



Maritime Operating Procedures

KHI Merchant Support Information

Important Contact Information	United States	Outside of the United States
Customer Support Phone	+1 (866) 308-5475	+1 (913) 271-9358
Customer Support Email	merchant-support@seacardsys.com	
Training Email	training@khinc.com	

Overview

These Operating Procedures (“Operating Procedures”), as amended from time to time by Kropp Holdings Inc. (“KHI” or “PROCESSOR”), detail the manner in which transactions under the KHI Bunker Payments System (“BPS” or the “System”) are to be submitted and processed as well as to outline Service Fees and payment schedules. Contact KHI at +1 (866) 308-5475 with any questions regarding these Operating Procedures.

Background

The Defense Logistics Agency (“DLA Energy”) has entered into an agreement with KHI to provide a purchasing network to facilitate the purchase of Marine Fuels and a limited number of Non-Fuel Products and Services (collectively “Products”) via a program called Ships’ Easy Acquisition Card (“SEA Card®”) designed specifically for DLA Energy.

The DLA Energy SEA Card® Program is used for two types of bunker fuel purchases: DLA Energy Contract and Open Market purchases. For both types of transactions, the System is used as the ordering and transaction processing system. Ancillary charges associated with fuel purchases are also processed through the System as outlined below.

KHI, whose registered office is at 6450 Sprint Pkwy, Overland Park, Kansas 66211, is a transaction processor and service provider to the marine industry. KHI offers a purchasing network and Order Management System to facilitate the purchase of Products by authorized Government agencies. KHI, has agreed to build, maintain, and support a network of Merchants to sell Products to SEA Card® account holders via DLA Energy Contract and Open Market supply.

Merchants wanting to join the KHI Merchant Network must abide by the following Operating Procedures



and complete the KHI Maritime Merchant Agreement. Signing of the Merchant Agreement constitutes acceptance of the terms and conditions set forth within this Operating Procedures document which pertains solely to the DLA Energy SEA Card® Program.

Appointment as a Merchant

- Merchant accepts the terms of the related Merchant Agreement for the sale of Marine Fuels and/or the provision of a limited number of Non-Fuel Products and Services to SEA Card® account holders;
 - Acceptable Non-Fuel Products and Ancillary Services on the DLA Energy SEA Card® Program include, but are not limited to:
 - DLA Bunker Contracts:
 - Backhaul
 - Demurrage
 - Overtime
 - Boom Fee
 - Cancellation Fee
 - Open Market:
 - Backhaul
 - Demurrage
 - Overtime
 - Boom Fee
 - Cancellation Fee
 - Quantity Change Fee
 - The following Taxes are accepted:
 - Federal Excise Tax
 - Value Added Tax
- For so long as KHI administers the SEA Card® Program on behalf of DLA Energy, this will be the only accepted vehicle for purchases of Marine Fuels, Non-Fuel Products or Services made using



the SEA Card® Program. This means the Merchant agrees not to direct bill or otherwise process transactions when a SEA Card® account holder initiates a transaction through use of the System.

- Merchants requesting multiple ports are required to provide the most recent three (3) years of financials, current balance sheet, and other records necessary to conduct an audit. Additionally, evidence of bunkering capability may be requested before activating new or additional ports.

Getting Started and Using the Bunker Payment System (“BPS” or “the System”)

- All Merchants wishing to supply SEA Card® account holders with Open Market requirements are required to have a current Maritime Merchant Agreement with KHI.
- All Merchants participating in the SEA Card® Program must comply with the following Federal Acquisition Regulation (“FAR”) Requirements: Current Registration in the [System for Award Management](#).
- All Merchants participating in the SEA Card® Program must comply with the following Solicitation (“RFP”) Requirements: [Ship Propulsion Fuel \(Bunkers\)](#), or current version.
- Upon enrollment in the KHI network, the Merchant will be issued a merchant account and instructions on how to securely access the System.
- Merchant training of the System is available. To schedule, register, or request more information please contact our training team, training@khinc.com.
- In order to ensure efficient communication and reimbursement, the Merchant will need to provide KHI with the following information and ensure the data is updated promptly when the information changes:
 - Name(s) and contact details (including individual email addresses) of the individuals nominated by the Merchant to deal with inquiries;
 - Ports at which the Merchant wishes to provide or procure Products;
 - The Marine Fuels and/or Non-Fuel Products and Services which can be supplied by the Merchant;
 - The name and location of the physical supplier of the fuel, if applicable;
 - Merchant bank details to enable the transfer of funds;



