

# **BP PIPELINES (ALASKA) INC.**

## **LOCAL TARIFF**

### **Containing**

## **RULES AND REGULATIONS**

### **For the Transportation of**

## **PETROLEUM**

### **Through the Trans Alaska Pipeline System and Loading Into Marine Vessels at Valdez, Alaska**

Rules and Regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

[N] Filed in compliance with Order No. 714 relating to Electronic Tariff Filing, issued September 19, 2008, for the establishment of Baseline Tariff.

**ISSUED:** August 31, 2010

**EFFECTIVE:** October 1, 2010

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**ITEM  
NO. RULES AND REGULATIONS**

5 Definitions

“Actual Arrival Time” as herein used means the time, according to Valdez, Alaska local time, that a Vessel, after entering the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by the Carrier communicates to the Carrier’s Operating Agent its readiness to commence loading.

“API” as herein used means American Petroleum Institute.

“API Gravity” as herein used means gravity determined in accordance with ASTM Designation D-287-67 (API 2544) or latest revision thereof.

“ASTM” as herein used means American Society for Testing Materials.

“Available Throughput Capability” as used herein means the difference, if any, between the Estimated Throughput Capability and the total Nominations that Carrier has accepted as of the time Available Throughput Capability is determined.

“Barrel” as herein used means forty-two (42) U.S. gallons at sixty degrees (60°) Fahrenheit and atmospheric pressure.

“Carrier” as herein used means and refers to BP Pipelines (Alaska) Inc. and/or other pipeline companies which may, by proper concurrence, be parties to joint tariffs incorporating these rules and regulations by specific reference.

“Carrier’s Working Capacity” as used herein means Working Capacity multiplied by the Carrier’s percentage of undivided interest ownership in the Terminal.

“Carrier’s Working Inventory” as used herein means the volume of Petroleum in the custody of the Carrier that constitutes a part of Working Inventory at any given time.

“Consignee” as herein used means anyone to whom Petroleum transported under this tariff is consigned to when delivered out of the System.

“Day” as herein used means the period of time commencing at 0000 hours on one day and running until 2400 hours the same day according to Valdez, Alaska, local time.

“Deadline for Initial Nominations” as used herein means a time that the Carrier will designate as described in part 1 of paragraph (B) of Item 55.

“Estimated Throughput Capability” as used herein means the throughput capability in the System that is available to the Carrier to provide transportation in accordance with the terms of this tariff.

“Initial Nomination” as used herein means a Nomination for the coming Month that the Carrier receives from a prospective Shipper by the Deadline for Initial Nominations for such month.

“Lifting Schedule” as herein used means the schedule of Vessels expected to call at the Terminal prepared by the Carrier’s Operating Agent.

“Month” as herein used means a calendar month commencing at 0000 hours on the first day thereof and running until 2400 hours on the last day thereof per Valdez, Alaska, local time.

“Nomination” as used herein means a request by a prospective Shipper for transportation in accordance with the terms of this tariff.

“100 Barrel-Mile Deliveries” as herein used means the number of Barrels of Petroleum delivered out of the System multiplied by the number of miles each such Barrel was transported, divided by 100.

“Operating Agent” as herein used means the agent engaged by the Carrier to perform the physical operation and maintenance of Carrier’s interest in facilities through which Petroleum is moved under the provisions of this tariff.

“Operating Agent Business Day” as used herein means a regularly scheduled work Day for the Operating Agent’s scheduling department.

“Petroleum” as herein used means unrefined liquid hydrocarbons, including gas liquids, delivered to Carrier at Pump Station No. 1 from Prudhoe Bay Unit through Skid 50, Kuparuk Transportation Company, Lisburne Production Center, Endicott Pipeline Company, or Northstar Oil Pipeline.

“Petroleum Fill Requirement” as herein used means the quantity of Petroleum in Barrels supplied by Shipper under Item 100 hereof.

“Pipeline Scheduling Deadline” as used herein means 2400 hours on the 15th Day of the Month prior to the Month for which the Nomination is to be effective, or, if the 15th Day is not an Operating Agent Business Day, 2400 hours on the first Operating Agent Business Day thereafter.

