

RIVERSIDE REFINING MEMORANDUM OF UNDERSTANDING

July __, 2014

PREAMBLE

This Memorandum of Understanding (“MOU”) outlines the terms and conditions under which Riverside Energy, Inc. (“Riverside”), and the Port of Longview (“Port”) propose to enter into a lease or partnership arrangement for the purpose of siting and operating an approximately 30,000 (thirty-thousand) barrel per day (BPD) crude oil refinery under development by Riverside within the Port's boundaries and utilizing existing Port facilities. This project will hereafter be referred to as the Refinery or the Project. Riverside and the Port shall individually be known as a Party and collectively as the Parties to this MOU.

RECITALS

WHEREAS, Riverside is currently the 100% owner, sponsor and Developer of the Project and has invested substantial resources to complete the Project plan, complete feasibility studies, select and secure a site for the Project, conduct preliminary site design, engineering and layout, evaluate process technology options, commence the permitting and regulatory approvals processes, select feedstock supply partners, evaluate and select refined product off-take opportunities and partners, along with other Project development activities; and

WHEREAS, the Port is the owner and manager of waterfront industrial property and infrastructure assets including private railway, roads and draft depth marine terminals on the Columbia River, and the Port desires to see these assets utilized in the development of the Refinery on the Port's property.

NOW, THEREFORE, the Parties agree as follows:

1. **Definitive Documents.** This Binding MOU is intended to outline the salient points of the Parties understandings and possibly omits items of concern to the Parties. This MOU and all its terms and conditions are binding upon the Parties until such time as the Parties have executed and delivered a property lease/use agreement or other appropriate and pertinent agreements outlining the agreements between the Parties (the “Definitive Documents”) in form and substance mutually acceptable to each Party and their counsel.

2. **Exclusivity for the Scope, Objectives and Terms of this Agreement.** By this MOU Riverside and the Port hereby agree, for a period of (180) days from the date of execution of this MOU, to allow Riverside the exclusive rights to negotiate with the Port for the use of the Premises described in Section 6. to this MOU. Riverside agrees to work exclusively with the Port for the siting of the Refinery during this 180 day period. It is the Parties intent to entry into a long-term lease agreement for the Premises or other agreements for the Project on terms and conditions acceptable to all Parties. This 180 period may be extended or terminated early by mutual agreement of the Parties .

Notwithstanding the above limitations, each Party agrees hereby to negotiate with the other Party in good faith in contemplation of entering into the Definitive Documents on or before December 31, 2014.

3. **Roles and Responsibilities, Riverside Energy, Inc.** Riverside will continue to serve as the Project Developer and sponsor with the following duties and responsibilities:
 - A. Refinery Siting and Site Development- Working with the Port, select the best locations within the Port properties to site the Outside Battery Limits (OSBL) Area, Inside Battery Limits (ISBL) Area, Storage Area, Rail Unload Area, and Marine Terminal and all other required Project infrastructure. Riverside will prepare a detailed site plan and preliminary layout for review and approval by the Parties.
 - B. Refined Product Selection and Off-Take Planning- Evaluation of refined product off-take opportunities for the Refinery including identifying, contacting and meeting with potential off-take partners. Establish a product mix strategy for the Refinery. Based upon off-take strategy, secure letters of interest for defined quantities and delivery locations.
 - C. Technology and Process Selection- In conjunction with the technology provider(s), select the best available control and process technologies. Finalize selection of technology providers, vendors and suppliers of the technologies available to produce the desired refined products at the Refinery.
 - D. Project Financing- In conjunction with the Projects primary technology provider HuanQiu Contracting & Engineering, Corp. ("HQC"), secure financing for the design, engineering, and construction of the Refinery and secure additional investment & financing for the remaining Project cost.