Acceptable Transactions

- Acceptable transactions must be received from and processed through the System. In the event of a system outage, this can be done directly via the KHI Support Team.
- Only valid SEA Card® account holders are authorized to use the System. If, for logistical or timing reasons, orders are taken outside of the System, the validity of the vessel or SEA Card® account holder should be checked with the KHI Support Team, as appropriate.
- Merchants must upload a copy of the current test report/fuel spec; a quote of the quote will be unacceptable. Fuel specs shall include FAME and sulfur content and shall list true values; typical values will not be accepted.
 - Fuel specs dated more than three months prior to quote submission will not be accepted.
- Merchant must enter fulfillment details and submit the bunker delivery notice (BDN) and invoice.
- Merchant must enter fulfillments within thirty (30) days of the delivery date.
- Merchant may add tax on ancillary charges if applicable.
- Merchant may delete fuel or ancillary tax.
- Merchant must provide an ancillary charge release statement
 - “The fuel supplier agrees that submission of this delivery receipt/invoice and subsequent receipt of payment and failure to return within thirty (30) days fully, finally and unconditionally releases and discharges the US Government from all liability, claims, demands, causes of action and legal expenses accrued known or unknown, which the fuel supplier has/might have relating to the order, including all obligations of the US Government to make further payments. Any charges the fuel supplier wishes to except from this release must be set forth below and will be processed outside SEA Card® Online”.
- The Merchant is not permitted to submit transactions on SEA Card® accounts that represent replacement for uncollected funds from another payment method, such as a returned check. The Merchant will additionally not be permitted to submit transactions that represent a bad debt or potential bad debt with regard to the Merchant’s own accounts receivable.



- The Merchant is not permitted to submit transactions if the Merchant has knowledge of any fact or circumstance that may impair its validity and the ability to collect.
- The Merchant is not permitted to submit transactions prior to the effective date of DLA Energy contracts unless specifically approved in writing by KHI, who in turn shall seek approval or guidance from the Government SEA Card® Bunkers Contracting Office.

Contract Fuel Orders: The Merchant will be notified of an order via email and will be asked to access and accept the order online via the System before the order is considered a bona fide order.

The Merchant will accept the order or, if unable to supply against the contract, will provide a reason for not supplying. Where the order is outside the terms and conditions of the contract (e.g. an order not meeting advance notice requirements or minimum delivery requirements under the contract), the Merchant may submit a counteroffer, providing, however, that the Merchant's counteroffer is not to supply a different grade of fuel than is requested or covered under the DLA Energy contract.

For detailed procedures on the System and flow, please visit www.seacardsys.com.

Open Market Marine Fuel or Non-Fuel Products and Services Orders: When a request for quote or inquiry is received from the System, the Merchant, if participating in supplying that product or service, will submit quotes for Marine Fuels and/or Non-Fuel Products and Services using the System. The Merchant is not obligated to quote on any inquiry or supply requirement. For all quotes made by the Merchant for Open Market supply requirements, the unit price quoted shall be for product delivered to the vessel inclusive of all delivery or transportation charges.

Fuel Supply Agreements: The related Merchant Agreement specifically covers the use of the System and payment for purchases using said programs; however, the related Merchant Agreement does not govern product supply and delivery by the Merchant. The agreement and terms and conditions for the supply and delivery of Marine Fuels and Non-Fuel Products and Services to SEA Card® account holders are stated in the System as part of the inquiry. The Merchant acknowledges that KHI and/or any of its affiliates are acting as a processor only and at no time takes title or risk on any product or service supplied and at no time does such title or risk pass to DLA Energy or KHI. Any dispute arising under or about such a purchase is a matter between the Merchant and the SEA Card® account holder.