“Port Information Manual” means the manual governing the characteristics, required equipment and operation of vessels arriving to lift Petroleum at Valdez. Copies of the Port Information Manual are available upon written request.

“Revised Nomination” as used herein means a Nomination the Carrier receives after the Pipeline Scheduling Deadline.

“Scheduled Arrival Day” as herein used means the Day, stated in a Lifting Schedule, that a vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area.

“Shipment” as herein used means transportation by the Carrier of a stated quantity of Petroleum from a specified origin or origins to a specified destination, or destinations, in accordance with these rules and regulations.

“Shipper” as used herein means a party that nominates and thereafter actually delivers Petroleum for transportation by the Carrier under the terms of this tariff.

“Supplemental Nomination” as used herein means a Nomination that the Carrier receives from a prospective Shipper by the deadline the Carrier sets for the receipt of such Supplemental Nomination.

“System” as herein used means a Petroleum pipeline forty-eight inches (48”) in diameter extending from a point at or near Prudhoe Bay to a point near Valdez, Alaska, together with suitable pump stations, tankage, docks, communications facilities, and other related facilities, equipment and appurtenances including facilities associated with the holding of Petroleum for delivery to Vessels and associated with such delivery, in which the Carrier owns an undivided interest.

“Terminal” as herein used means the portion of the System consisting of crude oil tankage, tank farm manifolds, tank vent lines, vapor recovery system power generating facilities and other related facilities, equipment and appurtenances located at Valdez, Alaska, in which the Carrier owns an undivided interest.

“Vessel(s)” as herein used means any tanker, tank ship or vessel scheduled to load Petroleum at the Terminal which has been transported under the terms of this tariff.

“Week” or “Weekly” as herein used means seven consecutive days commencing on Monday at 0000 hours and running until 2400 hours the next succeeding Sunday according to Valdez, Alaska, local time.

“Working Capacity” as herein used means the total capacity of all operational tanks for the handling of Petroleum at the Terminal, pending loading on vessels, between 2’6” above the bottom of the tank shell and 3’9” below the top of the tank shell, less the capacity as determined by the Operating Agent, required to receive the volume of Petroleum which should be moved out of the System to prevent internal pressure in the pipeline from exceeding design limits in the event its operation should be shut down.

“Working Inventory” as herein used means the total volume of Petroleum in Working Capacity at any given time.

## **10 Commodity**

The Carrier will transport Petroleum exclusively and will not accept any other commodity for transportation. The Carrier may make such tests of Petroleum as it deems desirable.

## **15 Specifications as to Quality Received**

(A) Carrier reserves the right to reject any Petroleum unless:

- (i) it is suitable for refining or use as a fuel and contains no more than thirty-five one-hundredths of 1% (0.35%) by volume of basic sediment and water;
- (ii) its temperature does not exceed one hundred forty-two degrees (142°) Fahrenheit, provided that Petroleum may be accepted for transportation at any point in the System at a temperature in excess of 142°F but only under such circumstances and during such times as Carrier determines will not result in violation of any design or operating requirement for the System at any point in the System or result in inequities or discrimination as between carriers or Shippers;
- (iii) its hydrogen sulfide (H<sub>2</sub>S) content in solution does not exceed fifty (50) parts per million by weight and it will not result in the combined stream of Petroleum in the System under the custody of the Carrier at any given entry point in the System at any given time exceeding ten (10) parts per million hydrogen sulfide (H<sub>2</sub>S) content in solution by weight; and
- (iv) its vapor pressure does not exceed the greater of atmospheric pressure or 14.7 psia at receipt temperature.

In calculating the combined stream of Petroleum at any given point in the System under the custody of the Carrier, only Petroleum received into the System by the Carrier at that point and all points upstream shall be considered.

(B) Petroleum will not be accepted by the Carrier for transportation in the System unless its gravity, viscosity, pour point, vapor pressure and other characteristics are such that it is readily susceptible to safe and efficient transportation through the System and will not materially affect the characteristics of other Petroleum shipments for which adjustments are not or will not be available through the procedure set forth in Item 115, Quality Bank.

(C) Carrier may require forty-five (45) days notice from Shipper before accepting Petroleum from a producing reservoir or a processing plant from which Petroleum has not previously been shipped through the System. Such notice shall include a suitable assay of the tendered Petroleum so that the acceptability and a suitable tariff for the transportation of the Petroleum can be determined.

