

F.E.R.C. No. 7  
(cancels F.E.R.C. No. 6)

# CONOCOPHILLIPS TRANSPORTATION ALASKA, INC.

## LOCAL PIPELINE TARIFF

Containing

## RULES AND REGULATIONS

Governing the Transportation of

## CRUDE PETROLEUM

Transported by Pipeline from Points in Prudhoe, North Slope Borough, Alaska  
to  
City of Valdez, Alaska

---

---

The matter published herein will have no adverse effect on the quality of the human environment.

---

ISSUED: May 31, 2005

EFFECTIVE: July 1, 2005

---

ISSUED BY  
John M. Christal  
Vice-President & Controller  
ConocoPhillips Transportation Alaska, Inc.  
700 G Street, ATO-920  
Anchorage, AK 99501

COMPILED BY  
Bernard W. Washington  
Tariff Coordinator  
ConocoPhillips Transportation Alaska, Inc.  
700 G Street, ATO-996  
Anchorage, Alaska 99501  
Phone 907-263-3703



---

 TABLE OF CONTENTS
 

---

SUBJECT	ITEM NO.	PAGE NO.
Additives .....	20	22
Applicability of Rates and Charges, Rules and Regulations .....	11	20
Base Inventory Requirement .....	23	23
Connections to the Trans Alaska Pipeline System .....	22	23
Definitions .....	1	3-5
Delivery Adjustments .....	10	20
Explanation of Reference Marks .....	--	2
General Application .....	--	
In Transit Shipments .....	19	22
Liability for Charges and Quality Adjustments .....	13	20-21
Liability for Loss .....	14	21
Liability for Non-Compliance with Tariff .....	21	22
Measurement .....	9	19-20
Minimum Delivery .....	8	19
Nomination Policy and Proration Procedures .....	4	9-16
Quality and Intermixing of Petroleum .....	3	5-9
Rates Applicable from and to Intermediate Points .....	18	22
Scheduling of Receipts .....	5	16
Scheduling and Use of Terminal and Penalty Provisions .....	7	16-19
Shipper Receipt and Delivery Facilities .....	6	16
System Liability Fund .....	17	21-22
Time Limitation of Claims .....	15	21
Title .....	2	5
Use of Excess Capacity of Communications Facilities .....	16	21
Vessel Requirements .....	12	20

