further liability to the State in the event the Contractor fails to make arrangements within the specified time period.

2.504 GENERAL WARRANTIES

Warranty of Merchantability – Goods provided by vendor under this agreement shall be merchantable. All goods provided under this contract shall be of good quality within the description given by the State, shall be fit for their ordinary purpose, shall be adequately contained and packaged within the description given by the State, shall conform to the agreed upon specifications, and shall conform to the affirmations of fact made by the vendor or on the container or label.

Warranty of fitness for a particular purpose – When vendor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the vendor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

Warranty of title – Vendor shall, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by vendor shall be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by vendor, under this agreement, shall be delivered free of any rightful claim of any third person by of infringement or the like.

2.505 CONTRACTOR WARRANTIES

The Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

1. The Contractor will perform all services in accordance with high professional standards in the industry;

2. The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;

3. The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;

4. The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;

5. The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;

6. The Contractor will perform the services in a manner that complies with all applicable laws and regulations;

7. The Contractor has duly authorized the execution, delivery and performance of the Contract;

8. The Contractor is capable in all respects of fulfilling and shall fulfill all of its obligations under this contract.

9. The contract appendices, attachments, and exhibits identify all equipment and software services necessary for the deliverable(s) to perform and operate in compliance with the contract's requirements.

10. The Contractor is the lawful owner or licensee of any Deliverable licensed or sold to the state by Contractor or developed by Contractor under this contract, and Contractor has all of the rights necessary to convey to the state the ownership rights or license use, as applicable, of any and all Deliverables.

11. If, under this Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to such items as set forth in this Contract, Contractor shall assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

12. The contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter this contract, on behalf of Contractor.

13. The Contractor is qualified and registered to transact business in all locations where required.

14. Neither the Contractor nor any Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under this Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor shall notify the State within two (2) days of any such interest that may be incompatible with the interests of the State.

15. All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the CONTRACT AGREEMENT or otherwise in connection with the award of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there have been no material adverse changes in the business, properties, financial condition, or results of operations of Contractor. All written information furnished to the State by or behalf of Contractor in connection with this Contract, including its bid, it true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make such information not misleading.

2.506 STAFF

The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.

The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key

Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

2.507 RESERVED

2.508 EQUIPMENT WARRANTY - RESERVED

2.509 RESERVED

2.6 Breach of Contract

2.601 BREACH DEFINED

Failure to comply with articles, sections, or subsections of this agreement, or making any false statement in this agreement will be considered a material breach of this agreement giving the state authority to invoke any and all remedies available to it under this agreement.

In addition to any remedies available in law and by the terms of this contract, if the Contractor breaches Sections 2.508, 2.509, or 2.510, such a breach may be considered as a default in the performance of a material obligation of this contract.

2.602 NOTICE AND THE RIGHT TO CURE

In the event of a curable breach by the Contractor, the State shall provide the Contractor written notice of the breach and a time period to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage or destruction of any real or tangible personal property.

2.603 EXCUSABLE FAILURE

1. Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

2. If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue; (b) the State may cancel any portions of the Contract so affected and the charges payable hereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the

Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

2.7 Remedies

2.701 CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents, and employees for any of the following reasons:

1. Material Breach by the Contractor. In the event that the Contractor breaches any of its material duties or obligations under the Contract, which are either not capable of or subject to being cured, or are not cured within the time period specified in the written notice of breach provided by the State, or pose a serious and imminent threat to the health and safety of any person, or the imminent loss, damage or destruction of any real or tangible personal property, the State may, having provided written notice of cancellation to the Contractor, cancel this Contract in whole or in part, for cause, as of the date specified in the notice of cancellation.

   In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all costs incurred by the State in canceling the Contract, including but not limited to, State administrative costs, attorneys fees and court costs, and any additional costs the State may incur to procure the services required by this Contract from other sources. All excess re-procurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.

   In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.

   In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.

2. Cancellation For Convenience By the State. The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State and may include, but not limited to (a) the State no longer needs the services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Contract services no longer practical or feasible, and (c) unacceptable prices for additional services requested by the State. The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice 30 days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled.

3. Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor. The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.

4. Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.

5. Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

2.702 RIGHTS UPON CANCELLATION

A. Rights and Obligations Upon Termination

(1) If this Contract is terminated by the State for any reason, Contractor shall (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from this Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) in the event that the Contractor maintains title in equipment and software that is intended to be transferred to the State at the termination of the Contract, Contractor will transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables and other Developed Materials intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which shall be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of such items included compensation to Contractor for the provision of warranty services in respect of such materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(2) In the event the State terminates this Contract prior to its expiration for its own convenience, the State shall pay Contractor for all charges due for Services provided prior to the date of termination and, if applicable, as a separate item of payment pursuant to this Contract, for partially completed Deliverables, on a percentage of completion basis. All completed or partially completed Deliverables prepared by Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and Contractor shall be entitled to receive equitable fair compensation for such Deliverables. Regardless of the basis for the termination, the State shall not be obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(3.) If any such termination by the State is for cause, the State shall have the right to set-off against any amounts due Contractor the amount of any damages for which Contractor is liable to the State under this Contract or pursuant to law or equity.

(4.) Upon a good faith termination, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Services under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

B. Termination Assistance

If the Contract (or any Statement of Work issued under it) is terminated for any reason before completion, Contractor agrees to provide for up to two-hundred seventy (270) calendar days after the termination all reasonable termination assistance requested by the State to facilitate the orderly transfer of such Services to the State or its designees in a manner designed to minimize interruption and adverse effect. Such termination assistance will be deemed by the parties to be governed by the terms and conditions of the Contract (notwithstanding its termination) other than any terms or conditions that do not reasonably apply to such termination assistance. The State shall compensate Contractor for such termination assistance at the same rates and charges set forth in the Contract on a time and materials basis in accordance with the Labor Rates indicated within Contractors pricing section. If the Contract is terminated by Contractor under **Section 20**, then Contractor may condition its provision of termination assistance under this Section on reasonable assurances of payment by the State for such assistance, and any other amounts owed under the Contract.

C. Reservation of Rights

Any termination of the Contract or any Statement of Work issued under it by a party shall be with full reservation of, and without prejudice to, any rights or remedies otherwise available to such party with respect to any claims arising prior to or as a result of such termination.

D. End of Contract Transition

In the event the Contract is terminated, for convenience or cause, or upon expiration, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of the Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 270 calendar days. These efforts shall include, but are not limited to, the following:

(1) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors.

(2) Knowledgeable Personnel. Contractor will make available to the State or a Third Party Provider knowledgeable personnel familiar with the operational processes and procedures used to deliver products and services to the State. The Contractor personnel will work with the State or third party to help develop a mutually agreeable transition plan, work to transition the process of ordering, shipping and invoicing equipment and services to the State.

(3) Information - The Contractor agrees to provide reasonable detailed specifications for all Services needed by the State, or specified third party, to properly provide the services required under the Contract. The Contractor will also provide any licenses required to perform the Services under the Contract.

(4) Software. - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services under the Contract. This shall include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level.

(5) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within

the agreed period after Contract expiration that result from transition operations). The hourly rates or fixed price to be charged will be agreed upon prior to the work commencing.

(6) Single Point of Contact. Contractor will maintain a Single Point of Contact (SPOC) for the State after termination of the Contract until all product and service obligations have expired.

E. Transition out of this Contract

(1) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the Contractor agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

(i) Cooperating with any contractors, vendors, or other entities with whom the State contracts to meet its telecommunication needs, for at least two hundred and seventy (270) days after the termination of this Contract;
(ii) Reserved.
(iii) Providing the State with all asset management data generated from the inception of this Contract through the date on which this Contract is terminated, in a comma-deliminated format unless otherwise required by the Program Office;
(iv) Reconciling all accounts between the State and the Contractor;
(v) Allowing the State to request the winding up of any pending or ongoing projects at the price to which the State and the Contractor agreed at the inception of the project;
(vi) Freezing all non-critical software changes;
(vii) Notifying all of the Contractor's subcontractors of procedures to be followed during the transition out phase;
(viii) Assisting with the communications network turnover, if applicable;
(ix) Assisting in the execution of a parallel operation until the effective date of termination of this Contract
(x) Answering questions regarding post-migration services;
(xi) Delivering to the State any remaining owed reports and documentation still in the Contractor's possession.