- E. Permitting, Licensing and Regulatory Compliance- Secure all licenses, permits and other approvals necessary for the construction, installation, and operation of the Refinery and all related infrastructure and systems.
 - F. Safety and Environmental- Working with local and regional agencies and authorities draft a comprehensive Health, Safety, Security and Environmental (HSSE) plan for the construction and operating phases of the Project. This plan will cover all aspects of safety and response to any construction or post-construction incidents that impact the environment.
 - G. Feedstock Supply- Secure Bakken or other oil field sources for long-term supply of crude oil feedstock to the Refinery.
 - H. Project Development and Management- Complete a final detailed financial budget and Project timeline to be used to secure final financing and to track the Project against plan. Manage Project through start-up of operations.
 - I. Site Development and Construction- Serving as the Project Developer, Riverside will work with technology and engineering partners to complete the front-end design and engineering sufficient to validate the preliminary construction cost analysis of the refinery. Based upon selected technology and refinery processes, determine alternatives for construction of the refinery. In conjunction with the EPC, identify and meet with potential construction partners, negotiating preliminary terms of construction agreements and develop detailed final cost estimates.
 - J. Plant Operations- Riverside will oversee the selection, hiring and training of all Refinery operating personnel, oversee the start-up and ongoing operations of the Refinery, and provide ongoing executive and senior level management for the operating entity.
 - K. Other functions related to Riverside as agreed by the Parties.
4. **Roles and Responsibilities, Port.** Upon execution of this MOU the Port agrees to the following duties and responsibilities:
- A. Project Permitting Support and Assistance- Working closely with Riverside the Port will work diligently and in good faith to pursue all necessary licenses, permits and approvals required for the development, construction and operation of the Refinery.

- B. Marine Terminal Development- The Port will assist Riverside in the design and completion of a detailed marine terminal plan for the purpose of load-out of refined products produced at the Refinery.
 - C. Port Infrastructure Plan- The Port will take the lead in development of a plan for usage by the Refinery of existing Port infrastructure including internal roadways, storm water management systems, utilities, and other common area items so that existing and future Port tenants needs are met and do not inhibit or encumber the Refinery's construction or planned operations.
 - D. Rail Layout and Terminal- Working with Riverside, the Port will develop a rail usage plan that accommodates the refineries long-term rail requirements. This plan will include usage of the existing Port rail infrastructure, and additional rail to be added by the Project, as necessary to accommodate the receipt of 100 to 120 car unit trains of crude oil for off-load without breakage of the trains.
 - E. Perform other duties and functions as agreed by the Parties.
5. **Transaction Structure.** Riverside and the Port shall enter into such contracts and agreements as are necessary for the control, financing and operations of the Project. It is the intent of the Parties to structure a relationship that complies with all federal, state and local laws and regulations while allowing the Port to achieve economic benefits from the project beyond those achieved from a simple lease arrangement. In exchange for the Ports contributions to the Project, the Port will participate in the economic benefits from the Refinery by way of a profit participation component of the lease contract. The Parties will quantify the economic value of the Port contribution to the Project and use such value to ensure the Port receives a fair market value return for its contributions.

The use of Port properties and facilities will be valued as an arms-length lease transaction. The Refinery seeks a 50-year lease with renewals to the maximum term allowed under existing laws and regulations governing the Ports operations. Any Leasehold Tax payable to the State of Washington will be determined as a part of the transaction structure and paid to the State by the Refinery.

The Port and Riverside shall determine the common area usages the Refinery will impose upon the Port and agree fair market value to be paid by the Refinery for such common area usage and maintenance thereof.

6. **Premises.** The Refinery premise requirements (the Premises) include the following major facility areas. Listed next to each area is the current planned location within the Port:

| AREA | LOCATION |
|------------------------------|---|
| Inside Battery Limit (ISBL) | North Warehouse Complex (NWC) |
| Outside Battery Limit (OSBL) | NWC/Private in-holding |
| Rail Off-Load Terminal | NWC/Private in-holding |
| Storage Area(s) | Option 1- NWC/Private in-holding Option 2- EGT in-field Option 3- Laydown yards |
| Marine Terminal | Marine Berth 1 |
| Administrative Area | NWC/Private in-holding |

7. **Costs and Expenses.** Each Party shall bear their own expenses in conjunction with the diligence and preparation of documents required by the transactions contemplated by this MOU.
8. **Exclusivity.** In consideration of the significant time, effort and expense being committed by each Party, the Parties agree to negotiate exclusively and in good faith towards the completion of the transactions contemplated by this MOU. The exclusivity period shall be 180 (one hundred and eighty) days from the date of execution of this MOU unless extended by written mutual agreement of the Parties. In the event that such exclusivity period expires, the parties shall have no further obligations hereunder.

This MOU may be executed in counterpart, both of which shall be deemed an original and both of which shall constitute one and the same instrument.

ACCEPTED AND AGREED:

RIVERSIDE ENERGY, INC:

PORT OF LONGVIEW :

Louis J. Soumas
Chief Executive Officer

Geir-Eilif Kalhagan
Chief Executive Officer