---

## EXPLANATION OF REFERENCE MARKS

[I]	Increase
[N]	New
[W]	Change in wording only

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
1.	Definitions	<p>“Actual Arrival Time” means the time according to Valdez, Alaska, local time that a vessel communicates to the Operator its readiness to commence loading after entering the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by Carrier.</p> <p>[N] “Available Interstate Capacity” means the volume of space in Carrier’s Pipeline available for interstate movement during any Month after accounting for all intrastate nominations accepted.</p> <p>[N] “Average Regular Shipper Volume” means the average volume (measured in Barrels per Day) actually shipped by a Shipper during the Rolling Period or, until a full Rolling Period has elapsed since July 1, 2005, the average volume (measured in Barrels per Day) actually shipped by a Shipper during the period from and after July 1, 2005.</p> <p>“Barrel” means forty-two United States gallons.</p> <p>“Base Fluctuation” is the daily increase or decrease to Fixed Base Inventory as a result of Pipeline operations resulting from such things as temperature, flow rate or pressure changes</p> <p>“Base Inventory” as herein used means Fixed Base Inventory adjusted for any increase or decrease in the Base Fluctuation.</p> <p>“Carrier” means ConocoPhillips Transportation Alaska, Inc.</p> <p>“Carrier Work Day” means a regularly scheduled workday for Carrier.</p> <p>“Consignee” means anyone that a shipment, or a portion of a shipment, is consigned to when delivered from the Pipeline.</p> <p>“Day” means the period of time commencing at 0000 hours on one Day and running until 2400 hours on the same Day according to Valdez, Alaska, local time.</p> <p>“Excess Shipper” is a Shipper that has a volume of Petroleum in the custody of the Carrier that exceeds 100 percent of Shipper’s Working Tankage Entitlement at the beginning of the Day for which the Carrier is assessed a penalty. The excess is computed by taking the Shipper’s share of Total Inventory Barrels less Shipper’s share of Base Inventory less Shippers Working Tankage Entitlement.</p> <p>“Fixed Base Inventory” as herein used means the standard total volume of Petroleum in System’s Pipeline Base Inventory and terminal tankage base inventory that has not been adjusted for any Base Fluctuation and excludes Petroleum in fuel tanks and in Working Capacity.</p> <p>“Month or Monthly” means a calendar Month commencing at 0000 hours on the first Day thereof and running until 2400 hours on the last Day thereof according to Valdez, Alaska, local time.</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
1.	(Continued) [N]  Definitions	<p>“New Shipper” means any Shipper who does not qualify as a Regular Shipper. A New Shipper becomes a Regular Shipper when it satisfies the conditions to be a Regular Shipper based on documented volumes shipped in prior Months.</p> <p>“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.</p> <p>“Operator” means the contract Operator of the Trans Alaska Pipeline System.</p> <p>“Operator Business Day” means a regularly scheduled workday for Operator’s scheduling department.</p>
	[W]	<p>“Owner(s)” refers to all of the Owners of undivided interests in the Trans Alaska Pipeline System.</p> <p>“Petroleum” means unrefined liquid hydrocarbons including gas liquids.</p> <p>“Pipeline” means Carrier’s undivided interest ownership in the Trans Alaska Pipeline System.</p> <p>“Port Information Manual” means the manual governing vessel characteristics, required equipment and operation of vessels arriving to lift Petroleum at Valdez, Alaska. Copies of the Port Information Manual are available upon written request.</p>
	[W]	<p>“Prospective Shipper” means a person nominating Petroleum for transportation through the Pipeline whose nomination has not yet been accepted by Carrier.</p>
	[N]	<p>“Regular Shipper” means a Shipper who has shipped during the Rolling Period. Any Shipper shipping during the period July 1, 2005 through December 31, 2005 will be deemed a Regular Shipper until the Shipper has not shipped on Carrier for a period of twelve (12) consecutive Tender Periods. Regular Shippers not shipping for any Tender Period will be credited with zero Barrels accepted for that Tender Period in establishing their Average Regular Shipper Volumes. Once a Shipper becomes a Regular Shipper, it will lose its Regular Shipper status if it does not ship at all during a period of twelve (12) consecutive months.</p>
	[N]	<p>“Reserved Capacity” means for any Month in which prorationing applies, the greater of 95 percent of the Available Interstate Capacity or the percentage of Available Interstate Capacity for which no New Shipper nominations have been received.</p>
	[N]	<p>“Rolling Period” means the twelve (12) Month period beginning fourteen (14) Months prior to the Month requiring proration.</p> <p>“Scheduled Arrival Day” means the Day stated in a lifting schedule that a vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by Carrier.</p> <p>“Shipper” means anyone who ships Petroleum through the Pipeline.</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
	(Continued)	
	Definitions	<p>"Shipper's Accepted Tender Percentage" is the ratio (expressed as a percentage to two decimal places, XX.XX%) that the Shipper's daily accepted tender, bears to the total daily accepted tenders for all Shippers.</p> <p>"Shipper's Working Tankage Entitlement" is equal to the Shipper's Accepted Tender Percentage of the Carrier's Working Capacity.</p> <p>"System" means the Trans Alaska Pipeline System.</p>
	[N]	<p>"Tender Period" means the Month in which the Barrels are shipped.</p> <p>"Total Inventory" is all inventories in tanks and Pipeline at any given time including both Base Inventory and Working Inventory.</p> <p>"Working Capacity" is the total capacity of all operational terminal tankage for the handling of Petroleum at Valdez, Alaska, pending delivery out of the System into vessels, between 2'6" above the bottom of the each tank shell and 3'9" below the top of each tank shell, less the capacity, as determined by the Operator, 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.</p> <p>"Working Inventory" means the volume of Petroleum derived by taking Total Inventory less Base Inventory at any given time. It is part of Working Capacity.</p>
2.	Title  [W]	<p>The act of delivering Petroleum to Carrier for transportation shall constitute a warranty by Shipper that Shipper or Consignee has unencumbered title thereto and that the Petroleum was produced in accordance with all applicable laws and regulations.</p>
3.	Quality and Intermixing of Petroleum  [W]	<p>Only Petroleum will be accepted for transportation in the Pipeline. All Petroleum transported through the Pipeline will be intermixed with other Petroleum shipments and shall be subject to such changes in gravity, quality and other characteristics as may result from such intermixing. No Shipper or Consignee shall be entitled to receive the identical Petroleum delivered into the Pipeline. Delivery shall be out of the commingled stream or common stock.</p> <p><u>Quality Adjustments.</u></p> <p>Shippers shall be debited and/or credited for all adjustments as provided for in this Item with respect to all Petroleum shipped. The calculation of Shipper's debits and credits shall be made for each Month as required herein. The credit and debit balances for each accounting shall be adjusted among Shipper and all Shippers in the System by collecting funds from those Shippers (including Shipper, if applicable) having debit balances and by thereafter remitting funds collected to the Shippers (including Shipper, if applicable) having credit balances. In the event of delay in collection or inability to collect from one or more Shippers for any reason, only adjustment funds and applicable interest charges actually collected shall be distributed <u>pro rata</u> to Shippers having credit</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
3.	(Continued)  Quality and Intermixing of Petroleum [W]	<p>balances. A Monthly accounting shall be rendered to Shipper after the end of each Month.</p> <p>(a) Methodology.</p> <p>Shipper authorizes Carrier or its designee to compute adjustments among all Shippers in the System for quality differentials arising out of the System common stream operation. Shipper agrees to pay Carrier or its designee the adjustment due from Shipper determined in accordance with the procedures set out in this Item.</p> <p>The procedures for making Quality Bank calculations and determining Quality Bank adjustments among Shippers are specified in detail in this Item, as supplemented by the TAPS Quality Bank Methodology set forth in Carrier's Tariff F.E.R.C. No. 3, supplements thereto, and successive issues thereof, which are incorporated herein by reference.</p> <p>As prescribed in the TAPS Quality Bank Methodology, at the close of each Month, Carrier or its designated Quality Bank Administrator shall compute adjustments calculated as follows:</p>
	[W]	<p>1. Pump Station No. 1 Adjustment - An adjustment based on the difference between the Quality Bank Value of Pump Station No. 1 Base Petroleum during a Month and the Quality Bank Value of Petroleum received into the System at Pump Station No. 1 for a Shipper during the same Month shall be calculated as follows:</p>
	[W]	<p>(i) the Quality Bank Value per Barrel of each stream received into the System at Pump Station No. 1 during the Month for a Shipper shall be determined by summing the Quality Bank Values of each component of one Barrel of that stream as determined in accordance with the TAPS Quality Bank Methodology.</p>
	[W]	<p>(ii) the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for the Month shall be determined by multiplying the Quality Bank Value per Barrel of a stream of Petroleum received into the System at Pump Station No. 1 during that Month by the number of Barrels of that stream received into the System at Pump Station No. 1 during that Month, summing the products so obtained and dividing the total by the number of Barrels of Petroleum received into the System at Pump Station No. 1 during that Month.</p>
	[W]	<p>(iii) if the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a stream of Petroleum received into the System at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into the System for such Shipper at Pump Station No. 1 during that Month.</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
3.	(Continued) [W]  Quality and Intermixing of Petroleum	(iv) if the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a stream of Petroleum received into the System at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into the System for such Shipper at Pump Station No. 1 during that Month.
		2. Connection Adjustment - An adjustment based on the difference between the Quality Bank Value of any connection Base Petroleum during a Month and the Quality Bank Value of a Shipper's Petroleum commingled at that connection during the same Month shall be calculated as follows:
		(i) the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at a connection during the Month shall be determined by summing the Quality Bank Values of each component of one Barrel of that Petroleum as determined in accordance with the TAPS Quality Bank Methodology.
	[W]	(ii) the Quality Bank Value per Barrel of any connection Base Petroleum for the Month shall be the Weighted Average Quality Bank Value of (1) the Petroleum entering the System at connection during the Month and (2) the Petroleum in the System just upstream of the point of entry into the System at that connection during the Month.
	[W]	(iii) if the Quality Bank Value per Barrel of any connection base Petroleum for any Tender Period is greater than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that connection during the same Tender Period, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that connection during that Tender Period.
	[W]	(iv) if the Quality Bank Value per Barrel of any connection base Petroleum for any Tender Period is less than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that connection during the same Tender Period, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that connection during that Tender Period.
		3. Valdez Terminal Gravity Adjustment – An adjustment based on the difference between the Weighted Average Gravity of the Valdez Terminal Base Petroleum and the Weighted Average Gravity of Petroleum received out of the Valdez Terminal by a Shipper shall be calculated as follows:
	[W]	(i) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Tender Period is greater than the Weighted