(2) In the event that this Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:

(i) Reconciling all accounts between the State and the Contractor;
(ii) Completing any pending post-project reviews.

2.703 LIQUIDATED DAMAGES - RESERVED

2.704 STOP WORK

1. The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:

a) Cancel the stop work order; or
b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.

2. If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:

a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.

3. If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.

4. If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

2.705 SUSPENSION OF WORK

The Contract Administrator may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the Contract Administrator determines appropriate for the convenience of the Government.

If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of the Contract Administrator in the administration of this contract, or (2) by the Contract Administrator's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

A claim under this clause shall not be allowed:

(1) For any costs incurred more than 20 days before the Contractor shall have notified the Contract Administrator in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order); and
(2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

2.8 Changes, Modifications, and Amendments

2.801 APPROVALS

The Contract may not be modified, amended, extended, or augmented except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

2.802 TIME EXTENTIONS

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of performance as described in the statement of work. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

2.803 MODIFICATION

Acquisition Services reserves the right to modify this contract at any time during the contract term. Such modification may include changing the locations to be serviced, additional locations to be serviced, method or manner of performance of the work, number of days service is to be performed, addition or deletion of tasks to be performed, addition or deletion of items, and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the proposed changes are subject to acceptance by the State. Changes may be increases or decreases. IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT SHALL BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATION.

The State reserves the right to add an item(s) that are not described on the item listing and are available from the Contract vendor. The item(s) may be included on the Contract, only if prior written approval has been granted by Acquisition Services.

2.804 AUDIT AND RECORDS UPON MODIFICATION

DEFINITION: records includes books, documents, accounting procedures and practices, and other data, regardless of whether such items are in written form, electronic form, or in any other form

Contractor shall be required to submit cost or pricing data with the pricing of any modification of this contract to the Contract Administrator in Acquisition Services. Data may include accounting records, payroll records, employee time sheets, and other information the state deems necessary to perform a fair evaluation of the modification proposal. Contract Administrator or authorized representative of the state shall have the right to examine and audit all of the contractor's records, including computations and projections, related to:

1. The proposal for modification;
2. The discussions conducted on the proposal, including those related to negotiation;
3. Pricing of the modification; or
4. Performance of the modification.

Contractor shall make available at its office at all reasonable times the materials described in the paragraphs above.

If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

2.805 CHANGES

(a) The Contract Administrator may, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes:

(1) In the specifications (including drawings and designs);
(2) In the method or manner of performance of the work;
(3) In the Government-furnished facilities, equipment, materials, services, or site; or
(4) Directing acceleration in the performance of the work.

(a) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from the Contract Administrator that causes a change shall be treated as a change order under this clause; Provided, that the Contractor gives the Contract Administrator written notice stating:

(1) The date, circumstances, and source of the order; and
(2) That the Contractor regards the order as a change order.

(b) Except as provided in this clause, no order, statement, or conduct of the Contract Administrator shall be treated as a change under this clause or entitle the Contractor to an equitable adjustment.

Article 3 – Certifications and Representations

3.307 LIABILITY INSURANCE

A. Insurance

The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract.

All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance shall be written for not less than any minimum coverage specified in this Contract or required by law, whichever is greater.

The insurers selected by Contractor shall have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency. Companies that have been approved to do business in the State shall issue all policies of insurance required in this Contract.

See www.michigan.gov/cis

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits.

Before both parties sign the Contract or before the purchase order is issued by the State, the Contractor must furnish to the Director of Acquisition Services, certificate(s) of insurance verifying insurance coverage ("Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. All Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for ten (10) days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. The notice must include the Contract or Purchase Order number affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909. Failure to provide evidence of coverage, may, at the State's sole option, result in this Contract's termination.

The Contractor is required to pay for and provide the type and amount of insurance checked **below**:

☑ 1. Commercial General Liability with the following minimum coverage:

$2,000,000	General Aggregate Limit other than Products/Completed Operations
$2,000,000	Products/Completed Operations Aggregate Limit
$1,000,000	Personal & Advertising Injury Limit
$1,000,000	Each Occurrence Limit
$500,000	Fire Damage Limit (any one fire)

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor‘s business for bodily injury and property damage as required by law.

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ 3. Workers’ compensation coverage must be provided in accordance with applicable laws governing the employees and employers work activities in the state of the Contractor’s domicile. If a self-insurer provides the applicable coverage, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees’ activities occur.

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ 4. Employers liability insurance with the following minimum limits:

$100,000	each accident
$100,000	each employee by disease
$500,000	aggregate disease

B. <u>Subcontractors</u>

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor shall require all of its Subcontractors under this Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Alternatively, Contractor may include any Subcontractors under Contractor’s insurance on the coverage required in this Section. Subcontractor(s) shall fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) to comply with insurance requirements does not limit Contractor’s liability or responsibility.

C. <u>Certificates of Insurance and Other Requirements</u>

Contractor shall furnish to the Office of Acquisition Services certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the “Certificates”). Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor shall provide evidence that the State and its agents, officers and employees are listed as additional insureds, but only to the extent of liabilities assumed by Contractor as set forth in Indemnification Section of this Contract, under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer’s attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

Contractor shall maintain all required insurance coverage throughout the term of the Contract and any extensions thereto and, in the case of claims-made Commercial General Liability policies, shall secure tail coverage for at least three (3) years following the expiration or termination for any reason of this Contract. The minimum limits of coverage specified above are not intended, and shall not be construed, to limit any liability or indemnity of Contractor under this Contract to any indemnified party or other persons. Contractor shall be responsible for all deductibles with regard to such insurance. If Contractor fails to pay any premium for required insurance as specified in this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, at the State's election (but without any obligation to do so) after the State has given Contractor at least thirty (30) days written notice, the State may pay such premium or procure similar insurance coverage from another company or companies; and at the State's election, the State may deduct the entire cost (or part thereof) from any payment due Contractor, or Contractor shall pay the entire cost (or any part thereof) upon demand by the State.

3.308 ENVIRONMENTAL AWARENESS

Definition - '*Environmentally preferable products'* means products that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product.

Environmental Purchasing Policy - Contractors able to supply products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals.

A. **Recycled Packaging.** Contractors may offer some or all of the following items listed below or provide alternative proposal as to how packaging materials can be reduced, eliminated or otherwise made more environmentally preferable. It is desirable that Contractors offer packaging which:

a. is made from recycled content which meets or exceeds all federal and state recycled content guidelines (currently 35% post-consumer for all corrugated cardboard)
b. minimizes or eliminates the use of polystyrene or other difficult to recycle materials
c. minimizes or eliminates the use of disposable containers such as cardboard boxes
d. provides for a return program where packaging can be returned to a specific location for recycling
e. contains materials which are easily recyclable in Michigan..

B. **Recycled Content of Products Offered.** Contractors are expected to offer products using recovered materials suitable for the intended use whenever possible. The following definitions apply to 'Recovered Material':

'Post-Consumer Waste', is defined as any products generated by a business or consumer which have served their intended end use, and which have been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product

'Secondary Waste', is defined as industrial by-products and wastes generated after completion of a manufacturing process that would normally be disposed.

All Contractors are requested to indicate below an estimate of the percentage of recycled materials, if any, contained in each item bid. Higher percentages of recycled materials are preferred.

Diesel, High Sulfur	0 %	Regular (Mid-Grade) Gasoline	0 %
Diesel, Low Sulfur	0 %	Unleaded Gasoline	0 %
Fuel Oil, High Sulfur	0 %	Premium Unleaded Gasoline	0 %
Fuel Oil, Low Sulfur	0 %		

EATON COUNTY (Truck Transport Gasoline ONLY)

Tank Wagon	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS
1.	1,080,000	GL	Regular Unleaded	$ 0.0226
2.		GL	Mid-Grade Unleaded	No Bid
3.	192,000	GL	Premium Unleaded	$ 0.0019

Tank Wagon	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Note 1: The State of Michigan will not be purchasing High Sulfur Diesel Fuel
Note 2: Prices are requested for all counties regardless of whether or not the item listing reflects any current quantity
Note 3: All resulting contracts will be available to local units of government. Quantities not included on this ITB.