Finalizing Orders and Entering Fulfillment & Invoice Information: Within 30 days after delivery, the Merchant will input all fulfillment and invoice information in full using the System. Fulfillment details, at a minimum, are:

- Current date (system generated), Actual delivery start date and time, Actual delivery end date and time, supplier order #, Delivery receipt #, invoice #, quantity, unit price, total fuel cost (system generated by multiplying quantity and unit price), fuel dyed, delivery method, temperature (°F/C), density, density unit, type of fuel tax (if applicable, display authorized taxes in drop-down list), tax shall include quantity unit, tax rate, rate type, tax gross (system generated), ancillary charge (drop-down list), quantity, unit, unit price, total cost (system generated).

The Merchant is responsible for entering the correct prices, charges, and taxes into the System. KHI is not responsible for the accurate input of this data. Applicable taxes must be reported on a separate line as they are applied to individual product items.

Non-Fuel Products and Ancillary Service charges may be entered on the same transaction as fuel items. Please note the SEA Card® Program only allows a limited number of Non-Fuel Products and Services to be added to the transaction.

The Merchant must provide a completed bunker delivery receipt to the receiving vessel for fuel and obtain a signed acknowledgment of receipt of fuel from an authorized vessel's representative (See *"Retention and Furnishing of Records"*). Receipts, invoice copies, and any supporting documentation should be uploaded into the system and stored with the transaction for future reference.

Invoicing and General Payment Terms: KHI will process invoices electronically for payment once approved by an authorized Government official with a SEA Card® account and will collect funds from these account holders. KHI will have the right to offset outstanding amounts owed by the Merchant on the Merchant's account against any sums payable to the Merchant by KHI under any contract, agreement, or arrangement.

KHI will pay the Merchant by electronic funds transfer unless otherwise agreed. Merchants should ensure that KHI has the correct bank details for the correct transfer of funds. Merchant acknowledges that the payment received from KHI will be a good discharge of the obligation of the SEA Card® account holder to



make a payment under a Marine Fuels or Non-Fuel Product and Services agreement for transactions conducted using the System. KHI will pay the Merchant the invoice amount less the applicable Service Fee. This Service Fee will be a fixed percentage of the value of the Marine Fuels and Non-Fuel Products and Services invoiced in a valid invoice. This Service Fee will be withheld at the time of payment of each invoice. Service Fees and Payment Schedules are detailed in the following section.

The Merchant agrees to reimburse KHI and/or agrees that KHI has the right to refuse payment on a transaction if:

- The relevant account holder disputes the transaction with regard to the nature, quality, or performance of the goods or services purchased in the transaction, or such goods and services are returned or rejected by the SEA Card® account holder, or such goods and services are not provided by the Merchant.
- The transaction violates any applicable law or as specified by the related Merchant Agreement.
- The procedures set out in these Operating Procedures are not followed.
- For charges billed to an invalid SEA Card® account.

KHI will not make SEA Card® payments if DFAS or another paying body of the U.S. Government has instructed it to withhold payment because of disputes or any wrongful act or omission by the Merchant. All charges or quotes for SEA Card® Open Market transactions and for ancillary charges, when submitted, should be fully built-up prices, which may include costs associated with acceptance of the SEA Card®, such as Service Fees. KHI has the right to seek full restitution, including legal actions, for all due payments in the event of a Merchant business change that affects the relationship with KHI. This can include actions ranging from, but not limited to, bankruptcy, insolvency, appointing a receiver or a liquidator over its business, change of ownership, sale of business or a material part of the assets, significant closure of operations, and ceasing to do business.

Service Fees and Payment Schedules: Service Fees will be charged for transactions processed as follows:

DLA Energy Contract Fuel Purchases:

- No Service Fees are assessed on fuel delivered under a contract between DLA Energy and the Merchant. DFAS will reimburse the Merchant.