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
3.	(Continued)  Quality and Intermixing of Petroleum	Average Gravity of Petroleum received out of the Valdez Terminal during the same Tender Period by a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Tender Period by such Shipper.
	[W]	(ii) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Tender Period is less than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Tender Period by a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Tender Period by such Shipper.
	[W]	(iii) For the period from July 1, 2005, through December 31, 2005, the Gravity Differential Value Per Barrel is established at \$0.0330 for each one-tenth degree API Gravity (0.1° API).

(b) General Provisions.

In addition to the adjustments described in this Item, Shipper agrees to pay Carrier or its designee a per Barrel charge to reimburse Carrier for the costs of administering the adjustments among Shippers under this Item.

In the event any payment is made to Shipper hereunder and it is subsequently determined by any federal or state court, administrative agency or other governmental entity having jurisdiction that no other Shipper was liable for the adjustment for which payment was made, Shipper receiving such payment shall upon receipt of an accounting from Carrier return the same to Carrier or its designee. Carrier shall promptly utilize same to reimburse all Shippers who made such payments.

All payments due from Shipper under this Item shall be made by Shipper within 20 Days of receipt of each accounting and, for any delay in payment beyond such 20 Day period, shall bear interest calculated at an annual rate equivalent to 125 percent of the prime rate of interest of Citibank N. A. of New York, New York, on ninety-day loans to substantial and responsible commercial borrowers as of the date of accounting.

If Shipper fails to make payment due hereunder within 30 Days of issuance of each accounting, Carrier shall have the right to sell at public auction either directly or through an agent at any time after such 30 Day period any Petroleum of Shipper in its custody. Such auction may be held on any Day, except a legal holiday, and not less than 48 hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city or general area where the sale is to be held, stating the time and place of sale and the quantity and location of Petroleum to be sold. At said