GASOLINE

Department:	Management & Budget
Location Name:	Vehicle and Travel Services
Street Address:	6951 Crowner Dr
City, State, Zip:	Lansing, MI 48909
County:	Eaton
Agency Contact with telephone:	Elaine Earls, 322-5001

Type of Delivery	Tank Wagon less than 5,000 gal.	____	Truck Transport more than 5,000 gal.	___x_
Location of Tank	Above Ground	____	Below Ground	__x__
Storage Capacity for each tank			10,000	

Type of Fuel	Unleaded 87 Octane	_____	Mid-Grade 89 Octane	___	Premium 91 Octane	____x__ 64,000
Annual Est. Usage						

Estimated Order Schedule	As needed

Agency Procurement Review:	Procurement Contact (reviewer):	Date:

GASOLINE

Department:	Management & Budget
Location Name:	Vehicle and Travel Services
Street Address:	6951 Crowner Dr
City, State, Zip:	Lansing, MI 48909
County:	Eaton
Agency Contact with telephone:	Elaine Earls, 322-5001

Type of Delivery	Tank Wagon less than 5,000 gal.	____	Truck Transport more than 5,000 gal.	_x___
Location of Tank	Above Ground	____	Below Ground	__x__
Storage Capacity for each tank			12,000	

Type of Fuel	Unleaded 87 Octane	___x_ _	Mid-Grade 89 Octane	___	Premium 91 Octane	_____
Annual Est. Usage	360,000					

Estimated Order Schedule	As needed

Agency Procurement Review:	Procurement Contact (reviewer):	Date:

EMMET COUNTY (Truck Transport Gasoline ONLY)

Tank Wagon	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS
1.	90,000	GL	Regular Unleaded	$ 0.1044
2.		GL	Mid-Grade Unleaded	No Bid
3.		GL	Premium Unleaded	No Bid

Tank Wagon	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Note 1: The State of Michigan will not be purchasing High Sulfur Diesel Fuel
Note 2: Prices are requested for all counties regardless of whether or not the item listing reflects any current quantity
Note 3: All resulting contracts will be available to local units of government. Quantities not included on this ITB.

GASOLINE

Department:	State Police
Location Name:	Petoskey State Police Post
Street Address:	1200 M-119
City, State, Zip:	Petoskey, MI 49770
County:	Emmet
Agency Contact with telephone:	Sgt. Brett Gooding 231 347-8102

Type of Delivery	Tank Wagon less than 5,000 gal.	____	Truck Transport more than 5,000 gal.	_x___
Location of Tank	Above Ground	____	Below Ground	__x__
Storage Capacity for each tank			8,000	

Type of Fuel	Unleaded 87 Octane	__x__ _	Mid-Grade 89 Octane	___	Premium 91 Octane	_____
Annual Est. Usage	30,000					

Estimated Order Schedule	As Needed

Agency Procurement Review:	Procurement Contact (reviewer):	Date:

LENAWEE COUNTY (Truck Transport Gasoline ONLY)

Tank Wagon	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Gasoline	Price plus/minus OPIS
1.	78,900	GL	Regular Unleaded	$ 0.1089
2.		GL	Mid-Grade Unleaded	No Bid
3.		GL	Premium Unleaded	No Bid

Tank Wagon	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Truck Transport	36-Month Usage	Unit	Type of Diesel Fuel	Bid Price plus/minus OPIS

Note 1: The State of Michigan will not be purchasing High Sulfur Diesel Fuel
Note 2: Prices are requested for all counties regardless of whether or not the item listing reflects any current quantity
Note 3: All resulting contracts will be available to local units of government. Quantities not included on this ITB.

GASOLINE

Department:	State Police
Location Name:	Adrian State Police Post
Street Address:	2222 N. Adrian Hwy
City, State, Zip:	Adrian, MI 49221
County:	Lenawee
Agency Contact with telephone:	Sgt. Andres Lopez 517 263-1350

Type of Delivery	Tank Wagon less than 5,000 gal.	____	Truck Transport more than 5,000 gal.	___x_
Location of Tank	Above Ground	____	Below Ground	__x__
Storage Capacity for each tank			8,000	

Type of Fuel	Unleaded 87 Octane	__x__ _	Mid-Grade 89 Octane	___	Premium 91 Octane	_____
Annual Est. Usage	21,000					

Estimated Order Schedule	As Needed

Agency Procurement Review:	Procurement Contact (reviewer):	Date:

SPECIFICATIONS FOR

LEADED GASOLINE, REGULAR

These specifications state the required properties of "leaded gasoline" at the time and place of delivery in bulk. They provide for an automatic variation by the seller to meet the requirements of seasonal changes in temperature, depending upon the season in which the product is to be used. This is done by providing three vapor pressures and ten percent distillation points for the type of gasoline specified and differentiating the use of these variations according to the month of the year. Tank wagon payment will be on gallons delivered without temperature corrections.

TABLE I – DETAILED REQUIREMENTS FOR GASOLINE

	Distillation Temperatures. Deg F. at % Evaporated						Vapor/Liquid: Ratio		Reid	Octane	Copper	Existent	
Gasoline	Max 10	Min 50	Max 50	Max 90	End	Dist.			Vapor	Index	Strip		
Volatility					Point	Residue	Test		Pressure	RON & MON	Corro-Sion	Gum, mg/100ml	Sulfur
Grade (See Table II)						Percent, max	Temp. Deg F	V/L Max	PSI, max	2 min	Max	Max	Max
C	140	170	240	365	437	2	124	20	11.5	89	No. 1	5	0.15
D	131	170	235	365	437	2	116	20	13.5	89	No. 1	5	0.15
E	122	170	230	365	437	2	105	20	15.0	89	No. 1	5	0.15

TABLE II – SCHEDULE FOR SEASONAL VOLATILITY GRADE VARIATIONS IN MICHIGAN

This schedule represents the time of use of the gasoline. Shipments intended for future use may anticipate this schedule. Where alternate variations are indicated, the options shall be exercised by the seller.

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Volatility	E	E	E	D	D	C	C	C	C	D	D	E
			Or		Or				Or		Or	
Grade			D		C				D		E	

METHODS OF TESTING: CURRENT

Distillation – A.S.T.M. D86
Vapor Pressure – A.S.T.M. D323
Octane Number – Research Method A.S.T.M. D2699 or D2885
Motor Method A.S.T.M. D2700 or D2885
Corrosion – D 130, 3 hours at 122 degrees
Gum (Jet Evaporation Method) – A.S.T.M D381
Sulfur – A.S.T.M. or D2622

SPECIFICATIONS FOR

UNLEADED GASOLINE, REGULAR

These specifications state the required properties of "unleaded gasoline" at the time and place of delivery in bulk. They provide for an automatic variation by the seller to meet the requirements of seasonal changes in temperature, depending upon the season in which the product is to be used. This is done by providing three vapor pressures and ten percent distillation points for the type of gasoline specified and differentiating the use of these variations according to the month of the year. Tank wagon payment will be on gallons delivered without temperature corrections.

TABLE I – DETAILED REQUIREMENTS FOR GASOLINE

	Distillation Temperatures. Deg F. at % Evaporated						Vapor/Liquid: Ratio		Reid	Octane	Copper	Existent	
Gasoline	Max 10	Min 50	Max 50	Max 90	End	Dist.			Vapor	Index	Strip		
Volatility					Point	Residue	Test		Pressure	RON & MON	Corro-Sion	Gum, mg/100ml	Sulfur
Grade (See Table II)						Percent, max	Temp. Deg F	V/L Max	PSI, max	2 min	Max	Max	Max
C	140	170	240	365	437	2	124	20	11.5	87*	No. 1	5	0.10
D	131	170	235	365	437	2	116	20	13.5	87*	No. 1	5	0.10
E	122	170	230	365	437	2	105	20	15.0	87*	No. 1	5	0.10

*In addition, must have a Motor Octane Number not less than 82.