Open Market SEA Card® Purchases and all Non-Fuel Product and Service Charges:

- Merchants will be reimbursed by KHI on behalf of the customer.
- Merchants must select a payment option for SEA Card® payments. Payment options are defined in the Payment Selection Form.
- KHI will pay Merchants for bona fide invoices approved by an authorized account holder based on the schedule below equal to the net invoice amount for all invoices less the current processing fee.

A bona fide invoice is defined as an electronic invoice that has been generated in the System after delivery fulfillment details have been entered by the Merchant and subsequent approval of the details has taken place by an approved Government official. This official is known as DLA Energy's "Authorizing Official". It is not necessary for a Merchant to submit a paper invoice, nor will Merchant-submitted paper invoices be considered a bona fide invoice.

Disputes: KHI is not responsible for resolving disputes for Marine Fuel, Open Market, or Non-Fuel Products and Services purchases including but not limited to pricing, quantity, quality, taxes or the provision and charging for services. All disputes must be resolved directly between the Merchant and the SEA Card® contracting officer who made the award. For DLA Energy Contract fuel purchases, disputes should be brought to the attention of the appropriate DLA Energy Contracting Officer, as should any unresolved disputes involving ancillary charges relating to a contract fuel purchase. Once approved by the customer, payments to Merchants for previously disputed items will still be transacted through the System and Service Fees will be deducted from the payment.

The KHI Support Team will, if requested, facilitate the exchange of information or relevant documentation between the Merchant and the customer to assist in resolving disputes. KHI is not responsible for the Merchant's ability to provide products or services. The Merchant must advise the Support Team immediately if any dispute arises which would impact the fulfillment or invoicing schedule or the payment of the invoice by the customer within the agreed terms. The Merchant will, at all times, endeavor to work with customers to resolve disputes rapidly to ensure payment within agreed terms can proceed.

The Merchant must promptly notify KHI if any claim or demand is made or action brought against the



Merchant for infringement or alleged infringement of any Intellectual Property Right with regard to SEA CARD® that may affect the use or possession of the merchandise, products, and services, or which may affect the provision of these services.

Chargeback and Credit Transactions: KHI will have the right to deduct the amount of a chargeback from the next payment(s) to the Merchant or to issue a demand letter.

The Merchant cannot resubmit transactions that have been previously charged back without the written consent of KHI.

Merchants will not receive payment from KHI or may be subject to chargebacks or rejections for any invoices that do not comply with these Operating Procedures. All terms and conditions set forth in these Operating Procedures are considered material terms to KHI and the Government. Failure to comply with any Operating Procedure can result in a rejected transaction or chargeback. Upon review and request, the Merchant will be permitted to substantiate any transaction, as described below, that fails to comply with these Operating Procedures.

If the customer disputes the order after approval, the merchant is notified of the dispute claim and is required to provide the documentation pertaining to the dispute reason within ten (10) calendar days. In the event the Merchant does not comply, KHI will charge back the order and retain the Service Fee.

Merchant payments could be withheld on the disputed amount. If the Merchant has been paid for the order, future payments will be held covering the disputed amount.

KHI will charge back or reject any Government SEA Card® transaction to a Merchant where the Merchant had previously billed the same transaction to the customer.

KHI reserves the right to charge back or reject any Government SEA Card® transaction to a Merchant where the Merchant has billed the incorrect unit price.

If KHI, in its sole discretion, makes an exception to a requirement for particular transaction(s), it does not negate any clause in these Operating Procedures for all other transactions. KHI will not refund the Service Fee, as defined in the Merchant Agreement, on any chargeback transaction. If such a transaction is re-submitted, an additional Service Fee may apply.

Third-Party Management and Responsibility: In the event that the Merchant utilizes the services of a



third-party subcontractor, the Merchant will accept full responsibility for managing the subcontractor. The Merchant will ensure that said subcontractor adheres to the guidelines set forth in this document and provides the services represented by the Merchant. It is the Merchant's responsibility to manage their subcontractor to obtain invoicing information and then render an invoice to KHI for DLA Energy-approved services rendered. The Merchant is fully responsible for its third party to provide the appropriate documentation to support the activity for all transactions in the SEA Card® Program. Should a dispute arise, KHI will work to resolve the situation with the Merchant directly and will not attempt to remediate with a subcontractor. In some instances, the failure to substantiate third-party documentation could result in non-payment or chargeback at the discretion of the Government.