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
3.	(Continued)  Quality and Intermixing of Petroleum	<p>sale Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will deduct all payments due and expenses incident to said sale, and the balance of the proceeds of the sale remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.</p> <p>Carrier and its designee are authorized by Shipper to receive through measurement, connecting Carriers or otherwise all information and data necessary to make the computations under this item. Shipper will furnish Carrier or its designated Quality Bank Administrator, and consents to Carrier or its designated Quality Bank Administrator acquiring from other Carriers or other persons, any additional information and data necessary to make the computations under this item. Shipper also consents to Carrier or its agents disclosing to the designated Quality Bank Administrator all information and data necessary to make the computations under this item.</p> <p>The name and address of Carrier's designated Quality Bank Administrator will be made available upon written request to Carrier.</p> <p>Adjustment payments and administrative costs in this item are not a part of Carrier's transportation tariff rates, and such shall not be an offset or other claim by Shipper against sums due Carrier for transportation or other charges, costs, or fees due or collected under Carrier's tariffs.</p> <p>Carrier has right to refuse Petroleum for transportation if (i) it is unsuitable for refining or use as a fuel or contains more than thirty-five one hundredths of 1 percent (0.35 percent) by volume of basic sediment and water, (ii) its temperature exceeds 142° F, 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 hereunder 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 exceeds 50 parts per million by weight, and (iv) it will result in the calculated combined stream of Petroleum in the System at any given entry point or any given time exceeding ten (10) parts per million hydrogen sulfide (H<sub>2</sub>S) content in solution by weight, or the vapor pressure of such combined stream exceeds the greater of atmospheric pressure or 14.7 psia at receipt temperature, and (v) assay analysis of the Petroleum has not been provided at least sixty (60) Days in advance of initial receipt to determine that such Petroleum is compatible with other Petroleum being transported (Carrier will notify the Prospective Shipper of the evaluation of the assay analysis and acceptance or non-acceptance of the Petroleum within forty (40) Days of the receipt of the analysis).</p>
4.	Nomination Policy and Proration Procedures	<p>I. Nomination of Tenders</p> <p>A. Good-faith nominations will be received and considered for acceptance only if they conform in full to Carrier's requirements. To maintain equity among Shippers and to ensure equitable application of proration when proration shall be required, Carrier does not permit over-</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
		nominating.
[W]		<p>When considering nominations for acceptance and proration, Carrier reserves the right to revise, reduce or reject a nomination if acceptance of Shipper's nomination in the form provided would adversely affect the rights of other Shippers to equitable and fair treatment.</p> <p>Such adverse affect includes, but is not limited to, the following acts or omissions:</p> <ol style="list-style-type: none"> <li>1. Shipper nominating more Petroleum for transportation than that to which it has title or than it plans to ship.</li> <li>2. Shipper fails upon request to demonstrate satisfactorily that it currently has unencumbered title to the Petroleum being nominated.</li> <li>3. Shipper has failed to make timely payment for previous shipments.</li> </ol>
[W]		<ol style="list-style-type: none"> <li>4. Shipper has nominated the same Petroleum currently being nominated to Carrier to another System Owner or Owners and has been accepted provisionally or otherwise is being considered for acceptance provisionally or otherwise by another System Owner or Owners.</li> </ol>
[W]		<ol style="list-style-type: none"> <li>5. Shipper individually or through the use of multiple related entities, nominates Petroleum in excess of Carrier's Available Capacity (as defined in Item 4.II.A).</li> </ol>
[W]		<ol style="list-style-type: none"> <li>6. Employment of schemes or devices to over-nominate will be deemed to be grounds for rejection of the over-nominating Shipper's entire nomination for the Tender Period (as defined in Item 4.I.B.).</li> <li>7. Shipper declines to provide, without exclusion or limitation, certification of compliance with Carrier rules and regulations. The form of the required certification shall be communicated to Shippers by Carrier.</li> </ol>
[W]		<ol style="list-style-type: none"> <li>8. Shipper has failed (unless such failure is due to reasons beyond Shipper's control) to provide Carrier with all required information in a timely manner.</li> </ol> <p>B. Nominations will be considered for acceptance only if received by Carrier's office no later than 1100, Anchorage, Alaska local time, on the 3<sup>rd</sup> Carrier Work Day of each Month ("Nomination Day"). Nominations received by the deadline ("Initial Nominations") will cover the ensuing one-month period that begins on the first Day of the next successive calendar Month following the Nomination Day ("Tender Period"). Carrier will notify Shippers of their allocated space prior to 1100, Anchorage, Alaska local time, on the next successive Carrier Work Day following the Nomination Day.</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued)  Nomination Policy and Proration Procedures	<p>All nominations will be submitted by facsimile transmission or email to:  ConocoPhillips Transportation Alaska, Inc.  Attention: Oil Movements Coordinator  700 "G" Street, ATO 912  Anchorage, Alaska 99501  Telephone: (907) 265-6525  Facsimile: (918) 662-5440  Email: robert.j.wilks@conocophillips.com</p> <p>Carrier does not accept responsibility for nominations sent but not received. It is the Shipper's responsibility to confirm receipt via telephone.</p> <p>C. Nominations received after the deadline set forth in Item 4.I.B. will be considered revised nominations. A revised nomination that increases the number of nominated Barrels is known as an "Increased Nomination". A revised nomination that reduces the number of nominated Barrels is known as a "Decreased Nomination".</p> <p>[W] D. Carrier will accept an Increased Nomination only after Operator determines that capacity is available and the additional Barrels Shipper proposes to nominate (or, if Shipper has not previously nominated Barrels for the Tender Period, the Barrels Shipper nominates) are not nominated to another carrier.</p> <p>[W] E. Carrier will accept a Decreased Nomination only after Operator determines that the Barrels Shipper proposes not to tender to Carrier are properly nominated to another Carrier or are not available for tender.</p> <p>[W] F. A revised nomination will be effective at 0000 hours on the later of (a) the Day Shipper indicates in its revised nomination or (b) the Day that begins after four Operator Business Days have elapsed since Carrier accepted the nomination. Carrier will notify Shipper when Carrier accepts Shipper's revised nomination and when the revised nomination will become effective.</p> <p>G. Shipper may not nominate the same Barrels of Petroleum to Carrier and to another carrier. If, as of 2400 hours of the 15<sup>th</sup> day of a Month (or, if that Day is not an Operator Business Day, then of the first Operator Business day thereafter), Operator determines that Shipper has nominated to another Carrier Barrels that Carrier has accepted for the coming Month, Carrier will reduce Shipper's nomination to Carrier by the number of Barrels that Carrier accepted that were also nominated to another carrier.</p> <p>[W] H. No person or entity may deliver to the System, Petroleum that has not been nominated to and accepted by Carrier or another carrier. If by 2400 hours of the 15<sup>th</sup> Day of a Month (or, if that Day is not an Operator Business Day, then of the first Operator Business Day thereafter) there is Petroleum scheduled to be delivered to the System in the coming Month that has not been nominated and accepted by Carrier or another</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued)  Nomination Policy and Proration Procedure	carrier, Operator will notify the owner of such Petroleum at least one Operator Business Day before the deadline by which such Petroleum Owner must nominate the Petroleum to Carrier or another carrier that has available capacity through a revised nomination. If, notwithstanding Operator's notice, the Petroleum is not nominated but is delivered to the System, such Petroleum shall be deemed to be the property of Carrier and the other carriers, and the prior Petroleum Owner shall have no interest in the Petroleum.
[W]		I. Once Shipper's nomination or Increased Nomination has been accepted by Carrier as provided in Item 4.1.B or 4.1.D. above, Shipper shall become liable for a reservation fee of 25 cents per Barrel for each Barrel nominated and accepted, which fee shall be credited against the transportation charge incurred by Shipper for the transportation of Petroleum by Carrier during the Month for which such Barrels were nominated. In the event Shipper does not tender a quantity of Petroleum equal to the number of Barrels nominated and accepted for a given Month, the reservation fee applicable to the Barrels not so tendered shall be waived only if the failure of Shipper to tender the number of Barrels nominated and accepted for that Month occurred due to the inability of the Carrier to accept the full number of Barrels tendered by Shipper or if the delivered Barrels are less than 2 percent under the nominated Barrels for reasons not reasonably foreseeable at the time Shipper made the nomination. Nominations withdrawn prior to the Tender Period will not be charged the reservation fee except nominations withdrawn within six (6) Operator Business Days before the Tender Period will be subject to the reservation fee.
		II. Available Pipeline Capacity
[W]		A. Carrier's Available Capacity ("Available Capacity") is Carrier's Pipeline ownership interest in the total estimated Pipeline capacity of the System plus or minus the Adjustment Capacity for the applicable Tender Period. Adjustment Capacity is an adjustment made to balance Carrier's actual shipments to Carrier's actual Pipeline capacity.
[W]		B. If the total of all nominations received is less than Carrier's Available Capacity in the Tender Period, all nominations are accepted in full, except that the acceptance of a nomination for intrastate movement may be limited to a percentage of the total Petroleum being tendered by the Shipper to all System Owners for the specific intrastate movement in accordance with Item 4.III.A.
[W]		C. After acceptance of nominations, Carrier will advise its Shippers of the amount of remaining capacity available ("Remaining Capacity"). If more nominations are received than Remaining Capacity, all timely nominations will be prorated after the time and date specified. However, Carrier may only accept that portion of a nomination for Remaining Capacity from an intrastate Shipper subject to the terms as set forth in Item 4.III.A.