TABLE II – SCHEDULE FOR SEASONAL VOLATILITY GRADE VARIATIONS IN MICHIGAN

This schedule represents the time of use of the gasoline. Shipments intended for future use may anticipate this schedule. Where alternate variations are indicated, the options shall be exercised by the seller.

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Volatility	E	E	E	D	D	C	C	C	C	D	D	E
			Or		Or				Or		Or	
Grade			D		C				D		E	

METHODS OF TESTING: CURRENT

Distillation – A.S.T.M. D86
Vapor Pressure – A.S.T.M. D323
Octane Number – Research Method A.S.T.M. D2699 or D2885
Motor Method A.S.T.M. D2700 or D2885
Corrosion – D 130, 3 hours at 122 degrees
Gum (Jet Evaporation Method) – A.S.T.M D381
Sulfur – A.S.T.M. or D2622

SPECIFICATIONS FOR

UNLEADED GASOLINE, PREMIUM

These specifications state the required properties of "unleaded gasoline" at the time and place of delivery in bulk. They provide for an automatic variation by the seller to meet the requirements of seasonal changes in temperature, depending upon the season in which the product is to be used. This is done by providing three vapor pressures and ten percent distillation points for the type of gasoline specified and differentiating the use of these variations according to the month of the year. Tank wagon payment will be on gallons delivered without temperature corrections.

TABLE I – DETAILED REQUIREMENTS FOR GASOLINE

	Distillation Temperatures. Deg F. at % Evaporated						Vapor/Liquid: Ratio		Reid	Octane	Copper	Existent	
Gasoline	Max 10	Min 50	Max 50	Max 90	End	Dist.			Vapor	Index	Strip		
Volatility					Point	Residue	Test		Pressure	RON & MON	Corro-Sion	Gum, mg/100ml	Sulfur
Grade (See Table II)						Percent, max	Temp. Deg F	V/L Max	PSI, max	2 min	Max	Max	Max
C	140	170	240	365	437	2	124	20	11.5	90	No. 1	5	0.10
D	131	170	235	365	437	2	116	20	13.5	90	No. 1	5	0.10
E	122	170	230	365	437	2	105	20	15.0	90	No. 1	5	0.10

TABLE II – SCHEDULE FOR SEASONAL VOLATILITY GRADE VARIATIONS IN MICHIGAN

This schedule represents the time of use of the gasoline. Shipments intended for future use may anticipate this schedule. Where alternate variations are indicated, the options shall be exercised by the seller.

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Volatility	E	E	E	D	D	C	C	C	C	D	D	E
			Or		Or				Or		Or	
Grade			D		C				D		E	

METHODS OF TESTING: CURRENT

Distillation – A.S.T.M. D86
Vapor Pressure – A.S.T.M. D323
Octane Number – Research Method A.S.T.M. D2699 or D2885
Motor Method A.S.T.M. D2700 or D2885

Corrosion – D 130, 3 hours at 122 degrees
Gum (Jet Evaporation Method) – A.S.T.M D381
Sulfur – A.S.T.M. or D2622

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES

Mich. 4220-S1
December, 1993

SPECIFICATIONS FOR

FUEL OIL – HIGH SULFUR

SCOPE:
These specifications cover grades of fuel oil for various types of fuel oil-burning equipment.

GENERAL REQUIREMENTS:
The grades of fuel oil specified herein shall be homogeneous hydrocarbon oils, free from inorganic acid, and free from excessive amounts of solid or fibrous foreign matter likely to make frequent cleaning of suitable strainers necessary.

All grades containing residual components shall remain uniform in normal storage and not separate by gravity into light and heavy oil components outside the viscosity limits for the grade.

The actual gallonage delivered will be determined by reducing the column to the basis of sixty (60) degrees F (*).

DETAILED REQUIREMENTS:
The various grades of fuel oil shall conform to the limiting requirements shown in Table I. It is the intent of these classifications that failure to meet any requirements of a given grade does not automatically place an oil in the next lower grade unless in fact it meets all the requirements of the lower grade.

METHODS OF TESTING:
The requirements enumerated in these specifications shall be determined in accordance with the following methods of testing of the American Society for Testing and Materials (current revision) except as may be required under Paragraph (a):

(a) FLASH POINT – Test Methods D 93, except where other methods are prescribed by law for the determination of minimum flash point. For Grades No. 1 and No. 2, Test Method D56, may be used as an alternative with the same limits, provided the flash point is below 79.4 degrees C (175 degrees F) and the viscosity is below 5.8 cSt (45 SUS) at 38 degrees C (100 degrees F).

(b) **POUR POINT – Standard Method of Test for Cloud and Pour Points (A.S.T.M. Designation D97).

(c) WATER AND SEDIMENT – The water and sediment in Grades No's. 1 and 2 shall be determined in accordance with Test Method D 1796 and in Grade No's. 4, 5, and 6 by Test Method D95, and Test Method D473. A density of 1.0 kg/L shall be used for the Test Method D524.

(d) CARBON RESIDUE – Test Method D524.

(e) ASH – Test Method D482.

(f) DISTILLATION – Distillation of Grade No. 1 and No. 2 oils shall be determined in accordance with Method D86.

(g) VISCOSITY – Viscosity shall be determined in accordance with Test Method D445.

(h) GRAVITY – Test Method D287.

(i) CORROSION – Test Method D130, 3 h test at fifty (50) degrees C (122 degrees F).

* This correction applies to fuel oils delivered by truck transport. Tank wagon deliveries will not be corrected.
** Alternative Test Methods that indicated flow point properties can be used for low sulfur residual fuels by agreement between purchaser and supplies

(j) SULFUR – The sulfur content of any grade may be determined by any of the following methods: Test Method D1552, or Test Method D2622. In addition, the sulfur of Grade No. 1 may be determined by Test Method D1266.

(k) HEAT OF COMBUSTION – Standard Method of Test for Heat of Combustion of Liquid Hydrocarbon Fuels by Bomb Calorimeter (A.S.T.M. Designation: 240).

SIGNIFICANCE OF TESTS PRESCRIBED

POUR POINT: The pour point is an indication of the lowest temperature at which a fuel oil can be stored and still be capable of flowing under very low forces. The pour point is prescribed in accordance with the conditions of storage and use. Higher pour point fuels and permissible where heated storage and adequate piping facilities are provided. An increase in pour point may occur when residual fuel oils are subjected to cyclic temperature variations that may occur in the course of storage or when the fuel is preheated and returned to storage tanks.

WATER AND SEDIMENT: Appreciable amounts of water and sediment in a fuel oil tend to cause fouling of facilities for handling it, and to give trouble in burner mechanisms. Sediment may accumulate in storage tanks and on filter screens or distillate fuels may cause corrosion of tanks and equipment and it may cause emulsions in residual fuels.

CARBON RESIDUE: The carbon residue of a fuel is a measure of the carbonaceous material left after all the volatile components are vaporized in the absence of air. It is a rough approximation of the tendency of a fuel to form deposits in vaporizing burners, such as pot-type and sleeve-type burners, where the fuel is vaporized in the air-deficient atmosphere.

ASH: The amount of ash is the quantity of noncombustible material in an oil. Excessive amounts may indicate the presence of materials that cause high wear of burner pumps and valves, and contribute to deposits on boiler heating surfaces.

DISTILLATION: The distillation test shows the volatility of a fuel and the ease with which it can be vaporized. The test is of greater significance for oils that are to be burned in vaporizing type burners than for the atomizing type. For example, the maximum ten (10) percent and ninety (90) percent distilled temperatures are specified for grade No. 1 fuel. The limiting ten (10) percent value assures easy starting in vaporizing type burners and the ninety (90) percent limit excludes heavier fractions that would be difficult to vaporize.

The limits specified for grade No. 2 heating oil define a product that is acceptable for burners of the atomizing type in household heating installations. Distillation limits are not specified for fuel oils of grades No's. 4, 5, and 6.