Retention and Furnishing of Records: The Merchant agrees to maintain a copy of each bunker delivery receipt or invoice copy for at least three years after the delivery date.

The Merchant agrees to provide the customer or Support Team with a copy of any bunker delivery receipt, invoice, or associated paper records within seven (7) business days of receiving such a request.

Advertising: The Merchant may use promotional materials to display or advertise that it is a SEA Card® participant for as long as they are a KHI merchant.

The Merchant cannot use promotional materials in any way that suggests or implies that DLA Energy or KHI endorses their goods or services.

Merchant Information Technology ("IT") Capability: The Merchant will ensure that:

- The Merchant will have adequate IT systems and appropriate IT support to enable the Merchant to submit transactions for processing as required in these Operating Procedures.
- Any costs associated with ensuring that the Merchant has adequate IT systems, including the setup, development, and testing of the Merchant's IT system, shall be the Merchant's responsibility alone.
- The Merchant shall ensure that proper controls are instituted and enforced so that transactions made via the System are secure and such security is maintained in accordance with best industry practice.

The Merchant acknowledges that SEA CARD (Reg. No. 5463514) is a



registered trademarks of the Defense Logistics Agency. The Merchant Agreement authorizes the Merchant to use SEA CARD® solely in the performance of its duty and obligation under the Merchant Agreement or Operating Procedures or related documents. The Merchant agrees not to use any other trademark or service mark in connection without prior written approval of KHI. Use of SEA CARD® shall terminate under your obligations under the related Merchant Agreement.

Merchant Warranties: The Merchant will abide by all applicable laws and have and will maintain in full force and effect all licenses, permits, approvals, and other regulatory or statutory consents that are required, necessary or advisable for the performance of the Merchant’s obligations under the associated Merchant Agreement.

The Merchant will comply with the Operating Procedures. The Merchant confirms at the date of the related Merchant Agreement that –

- The related Merchant Agreement and Operating Procedures have been duly authorized by all necessary corporate and entity actions and they do not contravene any provisions of the constitutional documents under which the Merchant is incorporated or otherwise constituted;
- There is no action, suit, or other proceeding at law or in equity now pending or, to the Merchant’s knowledge, threatened by or against the Merchant which would substantially impair the Merchant’s right to carry on business or adversely affect the Merchant’s financial condition or operation.

Confidentiality: Merchant and Processor both agree to keep confidential and use only for the purposes of the related Merchant Agreement and Operating Procedures, all information (written or oral) concerning the business and affairs of the other that each has obtained or received as a result of the discussions leading up to or the entering into the related Merchant Agreement, except for information which is:

Already in the possession of one party where one party has obtained the information in a way that:

- is in the public domain other than as a result of a breach of this Clause;
- is required to be disclosed pursuant to law or regulation applicable from time to time or on behalf of any competent regulatory authority; or



- is required to be disclosed by order of any court of competent jurisdiction;
- Merchant and Processor each undertake to the other to take all such steps that shall from time to time be necessary to ensure compliance with the provisions of the Clause above by its employees, agents, and subcontractors.

Audit and Review of Performance: DLA Energy and KHI have the right, at all reasonable times and on reasonable notice in writing of at least fourteen (14) days, to audit and inspect the Merchant’s systems, procedures, supporting documentation, financial and other books and records to the extent that they relate to the Merchant’s obligations under the related Merchant Agreement and Operating Procedures. Merchants are also required to respond to DLA Energy or KHI surveys should the need arise.