## **20 Shipments, Maintenance of Identity**

Petroleum will be accepted for transportation only on condition that it shall be subject to changes in gravity, quality, or characteristics while in transit as may result from the mixture with other Petroleum in the System. The Carrier shall be under no obligation to deliver the identical Petroleum received but shall make delivery out of common stock of the System.

## **25 Duty of Carrier**

Carrier shall not be required to transport and/or deliver Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

## **30 Title**

An offer for Shipment of Petroleum shall be deemed a warranty of title by the party making the offer. The Carrier may, in the absence of adequate security, decline to receive any Petroleum which is in litigation, or as to which a dispute over title may exist, or which is encumbered by any lien. By offering Petroleum, the offeror warrants and guarantees that it has good title thereto and agrees to hold the Carrier harmless from any and all loss, cost, liability, damage and/or expense resulting from disputes, encumbrances, or failure of title thereto. Acceptance for transportation shall not be deemed a representation by the Carrier as to title.

## **35 Gauging, Testing and Volume Correction**

(A) Petroleum accepted by the Carrier for transportation shall be measured and tested by representatives of the Carrier, or its Operating Agent, prior to or at the time of its receipt from the Shipper. Each Shipper shall have the privilege of being present or represented during the measurement and testing procedures.

(B) Quantity measurement shall be determined by meters and will conform minimally with API and ASTM Standards. In instances where meters are not be operable or otherwise available, quantities shall be determined by tank measurement in accordance with API and ASTM Standards.

(C) The volume of Petroleum Shipments received and delivered shall be as corrected to sixty (60) degrees Fahrenheit.

(D) The full amount of basic sediment, water, and other impurities corrected to sixty (60) degrees Fahrenheit shall be deducted from the corrected volume of Petroleum shipped. Determination of basic sediment shall be in accordance, at minimum, with accepted API and ASTM Standards. The net balance at sixty (60) degrees Fahrenheit, less any adjustments provided for elsewhere in these Rules and Regulations, shall be the quantity to be delivered by the Carrier.

#### **40 Time**

The determination of time under these Rules and Regulations shall be according to Valdez, Alaska, local time.

#### **45 Scheduling and Use of Terminal, and Penalty Provisions**

(A) Any Shipper expecting to commence lifting at the Terminal for the first time shall provide a one-Week notice prior to submitting the four-Week schedule required by this section. In addition to the requirements imposed by the immediately preceding sentence, each Shipper will advise Carrier of the schedule of Vessels it expects to call at the Terminal during the ensuing four-Week period, specifying for each Vessel scheduled for the first Week of such four-Week schedule and, to the extent possible, for the last three Weeks, the volume to be lifted, name, Scheduled Arrival Day, and such other information as required by the Port Information Manual.

(B) The Operating Agent will coordinate the lifting schedules for all Shippers lifting Petroleum at the Terminal. Any conflicts in the lifting schedule will be resolved equitably and in furtherance of the most efficient operation of the System. After resolution of any conflicts, the resulting Lifting Schedule will be provided to each Shipper.

(C) Changes or Vessel substitution may be made to the lifting schedule by any Shipper upon written notice delivered to the Carrier at least seven (7) Days in advance of a scheduled lifting. Changes on less than seven (7) Days written notice may only be made provided such changes or Vessel substitution will not adversely affect any other Shipper's scheduled liftings, unless such other Shipper's prior written consent is obtained, and the changes or substituted Vessel complies with the Port Information Manual.

(D) When a revision or change is made to the Lifting Schedule, the Carrier, or its Operating Agent, will promptly notify all affected Shippers of the revised Lifting Schedule and the effective date of the revision.

(E) If, at the beginning of any Day, the aggregate Working Inventory in the Terminal is equal to or greater than 75% of Working Capacity and the Carrier's share of Working

Inventory is in excess of the Carrier's Working Capacity, each Surplus Shipper, as that term is hereinafter defined, shall be charged a penalty consisting of such Surplus Shipper's proportion (calculated as described below) of the product obtained by multiplying [U] twenty (20) cents by the number of Barrels by which Carrier's Working Inventory exceeds the Carrier's Working Capacity at the beginning of the Day for which the penalty is levied. Such proportion shall be the ratio that such Surplus Shipper's share of such excess on such Day bears to the total amount of such excess on such Day.