VISCOSITY: Viscosity Limits for Grades No's. 1 and 2 – The viscosity of an oil is a measure of its resistance to flow. In fuel oil it is highly significant since it indicated both the relative ease with which the oil will flow or may be pumped, and the ease of atomization.

Viscosity limits for No. 1 and No. 2 grades are specified to help maintain uniform fuel flow in appliance with gravity flow, and to provide satisfactory atomization and constant flow rate through the small nozzles of household burners. For the heavier grades of industrial and bunker fuel oils, viscosity is of major importance, so that adequate preheating facilities can be provided to permit then to be pumped to the burner and to provide good atomization. However is equally important that the maximum viscosity under the existing conditions be such that the oil can be pumped satisfactorily from the storage tank to the preheater.

SULFUR: Sulfur in fuel oil is a major contributing factor in air pollution. Sulfur also has detrimental effect on breechings, stacks, flues, and other metal parts.

In addition to the ASTM D396-86 requirements that fuel oil furnished under specification Mich. 4220-S1, December, 1993 shall not contain substances exceeding the parameters listed below when tested by the specified method.

		Test	**Method**	**Digestion**
Sulfur (Max%)	0.5	ASTM	D129	---
Arsenic (Max. PPM)	5	EPA SW-846	7060 3rd Edition 1986	3040/3050
Cadmium (Max. PPM)	2	Same	6010 or 7131 6010 or 7191	3040/3050
Lead (Max. PPM)	10	Same	6010, 7420 or 7421	3040/3050
PCB's (Max. PPM)	1	Same	8080	---
Chlorine (Max.PPM) (As total Halogens)	1000	A.S.T.M.	D808	---

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING DIVISION

Specifications for

Mich. No. 5245-S1
December, 1993

FUEL OIL: DIESEL

These specifications cover grades of diesel fuel suitable for various types of diesel engines under various operating conditions.

GENERAL REQUIREMENTS:

Diesel fuel oils under this specification shall be of three grades as follows:

Grade No. 1D
Grade No. 2D
Grade Premium

(See Page 2 For Detailed Requirements)

DETAILED REQUIREMENTS:

	Grade No. 1D	Grade No. 2D	Premium Grade
Centane No., Min	45	40	50
A.P.I. Gravity	40-46	32-38	34-40
Flash Point, °F., Min	100	125	140
Pour Point, °F., Max	-25	-10	-15
Could Point, °F., Max	-15	0	-5
Viscosity, Kinematic, cs @100 °F.	1.4 – 2.5	2.0 – 4.3	2.0 – 4.3
Viscosity, SUS @ 100 °F.	34.4	32.6 – 40.1	32.6 – 40.1
Distillation, I.B.P., °F. Min.	320	325	325
10%, °F., Max.	410	440	440
90%, °F.	465 – 540	540 – 625	540 – 625
End., °F., Max.	570	675	675
Carbon Residue on 10% Bottoms,% Max.	.15	.35	.35
Sulfur %, Max.	.4	.4	.4
Water & Sediment, Vol. %, Max	1.05	0.05	0.05
Corrosion, Copper Strip, 3 Hr. @ 212 °F., Max.	No. 3	No.3	No.3

METHODS OF TESTING

The requirements enumerated in the table on page 2 shall be determined in accordance with the current methods of test of the American Society for Testing and Materials as follows:

(a) CETANE NUMBER MIN. ASTM DESGNATION: D 613

(b) GRAVITY – ASM Designation: D 287

(c) FLASH POINT – ASTM Designation: D 93
Pensky-Martin Closed Tester; except where other methods are prescribed by Pensky – Martin Closed Tester; except where other methods are prescribed by law. For Grade No. 1-D, the Tag Closed Tester (ASTM Designation: D 56) may be used as an alternate with the same limits. In cases of dispute method D 93 shall be used as the referee method.

(d) POUR POINT AND CLOUD POINT – ASTM Designation: D 97

(e) VISCODITY, KINEMATIC 40 °C ASTM Designation: D 445

(f) VISCODITY, SAYBOLT UNIVERSAL - ASTM Designation: D 2161

(g) DISTILLATION – Distillation Temperature, °C 90% VOL, RECOVERED – ASTM Designation: D-86

(h) CARBON RESIDUE (RAMSBOTTOM) – ON 10% DISTILLATION RESIDUE, % MASS, MAX ASTM Designation: D 524

(i) SULFER - % MASS, MAX – ASTM Designation D 2622

(j) WATER & SEDIMENT % VOL. MAX – ASTM Designation: D 1796

(k) CORROSION – ASTM Designation: D 130

SIGNIFICANCE OF GRADES:

Grade No. 1D: Fuels of this grade are suitable for use in high-speed engines in service involving frequent and relatively wide variations in loads and speeds, and also for use where abnormally low fuel temperatures are encountered.

Premium Grade: Fuels of this grade are similar to the No. 2-D fuels, except for improved detergent, rust inhibiting, anti-knock, engine starting and smoke control qualities.

SIGNIFICANCE OF TESTS PRESCRIBED:

Cetane Number: Cetane number is a measure of the ignition quality of the fuel and influences combustion roughness. The Cetane number requirements depend on engine conditions. Increase in Cetane number over values actually required does not materially improve engine performance.

A.P.I. Gravity: This is a measure of the density of petroleum products. Low A.P.I. gravity values represent light oils.

Flash Point: The flash point as specified is not directly related to engine performance. It is, however, of importance in connection with legal requirements and safety precautions involved in fuel handing and storage, and is normally specified to meet insurance and fire regulations.

Pour Point: Pour Point is of importance in connection with the lowest temperature which the fuel may reach and still be sufficiently fluid to be pumped or transferred. The pour point is generally interrelated with Cetane number and volatility. Frequently low pour points may be obtained only at the expense of lowering the Cetane rating or increasing the volatility. The pour point, therefore, should not be specified lower than necessary.

Viscosity: For some engines it is advantageous to specify a minimum viscosity because of power loss due to injection pump and injector leakage. Maximum viscosity, on the other hand, is limited by considerations involved in engine design and size, and the characteristics of the injection system.

Distillation: The fuel volatility requirements depend on engine design, size, nature of speed and load variations, and on starting and atmospheric conditions. For engines in service involving rapidly fluctuating loads and speeds as in bus and truck operation, and the more volatile fuels may provide best performance, particularly with respect to smoke and order. However, best fuel economy is generally obtained from the heavier types of fuels because of their higher heat content.

Carbon Residue: Carbon Residue gives a measure of the carbon depositing tendencies of a fuel oil when heated in a bulb under prescribed conditions. While not directly correlating with engine deposits, this property is considered and approximation.

Sulfur: The effect of sulfur content on engine wear and deposits appear to vary considerably in importance and depends largely on operating conditions. In order to assure maximum availability of fuels, the permissible sulfur content should be specified as high as practicable, consistent with maintenance considerations.

Cooper Strip Corrosion: This test serves as a measure of possible difficulties with copper and brass or bronze parts of the fuel system.

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING DIVISION

Specifications for

Mich. No. 5245-S2
December, 1993

FUEL OIL: DIESEL
LOW SULFUR

These specifications cover grades of diesel fuel suitable for various types of diesel engines under various operating conditions.