Limit of Liability: The Merchant acknowledges that KHI and/or any of its affiliates are acting as a processor only and at no time does title or risk of loss for any product or service supplied pass to KHI. Any dispute arising under or about such a purchase is a matter between the Merchant and the account holder purchasing the product or service. Neither Party will be liable to the other Party under the KHI Merchant Agreement and Operating Procedures and all related documents for any indirect or consequential loss or damage (including loss of profits, business, contracts, anticipated savings, revenue or goodwill) suffered by the other Party whether such loss is caused by that Party’s breach of its contractual obligations or by any tortious act or omission (including negligence) or in any other way.

Revisions: KHI may revise these Operating Procedures at its option at any time, and any revisions will become effective seven (7) days after notice of such revisions to the Merchant. The Merchant will be deemed to have agreed to this and any future revisions by continued participation in the U.S. Government SEA Card® Program after the effective date of the revisions.

Governing Law, Jurisdiction, and Forum: These Operating Procedures will be governed under the laws of the State of Kansas. Each of the Parties agrees to the exclusive jurisdiction and forum of the federal court sitting in Johnson County, Kansas, without regard to Kansas’ conflict or choice of law principles, in any action or proceeding arising out of or relating to this Agreement; provided, however, for any matter or controversy not qualifying for federal subject matter jurisdiction, the exclusive jurisdiction and forum will be in the District Court of Johnson County, Kansas, and each of the Parties agrees that all claims in respect



of the action or proceeding may be heard and determined in any such court and the Parties hereto agree to such jurisdiction and forum. In recognition of the national and international nature of aviation and the necessity for legal certainty, predictability and convenience; upon reimbursement from KHI, Merchant irrevocably assigns to KHI all rights acquired by Merchant, including lien rights, resulting from transactions for fuel and services for which Merchant has received payment or reimbursement, to allow KHI to pursue payment from the account holder.

Indemnification: Except for KHI's willful misconduct, gross negligence or negligence, Merchant agrees to indemnify and hold harmless KHI, its officers, directors, employees, successors, assigns, subsidiaries, and affiliates from and against any and all losses, damages, costs, and expenses (including, without limitation, any reasonable attorneys' fees and court costs), liabilities, claims, settlements, and judgments arising out of: (i) Merchant's or its employees' or agents' gross negligence, willful misconduct or negligence in the performance of its duty and obligation under the Merchant Agreement or Operating Procedures or related documents; (ii) the failure by Merchant or its employees or agents to properly comply with the terms of the Merchant Agreement or Operating Procedures or related documents; (iii) Merchant or its employees' or agents' errors or omissions regarding the subject matter hereof; or (iv) the sale of products or services to SEA Card® holders.

Except for Merchant's willful misconduct, gross negligence or negligence, KHI agrees to indemnify and hold harmless Merchant, its officers, directors, employees, successors, assigns, subsidiaries, and affiliates from and against any and all losses, damages, costs, and expenses (including, without limitation, any reasonable attorneys' fees and court costs), liabilities, claims, settlements, and judgments arising out of: (i) KHI or its employees' or agents' gross negligence, willful misconduct or negligence in the performance of its duty and obligation under the Merchant Agreement or these Operating Procedures or related documents; (ii) the failure by KHI or its employees or agents to properly comply with the terms of the Merchant Agreement or these Operating Procedures or related documents; or (iii) KHI or its employees' or agents' errors or omissions regarding the subject matter hereof.

Force Majeure: Neither Party will be liable to the other for failure to perform under the KHI Merchant Agreement or these Operations Procedures or related documents where such failure to perform is due to



any natural disaster, fire, flood, storm, strike, labor unrest, acts of God, equipment or power interruptions (when not due to the negligence of the nonperforming party, its employees and contractors), interruptions in the telephone systems, failures in third-party computer software or hardware, or any cause beyond the non-performing Party's reasonable control provided that written notice of such force majeure event is provided to the other Party within ten (10) days of such event. However, in the event that any Party declares force majeure and will be unable to recommence performance within sixty (60) days of the date of the onset of force majeure, the Parties agree that they will meet and negotiate in good faith concerning acceptable solutions to the situation.