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued) [W]  Nomination Policy and Proration Procedure	<p>D. If an accepted nomination is withdrawn or partially withdrawn at a later date, Carrier will notify all its Shippers of the capacity made available by such withdrawal ("Returned Capacity") and will seek further nominations. Nominations for this Returned Capacity will be accepted until the close of the period specified in the notification message. Carrier will accept nomination for Returned Capacity from an intrastate Shipper subject to the terms as set forth in Item 4.III.A. If more nominations are received than Returned Capacity, all timely nominations will be prorated after the time and date specified.</p>
	[W]	<p>E. If, subsequent to acceptance of nominations, Carrier's capacity in the System is increased for any reason, Carrier will advise all its Shippers of such change. Changes of nominations will be subject to the same terms as set forth in Item 4.II.D.</p>
	[W]	<p>F. If, subsequent to acceptance of nominations, Carrier's capacity is decreased for any reason, Carrier will recalculate prorations based on original nominations and notify Shippers of revised acceptances.</p>
	[W]	<p>G. Tender Substitutions Carrier does not permit a full or partial transfer or a full or partial assignment of confirmed nominations among Shippers. In cases where a Shipper is unable to deliver the expected tender of Petroleum from any source, it may substitute its own Petroleum from another source that meets transportation requirements up to the total amount of space for which it previously has received acceptance.</p>
		<p>H. Prior to 1100, Anchorage Alaska local time, on the 3rd Carrier Work Day of each Month, Carrier will notify each prospective Shipper of its Available Capacity. Any prospective Shipper may obtain this information by request to the Oil Movements Coordinator as set out in Item 4.1.B.</p>
		<p>III. Intrastate Shipments</p>
	[W]	<p>A. Any Shipper nominating volumes for intrastate shipment, regardless of destination, in Carrier is required to advise the total volume being nominated to all System Owners for each intrastate movement for the Month being nominated.</p>
		<p>1. If nominations by Shippers to Carrier exceed Carrier's Available Capacity for the Tender Period, the maximum amount of any intrastate Shipper's nomination that may be accepted is the Carrier's Pipeline ownership percent of the total volume of Petroleum being nominated to all System Owners by that Shipper for that specific intrastate movement during the Tender Period.</p>
	[W]	<p>2. Carrier shall have the option to accept from any intrastate Shipper nominations in excess of the Pipeline ownership interest percentage of that Shipper's total nominations to all System Owners for that particular intrastate movement when Carrier would otherwise have unused capacity.</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued)  Nomination Policy and Proration Procedures	<p>B. Any Shipper nominating shipments to the Port of Valdez for delivery by marine tanker to an in-state destination must provide certification, in a form satisfactory to Carrier, that the volume nominated is intended to be delivered to an intrastate destination for use within the State of Alaska. Such certification must include (1) the ultimate intrastate destination; (2) the total volume to be transported to that destination that has been nominated for transportation on Carrier; and (3) the name of the marine vessel on which the shipment is to be loaded.</p> <p>C. If the Shipper changes the ultimate destination of a shipment to the Port of Valdez and that shipment was nominated and accepted as an interstate shipment but is now intended for intrastate use, then Shipper must provide verbal notice or written certification to the Carrier by 6 am Alaska Time the Day following the final lifting in Valdez, stating that the new destination is now intrastate and the number of Barrels involved; this provision applies to vessels with full loads to the new intrastate destination.</p> <p>[W] D. Shippers on vessels with partial loads to the new intrastate destination must provide verbal notice or written certification to the Carrier within five (5) Carrier Work Days following the final lifting in Valdez. For both of the above, if initial notification was verbal, a written certification must follow by close of the next Carrier Work Day. Likewise, if the Shipper changes the ultimate destination of a shipment to the Port of Valdez and that shipment was first nominated and accepted as an intrastate shipment but is now intended for interstate delivery, then Shipper must notify Carrier of such change in destination by 6am Alaska Time the Day following the final lifting in Valdez, via verbal notice or written certification; this provision applies to vessels with full loads to the new interstate destination. Shippers on vessels with partial loads to the new interstate destination must provide verbal notice or written certification to the Carrier within five (5) Carrier Work Days following the final lifting in Valdez. For both of the above, if initial notification was verbal, a written certification must follow by close of the next Carrier Work Day. Both such changes of destination after nomination and acceptance shall be subject to the penalty provisions set out in Item 7.E.</p>
		<p>IV. Proration Policy</p> <p>[N] A. If the total of all nominations received for a Tender Period is greater than Carrier's Available Interstate Capacity in the Tender Period, acceptance of a nomination for intrastate movement will be limited to a percentage of the total Petroleum being nominated by that Shipper to all System Owners for the specific intrastate movement in accordance with item 4.III.A, and interstate nominations will be allocated to the balance of the Carrier's Available Interstate Capacity remaining after the intrastate nominations have been finalized, by prorating (i) among Regular Shippers and New Shippers, and (ii) among the Shippers in each category based on volumes nominated for each category. The total of all New Shippers' nominations that may be accepted will be</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued)  Nomination Policy and Proration Procedures	limited to five percent (5%) of the Available Interstate Capacity remaining for interstate movement in the Tender Period after accounting for intrastate nominations ("New Shipper Available Interstate Capacity") (iii) The Reserved Capacity will be allocated among all Regular Shippers based on the lesser of each such Shipper's Average Regular Shipper Volume or its actual tender for the month and (iv) any remaining Available Interstate Capacity not allocated through the preceding steps will be allocated pro rata among all Shippers whose nominations were not previously accepted in full. To avoid inflated nominations, for all purposes under this rule a Shipper's nomination will be deemed to be no greater than the Available Interstate Capacity or such Shipper's actual nomination, whichever is less.
	[N]	B. "New Shipper Proration Factor" shall be calculated by dividing each Shipper's nomination for that category by the total of all nominations for the category.
	[N]	C. Upon acceptance of New Shipper nominations, each New Shipper will be allocated space equal to: (i) the New Shipper Available Interstate Capacity multiplied by the New Shipper Proration Factor for that Shipper if the total of all New Shipper nominations is greater than the New Shipper Available Interstate Capacity for that Tender Period; or (ii) the volume nominated by that New Shipper if the total of all New Shipper nominations is less than the New Shipper Available Interstate Capacity for that Tender Period. New Shipper Available Interstate Capacity will be allocated on a current nomination basis among all New Shippers. If Available Interstate Capacity remains for the Regular Shipper category after allocation to all Regular Shippers for a Tender Period and if the total of all New Shipper nominations exceeds the New Shipper Available Interstate Capacity for that Tender Period, the five percent limitation for New Shipper Available Interstate Capacity for that Tender Period may be waived by the Carrier.
	[N]	D. The remaining Available Interstate Capacity shall be allocated among New Shippers in proportion to their nominations and Proration Factor.
	[N]	E. No Shipper may use any nomination or allocation of any Available Interstate Capacity in any category to supplement, enhance, or benefit the nomination or allocation of any other Shipper beyond the Available Interstate Capacity to which such other Shipper may be entitled to nominate or be allocated. Carrier may require a verified statement regarding utilization of allocated space from a responsible officer of the Shipper stating that no violations of this rule have occurred. Violation of this rule will result in rejection of any nomination by any involved Shipper(s) in the next Tender Period following discovery by the Carrier of the violation.
	[N]	F. If a Shipper fails, without reasonable cause in the judgment of Carrier, to ship its full allocated volume within the Tender Period, the Carrier shall limit the volume accepted from such Shipper in each of the next three (3) Months in which prorationing occurs to not more than the