GENERAL REQUIREMENTS:

Diesel fuel oils under this specification shall be of three grades as follows:

Grade No. 1D
Grade No. 2D
Grade Premium

(See Page 2 For Detailed Requirements)

DETAILED REQUIREMENTS:

	Grade No. 1D	Grade No. 2D	Premium Grade
Centane No., Min	40	40	40
A.P.I. Gravity	40 - 44	30 - 39	34-40
Flash Point, °F., Min	100	125	140
Pour Point, °F., Max	-25	-10	-15
Could Point, °F., Max	-15	0	-5
Viscosity, Kinematic, cs @100 °F.	1.4 – 2.5	2.0 – 4.3	2.0 – 4.3
Viscosity, SUS @ 100 °F.	34.4	32.6 – 40.1	32.6 – 40.1
Distillation, I.B.P., °F. Min.	320	325	325
10%, °F., Max.	410	440	440
90%, °F.	465 – 540	540 – 625	540 – 625
End., °F., Max.	570	675	675
Carbon Residue on 10% Bottoms,% Max.	.15	.35	.35
Sulfur %, Max.	0.05	0.05	0.05
Water & Sediment, Vol. %, Max	0.05	0.05	0.05
Corrosion, Copper Strip, 3 Hr. @ 212 °F., Max.	No. 3	No.3	No.3
Aromatics	20% By Vol.	20% By Vol.	20% By Vol.
Note: Brake Horse Power/Hour (NOX) Heavy duty Diesel Engines Only	5.0 gram	5.0 gram	5.0 gram

METHODS OF TESTING

The requirements enumerated in the table on page 2 shall be determined in accordance with the current methods of test of the American Society for Testing and Materials as follows:

(a) CETANE NUMBER MIN. ASTM DESGNATION: D 613

(b) GRAVITY – ASM Designation: D 287

(c) FLASH POINT – ASTM Designation: D 93
Pensky-Martin Closed Tester; except where other methods are prescribed by law. For Grade No. 1-D, the Tag Closed Tester (ASTM Designation: D 56) may be used as an alternate with the same limits. In cases of dispute method D 93 shall be used as the referee method.

(d) POUR POINT AND CLOUD POINT – ASTM Designation: D 97

(e) VISCODITY, KINEMATIC 40 °C ASTM Designation: D 445

(f) VISCODITY, SAYBOLT UNIVERSAL - ASTM Designation: D 2161

(g) DISTILLATION – Distillation Temperature, °C 90% VOL, RECOVERED – ASTM Designation: D-86

(h) CARBON RESIDUE (RAMSBOTTOM) – ON 10% DISTILLATION RESIDUE, % MASS, MAX ASTM Designation: D 524

(i) SULFER - % MASS, MAX – ASTM Designation D 2622

(j) WATER & SEDIMENT % VOL. MAX – ASTM Designation: D 1796

(k) CORROSION – ASTM Designation: D 130

SIGNIFICANCE OF GRADES:

Grade No. 1D: Fuels of this grade are suitable for use in high-speed engines in service involving frequent and relatively wide variations in loads and speeds, and also for use where abnormally low fuel temperatures are encountered.

Grade No. 2D: Fuels of its grade are of lower volatility. These fuels are suitable for use in high-speed engines in service involving relatively high loads and uniform speeds, or in engines not requiring fuels having the higher volatility or other properties specified for Grade No. 10-D.

Premium Grade: Fuels of this grade are similar to the No. 2-D fuels, except for improved detergent, rust inhibiting, anti-knock, engine starting and smoke control qualities.

SIGNIFICANCE OF TESTS PRESCRIBED:

Cetane Number: Cetane number is a measure of the ignition quality of the fuel and influences combustion roughness. The Cetane number requirements depend on engine conditions. Increase in Cetane number over values actually required does not materially improve engine performance.

A.P.I. Gravity: This is a measure of the density of petroleum products. Low A.P.I. gravity values represent light oils.

Flash Point: The flash point as specified is not directly related to engine performance. It is, however, of importance in connection with legal requirements and safety precautions involved in fuel handing and storage, and is normally specified to meet insurance and fire regulations.

Pour Point: Pour Point is of importance in connection with the lowest temperature which the fuel may reach and still be sufficiently fluid to be pumped or transferred. The pour point is generally interrelated with Cetane number and volatility. Frequently low pour points may be obtained only at the expense of lowering the Cetane rating or increasing the volatility. The pour point, therefore, should not be specified lower than necessary.

Viscosity: For some engines it is advantageous to specify a minimum viscosity because of power loss due to injection pump and injector leakage. Maximum viscosity, on the other hand, is limited by considerations involved in engine design and size, and the characteristics of the injection system.

Distillation: The fuel volatility requirements depend on engine design, size, nature of speed and load variations, and on starting and atmospheric conditions. For engines in service involving rapidly fluctuating loads and speeds as in bus and truck operation, and the more volatile fuels may provide best performance, particularly with respect to smoke and order. However, best fuel economy is generally obtained from the heavier types of fuels because of their higher heat content.

Carbon Residue: Carbon Residue gives a measure of the carbon depositing tendencies of a fuel oil when heated in a bulb under prescribed conditions. While not directly correlating with engine deposits, this property is considered and approximation.

Sulfur: The effect of sulfur content on engine wear and deposits appear to vary considerably in importance and depends largely on operating conditions. In order to assure maximum availability of fuels, the permissible sulfur content should be specified as high as practicable, consistent with maintenance considerations.

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING DIVISION

Specifications for

Mich. No. 4220-S2
December, 1993

FUEL OILS
LOW SULFUR

SCOPE:

These specifications cover grades of fuel oil for various types of fuel oil-burning equipment.

GENERAL REQUIREMENTS:

The grades of fuel oil specified herein shall be homogeneous hydrocarbon oils, free from inorganic acid, and free from excessive amounts of solid or fibrous foreign matter likely to make frequent cleaning of suitable strainers necessary.

All grades containing residual components shall remain uniform in normal storage and not separate by gravity into light and heavy oil components outside the viscosity limits for the grade.

The actual gallonage delivered will be determined by reducing the volume to the basis of 60 degrees F (*).

METHODS OF TESTING:

The requirements enumerated in these specifications shall be determined in accordance with the following methods of testing of the American Society for Testing & Materials (current revision) except as may be required under Paragraph (a):

(a) FLASH POINT – Test Methods D 93, except where other methods are prescribed by law for the determination of minimum flash point. For Grades No. 1 and No. 2, Test Method D 56, may be used as an alternative with the same limits, provided the flash point is below 79.4 degrees C (175 degrees F) and the viscosity is below 79.4 degrees C (175 degrees F) and the viscosity is below 5.8 cSt (45 SUS) at 38 degrees C (100 degrees F).

(*) This correction applies to fuel oils delivered by truck transport. Tank wagon deliveries will not be corrected.

(b) *POUR POINT – Standard Method of Test for Cloud and Pour Points (ASTM Designation D97).

(c) WATER AND SEDIMENT – The water and sediment in Grades Nos. 1 and 2 shall be determined in accordance with Test Method D 1796 and in Grade Nos. 4, 5, and 6 by Test Method D 95, and Test Method D 473. A density of 1.0kg/L shall be used for the Test Method D 524.

(d) CARBON RESIDUE – Test Method D 524.

(e) ASH – Test Method D 482.

(f) DISTILLATION – Distillation of Grade No. 1 and No. 2 oils shall be determined in accordance with Method D 86.

(g) VISCOSITY – Viscosity shall be determined in accordance with Test Method D 445.

(h) GRAVITY – Test Method D 287.

(i) CORROSION – Test Method D 130, 3 h test @ 50 degrees C (122 degrees F).

(j) SULFUR – The sulfur content of any grade may be determined by any of the following methods: Test Method D 129, Test Method D 1552, or Test Method D 2622. In addition, the sulfur of Grade No. 1 may be determined by Test Method D 1266.

(k) HEAT OF COMBUSTION – Standard Method of Test for Heat of Combustion of Liquid Hydrocarbon Fuels by Bomb Calorimeter (ASTM Designation: D 240).

SIGNIFICANCE OF TESTS PRESCRIBED

POUR POINT: The pour point is an indication of the lowest temperature at which a fuel oil can be stored and still be capable of flowing under very low forces. The pour point is prescribed in accordance with the conditions of storage and use. Higher pour point fuels are permissible where heated storage and adequate piping facilities are provided. An increase in pour point may occur when residual fuel oils are subjected to cyclic temperature variations that may occur in the course of storage or when the fuel is preheated and returned to storage tanks.

* Alternative Test Methods That Indicated Flow Point Properties Can Be Used For Low Sulfur Residual Fuels By Agreement Between Purchaser and Supplier.

FLASH POINT: The flash point of a fuel oil is an indication of the maximum temperature at which it can be stored and handled without serious fir hazard. The minimum permissible flash point is usually regulated by Federal, State, or Municipal laws and is based on accepted practice in handling and use.

