

MACK POINT REDEVELOPMENT

First Amendment to PROJECT FUNDING AGREEMENT

FIRST AMENDMENT to PROJECT FUNDING AGREEMENT and LICENSE AND OPERATING AGREEMENT ("Amendment") made this 19 day of December, 2002 by and between the **MAINE PORT AUTHORITY**, a body both corporate and politic in the State of Maine established for the general purpose of acquiring, constructing and operating any kind of port terminal facility and railroad facility within the State of Maine pursuant to 23 M R S A § 4420, with its office located in Augusta, Maine (the "Authority" or "MePA"), and **SPRAGUE ENERGY CORP.**, a Delaware corporation, with principal offices at Two International Drive, Portsmouth, New Hampshire ("Sprague") and with a place of business at Mack Point, Searsport, Maine ("Mack Point")

WHEREAS, the Authority and Sprague entered into a certain Mack Point Redevelopment Project Funding Agreement dated August 5, 1999 (the "Project Agreement") and a License and Operating Agreement (the "License") dated November 8, 1999 for the purpose, among other things, of undertaking and effecting the redevelopment of certain marine cargo facilities at Mack Point, and

WHEREAS, the Project Agreement and the Project defined therein are designed to provide the renewal, continued growth, and viability of intermodal freight operations, marine-related transportation improvements, and cargo and commodity handling consistent with the goals and objectives of the three-port strategy of the Authority and the State of Maine, and

WHEREAS, in order to accommodate the timely completion of the Irving Pipeline Relocation portion of the Project required under Article IV (A) of the Project Agreement, the Authority has agreed to loan and advance to Sprague additional funds necessary to pay and reimburse certain costs associated therewith, and

WHEREAS, consistent therewith, the Authority and Sprague have agreed to certain amendments, modifications and additions to the Project Agreement,

NOW THEREFORE, for and in consideration of the foregoing, the mutual promises, agreements, covenants and undertakings herein set forth, and other good and valuable consideration, the Authority and Sprague hereby covenant and agree as follows

1 Defined Terms All capitalized terms not otherwise defined herein shall have the meaning and definition ascribed to such terms in the Project Agreement

2 Section IV A Irving Pipeline Relocation, of the Project Agreement shall be amended to read as follows

Sprague agrees to complete the relocation of the Irving Oil Pipeline to the Sprague Pier at its expense within 45 days of being notified by the Authority to proceed with such pipeline relocation Unless Sprague is reimbursed for costs of this relocation as provided in this

subsection, Sprague will receive all Wharfage Fees on oil passing through said pipeline until completion of the Dry Cargo Pier as defined in Section IV(F) below. If, after bid opening for the contract encompassing the construction of the Dry Cargo Pier, there are sufficient Project Funds available (after including a construction contingency satisfactory to the Authority) to fund the reasonable costs of such pipeline relocation, then the Authority shall reimburse Sprague for such costs and the Authority shall receive all Wharfage Fees on oil passing through said pipeline. Should Sprague be required to pay the full cost of the Irving Pipeline Relocation, then the Authority agrees to loan to Sprague the sum of Two Hundred Thousand Dollars (\$200,000.00) which sum shall be used by Sprague solely for the purpose of paying or reimbursing Sprague, in part, its reasonable costs and expenses of the Irving Pipeline Relocation. This loan shall be made part of the Total Payment Obligation as defined in Section VI A, and shall be repaid as part of the license fee obligation in accordance with the terms of the License and Operating Agreement. This loan shall not affect Sprague's right to Wharfage Fees prior to completion of the Dry Cargo Pier.

3 Section VI A Total Payment Obligation, of the Project Agreement shall be amended to read as follows:

Sprague agrees to pay the Authority up to \$16,200,000.00 in Wharfage Fees as provided herein (the "Total Payment Obligation"). This amount consists of (1) the \$2,000,000.00 BAR Acquisition Loan, the (2) \$12,200,000.00 license fee obligation provided in the License and Operating Agreement, and (3) the \$2,000,000.00 Liquid Cargo Pier Loan, to the extent that each may be actually disbursed or advanced by the Authority.

4 Section 1.5 Sprague's Payment Obligation, of the License and Operating Agreement shall be amended to read as follows:

Under the terms of the Project Funding Agreement, Sprague has agreed to pay the Authority up to \$16,200,000.00 through the collection of Wharfage Fees from the operation of both the Authority's Dry Cargo Pier and Sprague's cargo pier at Mack Point.

5 Counterparts This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original and all collectively but one and the same instrument. This Amendment may be executed and/or transmitted by facsimile and such facsimile signatures and transmissions may be used in place of original signatures and original documents.

6 Effectiveness of Project Agreement The parties hereby acknowledge and confirm that the Project Agreement remains in full force and effect, except as expressly modified by this Amendment.

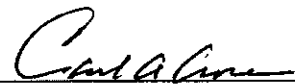
7 Disbursement of Pipeline Loan Within ten (10) business days of the date of this Amendment, the Authority shall disburse loan funds to Sprague in the sum of Two Hundred Thousands Dollars (\$200,000.00) which sum shall be used by Sprague solely for the purpose of paying or reimbursing Sprague, in part, its reasonable costs and expenses of the Irving Pipeline Relocation.

8. Miscellaneous. This Amendment shall be construed in accordance with Maine law.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Project Funding Agreement as of the day and date first above written.

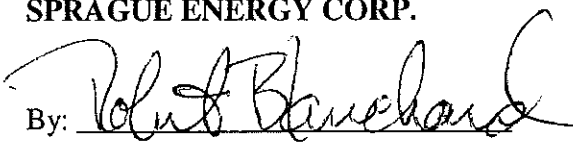
MAINE PORT AUTHORITY


Witness

By: 
~~Jane Lincoln~~, Chair
Carl Croce

SPRAGUE ENERGY CORP.


Witness

By: 
Robert Blanchard, Vice President