For purposes of this Paragraph E:

- (1) A Surplus Shipper is a Shipper that has a volume of Petroleum in the Terminal in the custody of the Carrier at the beginning of the Day for which the penalty is levied that exceeds such Shipper's Tankage Entitlement;
  - (2) A Shipper's Tankage Entitlement is equal to the total number of Barrels of tankage capacity comprising the Carrier's Working Capacity multiplied by such Shipper's Delivery Percentage; and
  - (3) A Shipper's Delivery Percentage is the ratio (expressed as a percentage) that the aggregate number of Barrels of that Shipper's Petroleum in the custody of the Carrier on the Day for which the penalty is levied and that were delivered into the Terminal or other established delivery point during the seven Days preceding such Day bears to the total number of Barrels of all Shippers' Petroleum in the custody of the Carrier in the Terminal on that Day and that were so delivered during such period.
- (F) In calculating the penalty under Paragraph E, the number of excess Barrels at the beginning of any Day shall be reduced by:
- (1) The number of Barrels of the Carrier's Working Inventory scheduled to be lifted by a Vessel which has established an Actual Arrival Time at the beginning of any Day the penalty is applied but is unable to dock because the passage through Prince William Sound or Valdez Arm is closed to shipping due to an event or condition not within the control of the Carrier, and;
  - (2) The number of Barrels of the Carrier's Working Inventory scheduled to be lifted by a Vessel which has docked but is unable to lift at the beginning of any Day due to any act or omission of the Carrier's Operating Agent or due to any local event or condition of general application not within the control of the Carrier's Operating Agent or any person responsible for the operation or control of such Vessel which does or would prevent all Vessels from loading.
- (G) Each Vessel shall dock when and as instructed by the Carrier, or its Operating Agent. If any Vessel is unable to dock when instructed, the next Vessel waiting to be docked shall be docked based on the order of dock assignment until the Vessel that was unable to dock is able to dock. Vessels shall be assigned dock space by Carrier, or its Operating Agent, in the order of the Actual Arrival Time, provided, however, that adequate and appropriate

inventories designated for lifting by such Vessel have been established, and in the Operating Agent's prudent judgment will optimize System delivery.

(H) After a Vessel has been docked, it shall be allowed twenty-four (24) hours, if the Vessel is of two hundred twenty-five thousand (225,000) dead weight tons or less, or thirty (30) hours, if the Vessel is of greater than two hundred twenty-five thousand (225,000) dead weight tons, from the time that Carrier or its Operating Agent gives notice of readiness to commence either loading or deballasting within which to complete its lifting and to release its last line from a mooring point at the dock. If any Vessel fails to release its last mooring line before a specified departure time contained in a notice from Carrier or its Operating Agent, (which specified departure time shall not be earlier than the end of such twenty-four (24) hour or thirty (30) hour period, nor earlier than four (4) hours after Carrier or its Operating Agent transmits such notice to the Vessel), the Shipper scheduling such Vessel shall thereafter pay a penalty of [U] Two Thousand Dollars (\$2,000) for each hour or part thereof that such Vessel remains at the dock, while such dock is required to load another Vessel which has established an Actual Arrival Time. Any delay due to any act or omission of the Carrier or its Operating Agent or a local event or condition of general application (except mechanical equipment malfunction on the Vessel) not within the control of the Carrier or its Operating Agent or any other person responsible for the operation or control of such Vessel which act, event or condition prevents the Vessel from vacating the dock shall be added to the time until a Vessel is required to vacate the dock.

(I) If, at the beginning of any Day, the sum of the total number of Barrels of Shipper's Petroleum in Carrier's Working Inventory plus Shipper's share of the Petroleum Fill Requirement divided by Shipper's share of the Petroleum Fill Requirement is greater than the number five (5) and is or has been greater than the number five (5) for the preceding twenty (20) Days, then Shipper shall be charged on each such Day (in this Item 45(I) hereinafter called "Relevant Day") a sum equal to the product obtained by multiplying twenty (20) cents by the total number of Barrels of Shipper's Petroleum in Carrier's Working Inventory on the Relevant Day.

