

ARRANGEMENT
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF AUSTRALIA
CONCERNING PETROLUUM STOCKS CONTRACTS

The Government of the United States of America and the Government of Australia ("the Participants"):

RECOGNIZING that, as members of the International Energy Agency (IEA) and parties to the Agreement on an International Energy Program (IEP), done at Paris, November 18, 1974, as amended, the Participants are obliged to maintain petroleum reserves equal to ninety (90) days of net petroleum imports and to comply with their obligations under the Agreement on an International Energy Program following any activation of emergency measures by the IEA Governing Board to respond to a supply disruption;

RECOGNIZING that, in order to fulfil its obligations under the Agreement on an International Energy Program, the Government of Australia has decided to contract for additional petroleum stocks in Australia and overseas, and that such contracts are expected to be in the form of an option to purchase petroleum stocks in certain prescribed circumstances; and

RECOGNIZING that, in order for petroleum stocks located in the United States and controlled by commercial entities to be credited to the Government of Australia's petroleum stocks under the IEP, an arrangement must be in place between the Participants that the Government of the United States intends to not impede the delivery of these stocks to the Government of Australia;

HAVE REACHED the following understandings:

Paragraph 1

Definitions

For the purposes of the Arrangement:

1. "Competent Authority" means:
 - a) for the United States: the United States Department of Energy;
 - b) for Australia: the Department of the Environment and Energy or its successor;
2. "entities of the United States" includes, without limitation, any companies, partnerships, or other legal commercial structures accepted under the law of the United States that are within the jurisdiction of the United States;
3. "entities of Australia" includes, without limitation, any companies, partnerships, or other legal commercial structures accepted under the law of Australia that are within the jurisdiction of Australia;
4. "impediment" includes any legislative, physical or other measures with the effect of restricting or preventing the delivery of the petroleum stocks held in the United States pursuant to petroleum stocks contracts notified consistent with this Arrangement;
5. "notification" includes communication by hand delivery, facsimile, or electronic mail, and should be deemed to have been received:
 - a) in the case of hand delivery, at the time of actual delivery;
 - b) in the case of delivery by facsimile, at the time of transmission specified in a transmission report from the sending machine which indicates that the facsimile was sent in its entirety to the recipient; or
 - c) in the case of delivery by email, at the time the email was sent, provided that the sender has not received any notification of delivery failure in respect of that email;
6. "delivery" includes the purchase, cancellation of the stock contract, transfer of title or movement of petroleum stocks or the exit of petroleum stocks from the territorial waters or borders of the United States;
7. "petroleum" includes any stock of crude oil, major products and unfinished oils covered by Article 1 of the Annex to the IEP Agreement; and
8. "petroleum stocks contract" means any contract regarding petroleum stocks in place between the Government of Australia or an entity acting on its behalf or in compliance with a Government of Australia obligation and an entity of the United States that provides the Government of Australia with options including, but not limited to, purchasing petroleum stocks held by the entity of the United States.

Paragraph 2
Objectives

This Arrangement is intended to enable petroleum stocks contracted by the Government of Australia, or an entity of Australia, in the territory of the United States under petroleum stocks contracts to be counted towards the Government of Australia's obligation under Article 2 of the IEP to maintain emergency reserves sufficient to sustain consumption for at least ninety (90) days with no net oil imports.

Paragraph 3
Scope

1. This Arrangement is intended to apply to all petroleum stocks contracts related to the Government of Australia's stockholding requirements that are notified consistent with Paragraph 7 of this Arrangement.
2. This Arrangement is intended to expire on March 28, 2020. The total quantity of stocks that can be covered by this Arrangement is not intended to exceed eleven (11) million barrels.

Paragraph 4
Competent Authorities

This Arrangement is intended to be administered by the Competent Authorities of each Participant.

Paragraph 5
Establishment of Petroleum Stocks Contracts

1. The Competent Authority of Australia, or an Australian entity acting in coordination with the Competent Authority of Australia, may negotiate petroleum stocks contracts with entities of the United States.
2. Petroleum stocks contracts to which this Arrangement applies should be for periods of a calendar quarter, namely January – March, April – June, July – September or October – December, or of two or more such quarters.