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
4.	(Continued) [N]  Nomination Policy and Proration Procedures	volume received by Carrier from such Shipper in the Month in question.
5.	Scheduling of Receipts	<p>Shippers and Prospective Shippers shall promptly provide Carrier with all essential information, including the origin and delivery points, for Carrier to schedule such proposed shipments of Petroleum; to satisfy Carrier that offers to ship are in good faith; and to satisfy Carrier that shipments can be transported in conformance with Carrier's tariff. Carrier may refuse to receive Petroleum for transportation until such Shipper or Prospective Shipper has provided Carrier with such information.</p> <p>Scheduled receipts from Shipper shall not be subject to change except with written or electronic notice from Shipper at least two (2) Days prior to date of scheduled receipt of Petroleum.</p> <p>Shipper may not assign to any other Shipper or Prospective Shipper, or otherwise alter, a scheduled shipment, if the effect of such action would be to shorten the originally scheduled length of haul, except as provided in Item 19 of this tariff.</p> <p>In the event Shippers offer to ship more Petroleum through the Pipeline during any period of time than can be pumped through the Pipeline during such period, then Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all Shippers pursuant to the nomination policy.</p>
6.	Shipper Receipt and Delivery Facilities	Carrier will determine and advise Shipper of the facilities to be provided by the Shipper at any receipt or delivery location to meet the operating conditions of Carrier's facilities at such location. Carrier will not accept Petroleum for transportation unless such facilities have been provided.
7.	Scheduling and Use of Terminal and Penalty Provisions	<p>A. Schedule for Tanker Lifting</p> <ol style="list-style-type: none"> <li>1. Each Thursday by 0800 hours Anchorage, Alaska local time, Shipper shall provide written notice four weeks in advance of the volume of Petroleum to be transported for the ensuing one Month period, and shall promptly notify Carrier of any proposed changes in its shipping schedule. The schedule should clearly reflect destination information for interstate or intrastate deliveries.</li> <li>2. The scheduling of vessels at Valdez, Alaska, will be accomplished by the Operator, taking into account proposed liftings with respect to Petroleum in the custody of Owners, including Carrier. If there are more proposed liftings than can be accommodated and such conflicts cannot be resolved voluntarily between the conflicting Owners, Operator will resolve such conflicts in accordance with the rules</li> </ol>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
7.	(Continued)  Scheduling and Use of Terminal and Penalty Provisions	<p>provided for in A.2.a. below. After resolution of all conflicts in accordance with these rules, the lifting schedule then established shall be issued to each Owner.</p> <p>a. Vessels shall be assigned dock space by Operator in the order of Actual Arrival Time. Provided, however, that (1) adequate and appropriate inventories designated for lifting by such vessel have been established, and (2) if in the Operator's prudent judgment such prioritization will optimize System deliveries. Each vessel shall dock when and as instructed by Operator. If any vessel is unable to dock when instructed, Operator shall dock the next vessel waiting to be docked based on the order of dock assignment until the vessel that was unable to dock is able to dock.</p> <p><b>B. Changes in Lifting Schedule</b></p> <p>1. Subject to the scheduling priority rules set forth in A.2.a. above, changes may be made to the lifting schedule by any Shipper upon written notice delivered to Carrier at least seven (7) Days in advance of a scheduled lifting.</p> <p>2. Changes on less than seven (7) Days written notice may be made only in accordance with the following rules:</p> <p>a. Vessel substitutions may be made by notice to the Carrier provided such substitution will not adversely affect the scheduled liftings of Petroleum in the custody of any Owner, including Carrier, and the substituted vessel complies with the Port Information Manual.</p> <p>b. Any other changes may be made provided:</p> <p>i. the requested change will not affect the scheduled liftings of Petroleum in the custody of any Owner(s), including Carrier, unless the prior written consent of such Owner(s) is obtained, and</p> <p>ii. the requested change will not, based on the lifting schedule, result in a projected Working Inventory in excess of 75 percent of Working Capacity within the next seven (7) Days or aggravate a Working Capacity condition which is already above such inventory level.</p> <p><b>C. Penalty Charges</b></p> <p>1. Carrier is subject to the payment of a penalty, "Penalty Charge", of twenty (20) cents per Day per Barrel on each gross (including sediment and water) Barrel by which Carrier's Working Inventory exceeds Carrier's Working Capacity if, at the beginning of any Day, Working Inventory equals or exceeds 75 percent of Working Capacity.</p> <p>The number of Barrels subject to penalty is reduced by:</p> <p>a. the number of Barrels 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 the Prince William Sound or Valdez Arm is closed to</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
7.	(Continued)  Scheduling and Use of Terminal and Penalty Provisions	<p>shipping due to an event or condition not within the control of the Owner incurring the penalty, and</p> <p>b. by the number of Barrels scheduled to be lifted by a vessel which has docked but is unable to lift at the beginning of any Day (i) due to any act or omission of Operator or (ii) due to any local event or condition of general application not within the control of Operator, the Owner scheduling such vessel (on behalf of a Shipper) or any person responsible for the operation or control of such vessel which act, omission, event or condition prevents all vessels from loading.</p> <p>2. For each Day that Carrier is subject to a Penalty Charge as referred to in C.1. above, the Penalty Charge will be allocated to and charged proportionately to each Excess Shipper. The proportion shall be the ratio of the Excess Shipper's net Barrels at the beginning of each Day (0001 hours) bears to the total net Barrels of all other Excess Shippers. 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 Operator 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 Operator (which specified departure time shall not be earlier than the end of such 24-hour or 30-hour period, not earlier than four (4) hours after Operator transmits such notice to the vessel), the Shipper scheduling such vessel shall thereafter pay a penalty of two thousand dollars (\$2,000) for each hour or part thereof such vessel remains at the dock, while such dock is required to load another vessel which has established an Actual Arrival Time.</p> <p>Any delay due to:</p> <p>a. any act or omission of Operator, or</p> <p>b. a local event or condition of general application (except mechanical equipment malfunction of the vessel) not within the control of Operator, the Owner scheduling the vessel or any other person responsible for the operation or control of such vessel which act, event or condition prevents the vessel from vacating the docks shall be added to the time until a vessel is required to vacate the dock.</p> <p>3. If, at the beginning of any Day, Shipper has in the Working Inventory of Carrier at Valdez Terminal a quantity of Petroleum that has remained in Carrier's Working Inventory for more than 25 days, Carrier will impose a "Storage Fee" of twenty (20) cents per Day per Barrel on each net Barrel (excluding sediment and water) until the Petroleum is lifted; provided, however, that the Storage Fee shall not be imposed on any Barrel that is already subject to the Penalty Charge under C.1. above on such Day. For purposes of this item, a quantity of Petroleum shall be deemed to have remained in Carrier's Working Inventory for more than twenty-five (25) Days if there have been no liftings by Shipper during such 25 Day period or if the quantity lifted by Shipper</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
7.	(Continued)  Scheduling and Use of Terminal  And Penalty Provisions	<p>during such period is less than the quantity in Carrier's Working Inventory at the beginning of such period.</p> <p>D. Intrasystem Transfers  Intrasystem transfers of custody or ownership of Petroleum will not be permitted.</p> <p>E. Penalties for Non-Compliant Nominations, Tender or Delivery</p> <ol style="list-style-type: none"> <li>1. A Shipper must nominate and tender all Petroleum bound for ultimate intrastate destination and use as an intrastate shipment in accordance with Item No. 4. III.</li> <li>2. For all intrastate shipments moved by vessel from the Port of Valdez to an intrastate destination, Shipper must provide Carrier with a copy of the independent gauger's report for the vessel documenting such intrastate shipment, including the total volume delivered, the volume delivered that was shipped on Carrier, and the port of destination within thirty (30) Days after the lifting of such Petroleum at the Port of Valdez. In the event a Shipper fails to provide such documentation validating the intrastate delivery of the tendered and certified Petroleum within 30 days of the lifting of such Petroleum at the Port of Valdez, Shipper shall be charged a rate equal to the applicable interstate tariff for such shipment.</li> <li>3. If a shipment was nominated and accepted for interstate delivery and the Shipper changes the ultimate destination to an in-state location and provides the required certification to Carrier, Shipper shall be charged the applicable intrastate tariff, plus a thousand dollar (\$1,000) penalty for that portion of the total volume that should have been nominated and accepted as an intrastate shipment under Item 4.III.A.1 had it been properly identified as an intrastate shipment in the initial nomination and certification. The remainder of the shipment shall be charged the applicable interstate tariff it was initially nominated under.</li> <li>4. If a shipment was nominated and accepted for intrastate delivery and the Shipper either (1) fails to provide the certification required in Item 4.III or (2) changes the ultimate destination to an interstate location and provides the required certification to Carrier, Shipper shall be charged the applicable interstate tariff for such shipment, plus a \$1,000 penalty.</li> </ol>
8.	Minimum Delivery	Carrier will not make a delivery of less than 1,000 Barrels of any Petroleum at any destination point on its Pipeline except when necessitated by dispatching contingencies.
9.	Measurement	The volume of Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by tank gauges and computations made from correctly compiled tank tables. Corrections will be made for temperature from observed