## **50 Application of Rates, Charges, Rules and Regulations**

Petroleum accepted for transportation shall be subject to the Rates, Charges, Rules and Regulations in effect on the date of receipt of such Petroleum by the Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item 35.

## **55 Scheduling of Pipeline and Apportionment of Throughput Capability**

(A) General Requirements for Nominations:

1. Nominations will be received and considered for acceptance if they conform in full to the terms of this tariff. Nominations shall be addressed to Oil Movements Coordinator, BP Pipelines (North America) Inc., Suite 300, 4502 E. 41<sup>st</sup> Street, Tulsa,

Oklahoma 74135, fax number (918) 660-4393, with confirmation number (918) 660-4346.

2. Each Nomination must be in writing and include the information reflected in items a. through e. for each proposed Shipment:
  - a. the period for which the proposed Shipment is being nominated;
  - b. the total volume for delivery during such period and the volume in Barrels per Day;
  - c. the connection from which the proposed Shipment would originate;
  - d. the destination of the proposed Shipment; and
  - e. if Shipper nominates to Carrier Barrels for intrastate Shipment, regardless of destination, Shipper must state the total volume of Petroleum nominated by Shipper to all system carriers for each intrastate movement for the period for which the proposed Shipment is being nominated.

In addition, each Nomination must make the statements in items f. and g:

- f. <Prospective Shipper name> has title to all the Petroleum hereby nominated.
  - g. None of the Petroleum hereby nominated is currently nominated or accepted for transportation by any other carrier, whether provisionally or otherwise.
3. The Carrier reserves the right when accepting and prorating Nominations to revise, reduce or reject a Nomination if:
    - a. the Carrier believes that the prospective Shipper does not have title to the Petroleum being nominated, or the Petroleum nominated is currently nominated to or accepted for transportation by another carrier;
    - b. the prospective Shipper has previously withdrawn accepted Nominations from the Carrier; or
    - c. the prospective Shipper has failed to make payment of lawful charges related to previous Shipments.

4. A prospective Shipper may not nominate the same Barrels of Petroleum to the Carrier and to another carrier. If, as of the Pipeline Scheduling Deadline, the Operating Agent determines that a prospective Shipper has nominated to another carrier Barrels that Carrier has accepted for the coming Month, the Carrier will reduce such prospective Shipper's Nomination to the Carrier by the number of Barrels that Carrier accepted that were also nominated to another carrier.
5. No party shall deliver to the System Petroleum that has not been nominated to and accepted by the Carrier or another carrier. If, as of the Pipeline Scheduling Deadline, there is Petroleum scheduled to be delivered to the System in the coming Month that has not been nominated to and accepted by the Carrier or another carrier, the Operating Agent will notify the owner of such Petroleum at least one Operating Agent Business Day before the deadline for nominating such Petroleum to the Carrier or another carrier. If, notwithstanding the Operating Agent's notice, the Petroleum is not nominated, but is delivered to the Pipeline, such Petroleum shall be deemed to be the property of the Carrier and the other carriers.

(B) Scheduling, Acceptance and Prorating of Initial and Supplemental Nominations

1. By the first Operating Agent Business Day of each Month, the Carrier will notify prospective Shippers of its Estimated Throughput Capability and the Deadline for Initial Nominations, which shall be no earlier than five Days after the date of such notice. Any prospective Shipper seeking such information may obtain it upon request to Carrier's Oil Movements Coordinator identified in Section (A) 1. herein.
2. If the total of the Initial Nominations received is less than the Carrier's Estimated Throughput Capability for the coming Month, all Initial Nominations will be accepted in full. If, on the other hand, the total of the Initial Nominations exceeds the Carrier's Estimated Throughput Capability for the coming Month, such Estimated Throughput Capability will be prorated among all prospective Shippers in the proportion that each Shipper's Initial Nominations bear to the total of all Initial Nominations.
3. If, after the Deadline for Initial Nominations, the Carrier has Available Throughput Capability, the Carrier will advise all prospective Shippers of such Available Throughput Capability and request Supplemental Nominations for the Available Throughput Capability. The Carrier may, at its discretion, perform one or more rounds of Supplemental Nominations. For each such round, the Carrier will set a deadline by which a prospective Shipper must submit Supplemental Nominations. If the total of the Supplemental Nominations for any round is less than the Carrier's Available Throughput Capability, such Supplemental Nominations will be accepted in full. If the total of the Supplemental Nominations for any round exceeds the Available Throughput Capability, such Available Throughput Capability will be prorated among all prospective Shippers in the proportion that each prospective Shipper's Supplemental Nominations for that round bear to the total of all Supplemental Nominations for that round. If, after the deadline (or, in the case of