Assignment and Binding Effect: The related Agreement and all related documents shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. The related Merchant Agreement and all related documents are personal to Merchant and KHI, and Merchant cannot assign its rights or delegate its obligations hereunder, in whole or in part, without the prior written consent of KHI, which consent shall not be unreasonably withheld or delayed. In the event of any consent to assignment, the assigning Party shall continue to be liable for its obligations (pre- and post- assignment). Any attempt at non-permissible assignment of delegation without such consent shall be null and void.

KHI DOES NOT GUARANTEE PAYMENT FOR INVOICES THAT FAIL TO MEET ANY OF THESE REQUIREMENTS.



Definitions

Unless the context requires a different interpretation, where words have initial capitals, those words will have the meanings set out below:

Term	(Program) Definition
Account Holder	A Vessel Ordering Officer or other authorized holders of SEA Card® account approved by DLA Energy to make purchases using the System. See “Customer”
Adjustment	A transaction that reverses the original transaction and reduces the amount owed. See “Credit”.
Appropriate Purchase	A purchase that has been requested and conforms to the SEA Card® authorized product/service list and SEA Card® policies, procedures, and guidance.
Backhaul Charge	Charges by fuel suppliers for delivering the confirmed order quantity to the vessel and part of the order cannot be delivered.
Boom Fee	A charge associated with the boom
Bunker Contractor	Fuel supplier awarded a DLA Energy bunker contract.
Bunker Delivery Receipt	The source document required by the Federal Government that contains the bunker fuel supplier sale details. At a minimum, the details include fuel product, vessel name, port information, date of fuel delivery, fuel supplier name, telephone number and address, quantity, unit of measure, applicable ancillary services, signature of SEA Card® Federal Government Ordering Officer and signature of fuel supplier.
Bunker Payment System (“BPS” or “the System”)	The System accessible via www.seacardsys.com owned and operated by KHI for the SEA Card® Program.
Business Day	A day in any week on which banks in New York are open for business.
Calendar Day	Any day of the week, including days falling on a weekend or Federal holiday.
Cancellation Fee	A payment made by a Customer to a Merchant when a Customer cancels an order for fuel to be delivered to a Vessel
Change of Control	In relation to a Party, the acquisition by any person of: (i) ownership or control of more than 50% of the voting share capital of the Party or any of its parent companies; (ii) the ability to direct more than 50% of the votes exercisable at a general meeting of a Party or any of its parent companies; or (iii) the right to appoint or remove directors holding a majority of the voting rights at board meetings of a Party of any of its parent companies.
Contract Fuel Purchase	A contract fuel purchase is one in which the Merchant or the Merchant’s fuel supplier has a bunker contract directly with DLA Energy. KHI serves as the



	transaction processor and provides the purchase information to DLA Energy so their agency, Defense Finance and Accounting Service (“DFAS”), a division of Government, may reimburse the Merchant directly.
Contracting Officer (KO)	A Customer with the authority to enter, administer, and/or terminate contracts and make related determinations and findings.
Credit	A transaction that reverses the original transaction and reduces the amount due. See “Adjustment”.
Customer	A U.S. Government employee who participates in the SEA Card® program.
Demurrage	A penalty charged for undue delivery delays generated by the receiving party.
Dispute	An action in which a customer questions the validity, accuracy, reasonableness or doesn’t recognize the transaction that was recorded to a SEA Card® account.
Domestic	Locations existing in the 50 states of the United States of America.
Duplicate Transaction	A transaction that has been processed twice for the same purchase. Duplicate transactions should not occur as the Contractor’s dupe process should identify and reject these transactions.
Electronic Funds Transfer (EFT)	Delivery systems used to transfer payments of funds electronically.
Federal Holidays	Authorized holidays recognized by the US Government when most Federal offices are closed. Federal holidays consist of New Year’s Day, Martin Luther King, Jr. Day, President’s Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.
Fraud	Any act of corruption or attempt to cheat the Government or corrupt the Government’s agents, including but not limited to, the use of the SEA Card® purchase solutions to transact business that is not sanctioned, authorized, not in one’s official government capacity, or not as part of official government business. Merchants charging items that were not delivered or falsifying a charge.
Fuel Supplier	The party that agrees to deliver the mutually agreed upon bunker fuel, in accordance with the fuel specification, and order details to the requesting vessel.
Fulfillment	A Merchant completes the mutually confirmed fuel order requirements.
International	Global commercial seaport locations that are not within the definition of “domestic”.
Invoice	A document requesting payment.
Marine Fuels	Fuel used for marine applications, other than for a term bunker contract with DLA Energy.