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
9.	(Continued)  Measurement	degrees Fahrenheit to sixty (60) degrees Fahrenheit. Carrier will deduct the full measured amount of basic sediment, water and other impurities as the distillation or other test may indicate. Shipper and Consignee shall have the privilege of being present or represented during measuring and testing of shipments by Carrier.
10.	Delivery Adjustments	Any overage or shortage resulting from shrinkage, evaporation, topping plant extractions of fuel requirements for pumping stations and other normal operating losses will be credited to or charged to, and allocated equitably among the Shippers. Accounting for such overages and shortages will initially be made on the basis of estimates and adjusted to actual at the end of each calendar Month on a calendar year-to-date basis in the proportion that the 100-Barrel Mile Deliveries for each Shipper for the Month bears to the total of such 100-Barrel Mile Deliveries by Carrier during the Month. Only such portion of a Shipper's Petroleum as may remain after deduction of its allocated part of such net overages and shortages shall be deliverable from the System.
11.	Applicability of Rates, Charges, Rules and Regulations	The rates and charges which shall apply to the transportation of Petroleum shall be those in effect on the date Petroleum is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of Petroleum shall be the rules and regulations in effect on the date Petroleum is received by Carrier for transportation.
12.	Vessel Requirements	All vessels scheduled by each Shipper must comply, and the party responsible for vessel operation must comply, with the Port Information Manual.
13.	Liability for Charges and Quality Adjustments	<p>The Shipper and Consignee shall be jointly and severally liable for payment of all transportation charges, fees, interest, penalties in Item No. 7, late charges, Quality Adjustments and other assessments as provided in the Quality Bank Agreement, and other lawful charges (collectively, the "Charges") on Petroleum delivered by Carrier to Shipper or Consignee.</p> <p>Carrier will bill Shipper for transportation for each load promptly following the loading of the vessel. Any applicable penalties under Item 7 shall be billed at the time of initial billing, if known, or as a separate billing if the applicability of such penalties can not be determined at the time of the initial billing. If Carrier does not receive full payment of assessed charges within ten (10) Days after the date thereof, then Shipper and Consignee will become liable for payment to Carrier of a late charge at an annual interest rate equivalent to 125 percent of the prime rate of interest charged by Citibank N.A. of New York, New York, on ninety (90) Day loans to substantial and responsible commercial borrowers as of the due date, or the maximum rate allowed by the law, whichever is less. Such late charges shall accrue from the date of such bill until payment is made.</p> <p>Carrier reserves the right to require appropriate proof of financial responsibility from a Shipper or Prospective Shipper to assure Shipper's ability to meet Charges prior to acceptance of tender of shipment. In addition, Carrier</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
13.	(Continued)  Liability for Charges and Quality Adjustments	<p>reserves the right to require any Shipper to pay applicable Charges and fees before delivery of Shipper's Petroleum at destination.</p> <p>Carrier shall have a lien on all Petroleum upon its receipt by Carrier to secure the payment of any and all Charges. Carrier may withhold from delivery any Petroleum of Shipper or Consignee in Carrier's custody until all Charges owed Carrier, or paid by Carrier on behalf of Shipper, have been paid by Shipper or Consignee. Carrier may enforce such lien by any manner referred to in, or consistent with, Alaska Statutes section 45.07.308, provided that Carrier's sale of such Petroleum to another Shipper of Carrier or any other person, after ten (10) Days prior notice to Shipper and the solicitation of three (3) bids thereon, shall be commercially responsible.</p>
14.	Liability for Loss	<p>Carrier will not be liable for failure to receive or deliver Petroleum or any loss of Petroleum while in the possession of Carrier, or for any delay in receiving or delivering Petroleum, if caused in whole or in part by an Act of God, weather, the public enemy, acts of third parties, quarantine, the authority of law, strikes, riots, the act or default of Shipper or Consignee, requisition or other action by any government or governmental agency, or any other conditions not within control of Carrier.</p> <p>If such loss of Petroleum occurs, then each Shipper of Petroleum so lost shall share such loss in the proportion that the amount of such Petroleum then in the custody of Carrier for the account of such Shipper bears to the total amount of Petroleum then in the custody of Carrier.</p> <p>Carrier will be obligated to deliver only that portion of Petroleum remaining after deducting such loss and delivery adjustments (Item 10). Transportation and other Charges will be made only on quantities of Petroleum delivered.</p>
15.	Time Limitation of Claims	<p>As a condition precedent to recovery for loss or delay, claims must be filed in writing with 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 may be instituted against the Carrier only within two (2) years and one (1) Day from the Day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any parts thereof specified in the notice. Where claims are not filed or suits not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.</p>
16.	Use of Excess Capacity of Communications Facilities	<p>If there is excess communications capacity over and above the needs of the Carrier, Shippers may use Carrier's private communications facilities without additional charge for messages incident to their shipments. Carrier will not be liable for non-delivery of messages, errors or delays in transmission, or interruption of the service.</p>
17.	System Liability Fund	<p>The Trans Alaska Pipeline Authorization Act requires the System to maintain a "Liability Fund" for the purpose of having money readily available for damages</p>