- multiple rounds of Supplemental Nominations, the last such deadline) for the receipt of Supplemental Nominations, the Carrier has Available Throughput Capability, the Carrier will accept Nominations for such Available Throughput Capability on a first-come, first-served basis.
4. A Revised Nomination that increases the total number of Barrels nominated to the Carrier will be effective at 0000 hours on the latter of:
    - a. the Day the prospective Shipper proposes in its Revised Nomination;
    - b. a Day that begins after four Operating Agent Business Days have elapsed since the Carrier accepted the Revised Nomination; and
    - c. the Day the Operating Agent determines that the additional Barrels are not nominated to another carrier.
  5. A Revised Nomination that decreases the total number of Barrels nominated to the Carrier will be effective at 0000 hours on the latter of:
    - a. the Day the prospective Shipper proposes in its Revised Nomination;
    - b. a Day that begins after four Operating Agent Business Days have elapsed since the Carrier accepted the Revised Nomination; and
    - c. the Day the Operating Agent determines that the Barrels the prospective Shipper proposes not to tender to the Carrier are properly nominated to another carrier.
  6. When Carrier has accepted the Shipper's Nomination, it will so notify the Shipper and will identify when the Nomination will become effective.
  7. The Carrier may reject an Initial Nomination for an intrastate movement:
    - a. that exceeds 46.9263% of the total Petroleum nominated by such prospective Shipper to all carriers for that specific intrastate movement, or;
    - b. if the Carrier has accepted a Nomination or Nominations for an intrastate movement, that, when added to such accepted Nomination(s), exceeds 46.9263% of the total Petroleum nominated by such prospective Shipper to all carriers for that specific intrastate movement.
  8. If, after Nominations have been accepted, the Estimated Throughput Capability available to Carrier either increases or otherwise becomes available, the Carrier will advise all prospective Shippers of the deadline for submitting a Nomination for such Available Throughput Capability.
  9. If, after Nominations have been accepted, the Estimated Throughput Capability available to the Carrier is reduced to an amount that is less than the total of the previously accepted Nominations, such Nominations will be reduced to the proportion that the reduced Estimated Throughput Capability bears to the accepted Nominations.

10. On the next successive business day following the closing date for nominations, or as soon thereafter as possible, Carrier will notify each prospective Shipper of the extent to which that prospective Shipper's nomination has been accepted.

## **60 Payment of Transportation and other Charges**

(A) The Shipper shall pay all applicable penalties, transportation charges, and other lawful charges accruing on Petroleum delivered to and accepted by the Carrier for Shipment. Unless agreed to otherwise by the Carrier, the Shipper shall make payment by federal funds wire transfer. The Carrier may require payment of such penalties and charges prior to accepting Petroleum for Shipment or before delivering such Shipment to the Shipper, or the Carrier, at Carrier's option, may require Shipper to submit a letter of credit drafted on an approved bank covering applicable charges prior to accepting Petroleum for Shipment or before delivering such Shipment to the Shipper. Penalties and charges are due upon delivery at destination. Penalties and charges shall be considered past-due if such penalties and charges remain unpaid seven (7) days after notice and demand therefor. All past-due penalties and charges shall bear interest from the date on which they become due until paid at an annual rate equivalent to 125% of the prime rate of interest charged by the Citibank N.A. of New York, New York on ninety (90) days loans to substantial and responsible commercial borrowers as of the date of delivery, or the maximum rate allowed by law, whichever is less. In addition, the Carrier shall have a lien on all Petroleum delivered for transportation to secure the payment of any and all unpaid penalties, transportation charges and other charges that are due to the Carrier by the Shipper, and may withhold such Petroleum from delivery, without liability until all unpaid charges have been paid. If such penalties or charges remain unpaid seven (7) days after notice and demand therefor, or if there shall be a failure to lift Petroleum within seven (7) days after the scheduled lifting delivery date as provided in Item 45, the Carrier shall have the right to sell such Petroleum at public auction, on any Day not a legal holiday, and not less than forty-eight (48) hours after notice stating the time and place of such sale and the quantity, general description, and location of the Petroleum to be sold has been published in a daily newspaper of general circulation in the town or city where the sale is to be held, and notice has been sent to the Shipper. The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself all penalties, transportation, demurrages, other lawful charges and all expenses incident to the sale. The balance from said sale shall be held for whomever may be lawfully entitled thereto.