Merchant	The supplier of Marine Fuels or Non-Fuel Products and Service that is a party to the Merchant Agreement with the Processor, Kropp Holdings Inc.
Merchant Agreement	The most recently signed agreement between KHI and Merchant regarding the SEA Card® program to establish Payment Terms and Service Fees.
Merchant Credit	A transaction submitted by the approved merchant that reverses the original transaction.
Merchant Documentation	See BDR and Invoice.
Non-Contract	Quotes, RFQs, orders, and/or ports not bound by a DLA Energy bunker contract.
Non-Fuel Products and Services	Fueling services including but not limited to barging, wharfing, boom fees, pumpback and overtime, lubricants, chandlery services, and other marine industry fueling or service related items transacted through the System. Whether they are associated with DLA Energy Contract or Open Market purchases, the Merchant is reimbursed by KHI after Government authorization of the invoice.
Open Market	The supply of fuel and services that are not covered by a bunker contract between the Merchant and DLA Energy.
Open Market Fuel Purchase	A fuel purchase in which a SEA Card® account holder elects to purchase a spot fuel requirement when the requirement cannot be met by existing DLA Energy bunker contracts or defense fuel supply points. Merchants wishing to supply Open Market requirements must have signed a Merchant Agreement with KHI. KHI will process and reimburse the Merchant for the transactions in accordance with their Agreement and these Operating Procedures.
Operating Procedures	Procedures, as amended from time to time by KHI, which detail the manner in which transactions under SEA Card® are to be submitted and processed as well as Service Fees and payment schedules.
Overtime Fee	Time in addition to what is normal working hours
Parties	All participating entities
Party	One entity or the other
Processing Fee	A fee paid by the merchant’s financial institutions to KHI for processing the transaction.
Processor	The Company (“KHI”) that handles transactions between MERCHANT and Customer
Quantity Change Fee	A payment made by a Customer to a Merchant when a Customer changes the quantity of an order for fuel to be delivered to a Vessel
Quote	An approved Merchant submits the price, fuel specifications and pertinent product and/or service details in response to a customer’s request for quote for approved bunker fuel support.



Retail	Refer to non-contract
Service Fee	A fixed percentage of the invoice for Marine Fuel and Non-Fuel Products and Services supplied to a SEA Card® account holder under an Open Market order.
Support Team	The KHI team providing 24/7 support to Merchants and Customers
Third-Party	Any entity that is not KHI
Third-Party Merchant	An approved merchant that has an arrangement with fuel suppliers at an seaport. The actual fuel supplier does not participate in the SEA Card® program. The third-party merchant will invoice for the bunker product and/or ancillary services delivered to the vessel. The third-party merchant may not charge a fee for this service. Third-Party merchants MUST provide complete evidence of the actual fuel suppliers sale documentation to include price charged per unit of measure. Complete evidence of the sale is required for a third-party merchant to participate in the SEA Card® program.
Third-Party Merchant	An approved merchant that has an arrangement with fuel suppliers at an approved port. The actual fuel supplier does not participate in the SEA Card® program. The third-party merchant will invoice for the bunker product and/or ancillary services delivered to the vessel. The third-party merchant may not charge a fee for this service. Third-party merchants MUST provide complete evidence of the actual fuel suppliers sale documentation to include price charged per unit of measure.
Transaction Dispute	A disagreement between the Customer and the Merchant with respect to a transaction. See “Dispute”.
Waste	Any activity taken with respect to a government purchase solution that fosters, or results in, unnecessary costs or other program inefficiencies.