WATER AND SEDIMENT: Appreciable amounts of water and sediment in a fuel oil tend to cause fouling of facilities for handing it, and to give trouble in burner mechanisms. Sediment may accumulate in storage tanks and on filter screens or burner parts, resulting in obstruction to flow of oil from the tank to the burner. Water in distillate fuels may cause corrosion of tanks and equipment and it may cause emulsions in residual fuels.

CARBON RESIDUE: Carbon residue of a fuel is a measure of the carbonaceous material left after all the volatile components are vaporized in the absence of air. It is a rough approximation of the tendency of a fuel to form deposits in vaporizing burners, such as pot-type and sleeve-type burners, where the fuel is vaporized in an air deficient atmosphere.

ASH: The amount of ash is the quantity of noncombustible material in an oil. Excessive amounts may indicate the presence of materials that cause high wear of burner pumps and valves, and contribute to depots on boiler heating surfaces.

DISTILLATION: The distillation test shows the volatility of a fuel and the ease with which it can be vaporized. The test is of greater significance for oils that are to be burned in vaporizing type burners than for the atomizing type. For example, the maximum 10 percent and 90 percent distilled temperatures are specified for grade No. 1 fuel. The limiting 10 percent value assures easy starting in vaporizing type burners and the 90 percent limit excludes heavier fractions that would be difficult to vaporize.

The limits specified for grade No. 2 heating oil define a product that is acceptable for burners of the atomizing type in household heating installations. Distillation limits are not specified for fuel oils of grades Nos. 4, 5, and 6.

VISCOSITY: Viscosity Limits for Grades Nos. 1 and 2 – The viscosity of an oil is a measure of its resistance to flow. In fuel oil it is highly significant since it indicated both the relative ease with which the oil will flow or may be pumped, and the ease of atomization.

Viscosity limits for No. 1 and No. 2 grades are specified to help maintain uniform fuel flow in appliance with gravity flow, and to provide satisfactory atomization and constant flow rate through the small nozzles of household burners. For the heavier grades of industrial and bunker fuel oils, viscosity is of major importance, so that adequate preheating facilities can be provided to permit them to be pumped to the burner and to provide food atomization. However, it is equally important that the maximum viscosity under the existing conditions be such that the oil can be pumped satisfactorily from the storage tank to the preheater.

SULFUR: Sulfur in fuel oil is a major contributing factor in air pollution. Sulfur also has detrimental effect on breechings, stacks, flues, and other metal parts

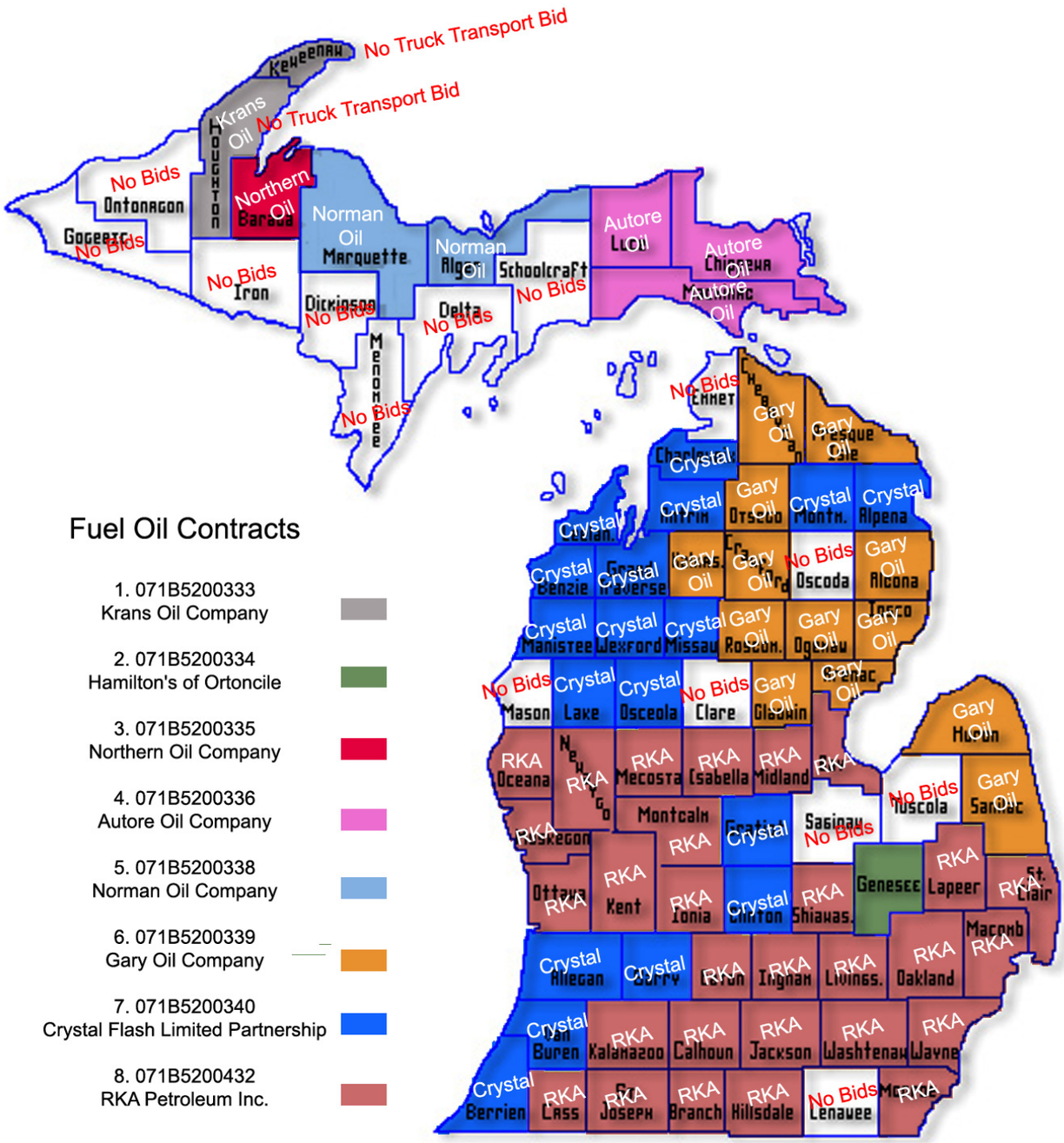
In addition to the ASTM D396-90a requirements that fuel oil furnished under specification Mich. 4220-S2, December, 1993 shall not contain substances exceeding the parameters listed below when tested by the specified method.

		Test	**Method**	**Digestion**
Sulfur (Max%)	0.5%	ASTM	D129	---
Arsenic (Max. PPM)	5	EPA SW-846 3rd Edition 1986	7060	3040/3050
Cadmium (Max. PPM)	2	Same	6010 or 7131 6010 or 7191	3040/3050
Lead (Max. PPM)	10	Same	6010, 7420 or 7421	3040/3050
PCB's (Max. PPM)	1	Same	8080	---
Chlorine (Max.PPM) (As total Halogens)	1000	A.S.T.M.	D808	---

TABLE 1-Detailed Requirements for Fuel Oils [A]