Paragraph 6
Approval of Proposed Petroleum Stocks Contract Quantities

1. The Competent Authority of Australia is expected to notify the Competent Authority of the United States periodically of the total quantity of petroleum stocks for which it intends to seek petroleum stocks contracts. Such notification should be made no less than one (1) month prior to the expected signing of such contracts.
2. The Competent Authority of the United States may notify the Competent Authority of Australia that it has determined a revised maximum limit on the total quantity and types of petroleum stocks held in the United States that may be subject to this Arrangement. Such a determination may be made when the Competent Authority of the United States considers that the conclusion of petroleum stocks contracts in excess of this revised maximum limit would risk breaching the obligations of the United States to maintain energy reserves equal to ninety (90) days of net petroleum imports under Article 2 of the IEP, or that it is contrary to the interests of the United States to permit additional stocks beyond the revised maximum limit to be subject to this Arrangement.
3. The Competent Authority of the United States is expected to notify the Australian Competent Authority of any decision to revise the maximum limit under subparagraph 2 by facsimile or electronic mail within two (2) weeks of receipt of the notification under subparagraph 1. Where the Competent Authority of the United States does not notify the Competent Authority of Australia of any such decision within this timeframe, the United States may be understood to have approved the quantities notified under subparagraph 1.

Paragraph 7
Notification of Petroleum Stocks Contracts

1. The Competent Authority of Australia is expected to notify the Competent Authority of the United States of all petroleum stocks contracts concluded with entities of the United States. Such notification should be made no less than 2 weeks prior to the entry into any such contract.
2. The notification under subparagraph 1 should contain the following details regarding each petroleum stocks contract entered into with entities of the United States, but is not expected to include any price information:
 - a) the name and address of the entity with which the contract is in place;
 - b) the types and quantity of the stocks subject to the contract; and
 - c) the period for which the contract runs.

3. Notifications made consistent with this paragraph are intended to constitute the record of petroleum stocks held in the United States which are subject to petroleum stocks contracts with the Government of Australia and to which this Arrangement applies.

Paragraph 8
Exercise of Purchase Options

1. The Government of Australia, or an entity of Australia, may exercise any purchase option regarding any or all petroleum stocks held on its behalf by an entity of the United States pursuant to a petroleum stocks contract, including multiple withdrawals under a single contract, where provided by the contract, when:
 - a) Australia's obligations under the IEP to implement emergency measures to deal with a reduction or threatened reduction of petroleum supplies have been activated; or
 - b) a domestic petroleum supply emergency has been declared by the Government of Australia and it has requested the Government of the United States' assistance to provide stocks; or
 - c) a domestic petroleum supply emergency has been declared by the Government of the United States and the Government of the United States has requested Australia's assistance through the use of Australian stocks held in the territory of the United States.

Paragraph 9
Notification of Decision to Exercise Purchase Options

1. Where the Government of Australia, or an Australian entity acting in coordination with the Government of Australia, has decided to exercise its purchase option under a petroleum stocks contract to which this Arrangement applies, consistent with Paragraph 8, the Competent Authority of Australia is expected to notify the Competent Authority of the United States of that decision.
2. This notification should be provided by facsimile or electronic mail no less than ten (10) days after the decision to exercise the purchase option is made by the Competent Authority of Australia.

Paragraph 10
No Impediment to Delivery of Stocks

The Government of the United States intends to impose no impediment to the delivery, under a purchase option exercised by the Government of Australia, of part or all of the petroleum stocks covered by this Arrangement.

Paragraph 11
Amendment of Contracts

The Competent Authority of Australia should notify the Competent Authority of the United States of any amendments to petroleum stocks contracts which affect any of the information provided to the Competent Authority of the United States under Paragraph 7 of this Arrangement.

Paragraph 12
Consultation

The Participants intend to consult each other as soon as reasonably practicable:

- a) when either of the Participants anticipate a supply emergency which has or may have an effect on petroleum stocks contracts to which this Arrangement applies;
- b) if any circumstances arise which should be taken into consideration in the exercise of Australia's purchase options under petroleum stocks contracts to which this Arrangement applies;
- c) upon a request of either Participant for consultation to resolve any difficulty in the interpretation or application of this Arrangement; or
- d) if either Participant wishes to modify this Arrangement.

Paragraph 13
Commencement, Modifications and Discontinuation

1. This Arrangement is intended to commence upon the date of last signature by the Participants and is intended to expire on March 28, 2020.
2. This Arrangement may be modified, in writing, by the Participants.

3. This Arrangement may be discontinued by either Participant at any time. A Participant is expected to give 12 months' notice in writing of its intent to discontinue this Arrangement.
4. Nothing in this Arrangement is intended to give rise to rights or obligations under international law.

Signed in duplicate in the English language.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:


Date: JAN 17 2017

Place: Washington, DC

FOR THE GOVERNMENT OF AUSTRALIA:


Date: JAN 18 2017

Place: Washington, DC