(B) In addition to the provisions of the preceding paragraph of this Item, if the Shipper or Consignee is unable or refuses to receive or lift Petroleum Shipments at their destination, and the Carrier is subjected to the threat of financial loss or impairment of its ability to perform its services as a Carrier, the Carrier reserves the right to make whatever arrangements it deems appropriate to dispose of such Petroleum and the costs of such disposal shall be borne by the Shipper and Consignee jointly and severally and shall be in addition to transportation and other lawful charges accruing to the Shipper or Consignee.

## **65 Liability of Carrier**

- (A) The Carrier, while in possession of any Petroleum herein described, shall not be liable for any loss thereof, damage thereto or delay caused by fire, explosion, earthquake, storm, flood, epidemics, acts of God, riots, war, sabotage, strikes, the authority of law, or an act or default of the Shipper, or from any cause whatsoever, whether enumerated herein or not, except by the Carrier's sole negligence. In case of any loss of Petroleum for which the Carrier is not liable, each Shipper shall bear the loss, damage or delay and the consequences thereof in the proportion that the amount of such Shipper's Petroleum received and undelivered in the custody of the Carrier for transportation in the System bears to the total amount of Petroleum of all Shippers received and undelivered in the Carrier's custody for transportation in the System at the time the loss, damage or delay occurs. The Shipper shall be entitled to have delivered only such portion of its Shipment as may remain after deduction of its due proportion of such loss.
- (B) In addition to any loss of Petroleum covered by the preceding paragraph of this item, some gain or loss is unavoidably incident to pipeline transportation due to the inherent nature of Petroleum and extractions of Petroleum for use as fuel in the operation of the System. Such gains or losses shall be borne by the Shippers and shall be apportioned among them at the end of each month in the proportion that the 100-Barrel Mile Deliveries for each Shipper during such month bears to the total 100-Barrel Mile Deliveries of all Shippers during such month. Carrier shall make such allocations monthly, but the cumulative net amount of such gains, losses or extractions shall be adjusted monthly on a calendar year-to-date basis within a calendar year. Inventory left with the Carrier for a period of six (6) months, which remain unchanged during that period, will be subject to the apportionment calculation under this paragraph.

## **70 Claims, Suits, and Time for Filing**

As a condition precedent to recovery for loss, damage, or delay to Shipments, claims must be filed in writing with the Carrier within nine (9) months and one (1) day after delivery of the Petroleum, or, in case of failure to make delivery, then within nine (9) months and one (1) day after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) day from the date of delivery, or within two (2) years and one (1) day after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid. Statements of losses, ascertained and computed by Carrier's standard accounting procedures, are to be accepted by Shipper as prima facie correct.

## **75 Legality of Shipments**

The Carrier reserves the right to reject any and all Petroleum offered for Shipment when the Shipper or Consignee fails or is unwilling or unable to comply with all applicable laws, rules, regulations or requirements of any governmental authorities regulating Shipments or deliveries of Petroleum, or fails to demonstrate to the Carrier's satisfaction that the Shipment would be in conformance with the provisions of the Carrier's tariff.

## **80 Inhibitors**

Carrier reserves the right to inject, or to approve or reject the injection of, corrosion inhibitors, viscosity or pour point suppressants, or other additives in the Petroleum to be transported.