	No. 1	No. 2	No. 4 (Light)	No. 4	No. 5 (Light)	No. 5 (Heavy)	No. 6
Grade Description	A distillate oil intended for vaporizing pot-type burners and other burners requiring this grade of fuel	A distillate oil for general purpose heating for use in burners not requiring No. fuel oil	Preheating not usually required for handling or burning	Preheating not usually required for handling or burning	Preheating may be required depending on climate and equipment	Preheating may be required for burning and in cold climates may be required for handling	Preheating required for handling and burning
Specific gravity, 60/60 °F (deg API) max	0.8499 (35 min)	0.8762 (30 min)					
Min			0.8762° (30 max) (G)				
Flash point, °C (°F) min	38 (100)	38 (100)	38 (100)	55 (130)	55 (130)	55 (130)	60 (140)
Pour point, °C (°F) max	-18[C] (0)	-6[C] (20)	-6[C] (20)	-6[C] (20)			[h]
Kinematic Viscolsity, MM²/s (cSI) [D]							
At 38°C (100°F) min	1.4	2.0°	2.0	5.8	>26.4	>65	
max	2.2	3.6	5.8	26.4	65 [F]	194 [F]	
At 40°C (100°F) min	1.3	1.9°		5.5	>24.0	>58	
max	2.1	3.4		24.0	(58) [F]	(168) [F]	
At 100°C (212°F) min					5.0	9.0	15.0
max					8.9[F]	14.9)[F]	50.0
Saybolt Viscosity: [D]							
Universal at 38°C (122°F) min		(32.6)	(32.6)	(45)	(>125)	(>300)	(>900)
max		(37.9)	(45)	(125)	(300)	(900)	(9000)
Furol at 50°C (122°F) min						(23)	(>45)
max						(40)	(300)
Distillation Temperature, °C (°F)							
10 % Point max	215 (420)						
90% Point min		282° (540)					
max	288 (550)	338 (640)					
Suffer content, % mass, max	0.5	0.5					
Corrosion copper strip, max	3	3					
Ash, % mass, max			0.05	0.10	0.15	0.15	
Carbon residue, 10% b; % m, max	0.15	0.35					
Water and sediment, % vol., max	0.05	0.05	(0.50)[E]	(0.50)[E]	(1.00)[E]	(1.00)[E]	(2.00)[E]

A. It is the intent of these classifications that failure to meet any requirement of a given grade does not automatically place an oil in the next lower grade unless it meets all requirements of the lower grade.
B. In countries outside the United States other sulfur limits may apply.
C. Lower or higher pour points may be specified whenever required by conditions of storage or use. When pour point less than - 18°C (0°F) is specified, the minimum viscosity for grade No. 2 shall be 1.7 cSI (31.5SUS)
D. Viscosity values in parentheses are for information only and not necessarily limited.
E. The amount of water by distillation plus the sediment by extraction shall not exceed the value shown in the table. For Grade No. 6 fuel oil, the amount of sediment by extraction shall not exceed 0.50 weight %, and a deduction in quality shall be made for all water and sediment in excess of 1.0 weight %.
F. Where low sulfur fuel oil is required, fuel of falling in the viscosity range of a lower numbered grade down to and including No. 4 may be supplied by agreement between purchaser and supplier. The viscosity range of the initial shipment shall be identified and advance notice shall be required when changing from one viscosity range to another. This notice shall be in sufficient time to permit the user to make the necessary adjustments.
G. This limit guarantees a minimum healing value and also prevents misrepresentation and misapplication of this product as Grade No. 2
H. Where low sulfur fuel oil is required, Grade 6 fuel oil will be classified as low pour + 15°C (60°F) max or high pour (no max). Low pour fuel oil should be used unless all tanks and lines are healed.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Algo
Schoolcraft
No Bids
Autore Oil
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Autore Oil
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Iron
Dickinson
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Delta
No Bids
Menominee
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Gary Oil
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Oscoda
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Alcona
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Gary Oil
Mason
Lake
Osceola
Clare
Gladwin
Gary Oil
RKA
Oceana
RKA
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Tuscola
Gary Oil
Sanilac
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Ottawa
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Kent
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Ionia
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Clinton
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Shiawas.
Genesee
RKA
Lapeer
RKA
St. Clair
Macomb
RKA
Crystal
Allegan
Crystal
Berry
RKA
Ingham
RKA
Livings.
RKA
Oakland
Crystal
Van Buren
RKA
Kalamazoo
RKA
Calhoun
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Jackson
RKA
Washtenaw
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Wayne
Crystal
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Cass
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St. Joseph
RKA
Branch
RKA
Hillsdale
No Bids
Lenawee
RKA
Fuel Oil Contracts
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2. 071B5200334
Hamilton's of Ortoncile
3. 071B5200335
Northern Oil Company
4. 071B5200336
Autore Oil Company
5. 071B5200338
Norman Oil Company
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Gary Oil Company
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Crystal Flash Limited Partnership
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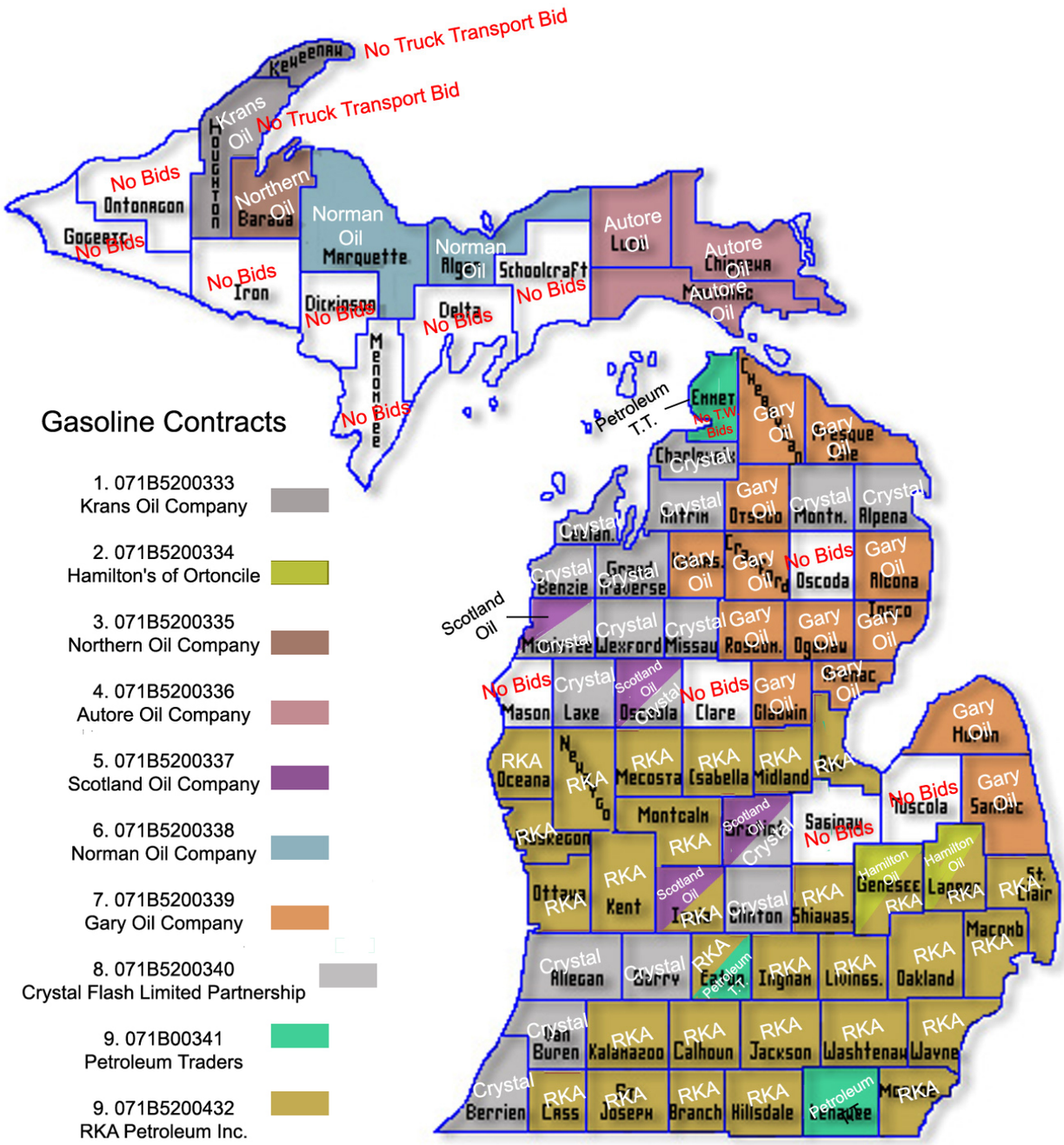
RKA Petroleum Inc.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Gary Oil Company
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Crystal Flash Limited Partnership
9. 071B00341
Petroleum Traders
9. 071B5200432
RKA Petroleum Inc.
No Truck Transport Bid
No Truck Transport Bid
Krans Oil
Northern Oil
Norman Oil
Autore Oil
No Bids
Petroleum T.T.
Scotland Oil
Hamilton Oil
Petroleum