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
17.	(Continued)  System Liability Fund	and cleanup costs in the event of Petroleum discharges from a vessel loaded at Valdez Terminal. Carrier is required to collect five (5) cents per Barrel for each Barrel delivered to maintain its share of the Liability Fund. Carrier will collect from each Shipper five (5) cents per Barrel for each Barrel delivered from its Pipeline on a vessel at Valdez, Alaska. Carrier will not collect from Shippers the additional five (5) cents per Barrel if at any time Carrier is not required to pay the added charge.
18.	Rates Applicable from and to Intermediate Points	<p>Petroleum received from a point on the System which is not named in any rate tariffs making reference to this tariff but which point is intermediate to a point from which rates are published in any rate tariffs making references to this tariff, will be assessed the rate in effect from the next more-distant point published in any rate tariff making reference to this tariff.</p> <p>Petroleum delivered to a point on the System which is not named in any rate tariffs making reference to this tariff but which point is intermediate to a point to which rates are published in any rate tariffs making reference to this tariff, will be assessed the rate in effect to the next more-distant point published in any rate tariff making reference to this tariff.</p>
19.	In Transit Shipments	<p>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:</p> <ol style="list-style-type: none"> <li>1. The applicable rate from the initial point of origin of the shipment to Valdez, Alaska shall be paid upon withdrawal of such Petroleum from the System or in advance thereof as required under Item 13.</li> <li>2. The timing of redelivery of Petroleum for further transportation to Valdez, Alaska shall be such that the further transportation of Petroleum occupies but does not exceed the space vacated in Carrier's portion of the System by withdrawal of the Petroleum by the same Shipper under this tariff.</li> <li>3. Custody and possession of the Petroleum upon withdrawal shall be that of the Shipper, not the Carrier.</li> <li>4. 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.</li> </ol>
20.	Additives	Carrier reserves the right to inject or approve the injection of corrosion inhibitors, viscosity or pour point depressants, and drag reducing additives in the Petroleum to be transported.
21.	Liability for Non-Compliance with Tariff	Any Shipper or Consignee who does any act or permits any act to be done which violates the terms of this tariff shall be liable to Carrier for all loss, damage, or injury caused thereby or resulting therefrom.

## RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
22.	Connections to The Trans Alaska Pipeline System	Connections to the System will be allowed in accordance with laws and 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 the Trans Alaska Pipeline System Connection Guidelines. A copy of such Guidelines will be available on request to Carrier.
23.	Base Inventory Re Requirement	Carrier will require each Shipper to supply its pro rata share of Base Inventory. Changes to pro rata share will be phased up or down over seven (7) days (1/7 <sup>th</sup> per day). Inventory cannot be lifted until the base requirement is met.  Petroleum provided by a Shipper for this purpose may be withdrawn from the System only with the prior approval of Carrier. The Carrier has the option to withhold delivery of line fill pending resolution of outstanding line fill related issues.