## **85 Destination Facilities**

Only tankage required for the handling of Petroleum at Valdez, Alaska pending loading on Vessels will be provided by the Carrier at the Terminal. Petroleum accepted for transportation to destinations other than for loading on Vessels at Valdez, Alaska will be delivered only into pipelines, tanks or other facilities which are provided or arranged for by Shipper. Carrier will determine and advise Shipper of the size and capacity of pipelines, tanks or other facilities that Shipper must provide at a point of delivery other than the Terminal to meet the operating conditions of the System at such point. If the Shipper, any consignee or a connecting carrier is not able for any reason to receive Petroleum from the Carrier at any such destination at the time when Carrier has scheduled a delivery, then Carrier shall have the right, at Shipper's expense, to transport such Petroleum to the Terminal. If the Shipper of any such Petroleum is unable to accept delivery of any such Petroleum at the Terminal within seven (7) days, Carrier shall have the right to sell such Petroleum in accordance with the procedure contained in Item 60.

## **90 Origin Facilities**

Carrier will provide only such facilities at the origin point as it deems necessary for the operation of the System. Shipments will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to the Carrier capable of delivering Petroleum into the origin point at pressures and pumping rates required by the Carrier.

## **95 Charge for TransAlaska Pipeline Liability Fund**

As an additional charge, the Carrier or its Operating Agent, shall collect a fee of [U] five cents (5¢) per Barrel of Petroleum transported under this tariff and loaded on a Vessel at the Terminal to the extent and in the manner required by Section 204 (c) of Public Law 93-153 (Title 43, U.S.C. Section 1653 (c)) and any regulations issued hereunder, and shall collect any other similar or substitute fee that Carrier or its Operating Agent is required to collect by any duly constituted governmental authority with respect to any transportation or other service performed pursuant to the provisions of this tariff.

## **100 Petroleum Fill Requirements**

Carrier will require each Shipper to supply its pro rata share of Petroleum to fill the Carrier's undivided interest space in the System excluding the capacity of all operational tanks at the Terminal above the top of the suction/fill tank nozzle. Changes to Shipper's pro rata share will be phased in over seven Days (one-seventh per Day).

## **105 Rates Applicable to and from Intermediate Points**

Petroleum delivered to a point on the System which is not named in this tariff or in tariffs making reference to this tariff but which point is intermediate to a point to which rates are published in this tariff or in tariffs making reference to this tariff, will be assessed the rate in effect to the next more-distant point published in this tariff or in tariffs making reference to this tariff. Petroleum received from a point on the System which is not named in this tariff or in tariffs making reference to this tariff but which point is intermediate to a point from which rates are published in this tariff or in tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant point published in this tariff or in tariffs making reference to this tariff.

## **110 In Transit Shipments**

Petroleum transported through Carrier's facilities from any origin point may be withdrawn from the System by the Shipper at any established delivery point with the privilege of subsequently reforwarding all or a portion of a like volume through Carrier's facilities to Valdez, Alaska, and loading on Vessels, provided:

- (A) Shippers availing themselves of these withdrawal and reforwarding privileges must keep complete and accurate records and permit inspection of such records by an authorized agent of Carrier or its representative as is necessary for the efficient supervision of such traffic.
- (B) Petroleum is redelivered to Carrier at the same point of withdrawal within a period of seven (7) days from the date of withdrawal for future transportation to Valdez, Alaska at a delivery rate no greater than the average daily withdrawal of Petroleum by such Shipper.
- (C) The applicable rate from initial point of origin to Valdez is paid upon shipment to the intermediate point.
- (D) Custody and possession of the Petroleum upon withdrawal shall be that of the Shipper, not of the Carrier.

## **120 Connections to the Trans Alaska Pipeline System**

Connections to the System will be allowed, in accordance with the Interstate Commerce Act, Title 18 of the Code of Federal Regulations applicable to common carrier pipeline companies and requirements in the instruments granting the right of way for the Trans Alaska Pipeline System, for the purpose of transporting Petroleum through the System. All connectors must comply with Trans Alaska Pipeline System Connection Guidelines. A copy of such Guidelines will be made available on request to Carrier.

### Explanation of Symbols:

[N] - New

[U] - Unchanged Rate

[W] - Change in Wording Only

[C] - Cancelled