

# Vinson&Elkins

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July 18, 2006

## **OIL PIPELINE FILING**

Docket Numbers

IS06-466-00\_ (BP)

IS06-467-00\_ (ConocoPhillips)

IS06-468-00\_ (ExxonMobil)

IS06-469-00\_ (Koch)

IS06-470-00\_ (Unocal)

Magalie Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Supplement No. 1 to BP Pipelines (Alaska) Inc. F.E.R.C. No. 33 (BP)  
Supplement No. 1 to ConocoPhillips Transportation Alaska, Inc. F.E.R.C. No. 10 (ConocoPhillips)  
Supplement No. 1 to ExxonMobil Pipeline Company F.E.R.C. No. 274 (ExxonMobil)  
Supplement No. 1 to Koch Alaska Pipeline Company, L.L.C. F.E.R.C. No. 7 (Koch)  
Supplement No. 1 to Unocal Pipeline Company Supplement F.E.R.C. No. 285 (Unocal)

Dear Ms. Salas:

Enclosed for filing are three copies of each of the following identical tariffs issued July 18, 2006 to be effective November 1, 2005:

Supplement No. 1 to BP Pipelines (Alaska) Inc. F.E.R.C. No. 33  
Supplement No. 1 to ConocoPhillips Transportation Alaska, Inc. F.E.R.C. No. 10  
Supplement No. 1 to ExxonMobil Pipeline Company F.E.R.C. No. 274  
Supplement No. 1 to Koch Alaska Pipeline Company, L.L.C. F.E.R.C. No. 7  
Supplement No. 1 to Unocal Pipeline Company F.E.R.C. No. 285

The companies issuing these tariffs are collectively referred to herein as the TAPS Carriers.

This supplement is filed to correct Attachment 2 in each of the referenced tariffs. There are two versions of Attachment 2 in each tariff, corresponding to the periods from

November 2005 through January 2006 and February 2006 forward. In checking the application of the revised Quality Bank software designed to incorporate the new methodology adopted by the Commissions, the Quality Bank Administrator discovered that several of the processing adjustments shown in the tariff were off by very minor amounts due to differences in rounding. He also discovered a minor error in the Gulf Coast Resid processing adjustments. This filing corrects those errors.

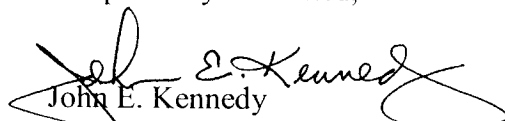
Although the enclosed tariff uses the symbol [U] for "Unchanged rate" in Attachment 2A, the figure following that symbol is not, in fact, a rate, but an adjustment to a reference price used in the Quality Bank methodology.

Pursuant to 18 C.F.R. § 343.3 of the Commission's regulations, each of the TAPS Carriers other than Koch Alaska Pipeline Company, L.L.C. hereby requests that any protest to its enclosed filing be telefaxed at the time it is filed to its counsel, John E. Kennedy, at the following telefax number: 713.615.5273. Koch Alaska Pipeline Company, L.L.C. requests that any protest to its enclosed filing be telefaxed to its counsel, John B. Rudolph, at the following telefax number: 202.973.1212.

I hereby certify that on or before this day a copy of the enclosed tariffs has been sent to each subscriber on the subscriber list of the appropriate TAPS Carrier by first class mail or other agreed-upon means of transmission.

Any questions regarding the accompanying tariff should be addressed to John E. Kennedy at 713.758.2550.

Respectfully submitted,

  
John E. Kennedy  
Counsel for BP Pipelines (Alaska) Inc.,  
ConocoPhillips Transportation Alaska, Inc.,  
ExxonMobil Pipeline Company, and  
Unocal Pipeline Company

HAND DELIVERED AND RECEIPT REQUESTED

Enclosures

## **CORRECTION SUPPLEMENT**

Supplement No. 1 to F.E.R.C. No. 33 (BP)  
(corrects F.E.R.C. No. 33)  
Supplement No. 1 to F.E.R.C. No. 10 (ConocoPhillips)  
(corrects F.E.R.C. No. 10)  
Supplement No. 1 to F.E.R.C. No. 274 (ExxonMobil)  
(corrects F.E.R.C. No. 274)  
Supplement No. 1 to F.E.R.C. No. 7 (Koch)  
(corrects F.E.R.C. No. 7)  
Supplement No. 1 to F.E.R.C. No. 285 (Unocal)  
(corrects F.E.R.C. No. 285)

**BP PIPELINES (ALASKA) INC. (BP)**  
**CONOCOPHILLIPS TRANSPORTATION ALASKA, INC. (CONOCOPHILLIPS)**  
**EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)**  
**KOCH ALASKA PIPELINE COMPANY, L.L.C. (KOCH)**  
**UNOCAL PIPELINE COMPANY (UNOCAL)**

### **LOCAL PIPELINE TARIFF**

#### **CONTAINING THE TAPS QUALITY BANK METHODOLOGY**

#### **GENERAL APPLICATION**

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

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#### **NOTE THE FOLLOWING CORRECTIONS**

Changes in the adjustments to the reference prices for Gulf Coast Heavy Distillate, West Coast Heavy Distillate (11-1-05 through 1-31-06 only), and Gulf Coast and West Coast Resid.

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#### **NOTICES**

This tariff is issued in part to comply with the orders issued by the Federal Energy Regulatory Commission in *Trans Alaska Pipeline System*, 113 FERC ¶ 61,062 (2005) (Opinion No. 481); 114 FERC ¶ 61,323 (2006) (Opinion No. 481-A); 115 FERC ¶ 61,287 (2006) (Opinion No. 481-B), and with the orders issued by the Regulatory Commission of Alaska ("RCA") in *In re Formal Complaint of Tesoro Alaska Petroleum Co.*, P-89-1(104)/P-89-2(98)/P-94-4(37)/P-96-6(24)/P-98-9(16)/P-99-12(19) (2005); P-89-1(109)/P-89-2(103)/P-94-4(42)/P-96-6(29)/P-98-9(21)/P-99-12(24) (2006); P-89-1(111)/P-89-2(105)/P-94-4(44)/P-96-6(31)/P-98-9 (23)/P-99-12(26) (2006). Opinion 481-A (adopted by the RCA in Order P-89-1(109)) directs that the effective date for the new methodology is November 1, 2005. Opinion 481-A P 23.

For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 26 (BP), F.E.R.C. No. 9 (ConocoPhillips), F.E.R.C. No. 228 (ExxonMobil), F.E.R.C. No. 2 (Koch), F.E.R.C. No. 189 (Unocal), supplements thereto and reissues thereof.

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

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ISSUED JULY 18, 2006

EFFECTIVE NOVEMBER 1, 2005

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**ISSUED BY**

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**ATTACHMENT 2A CORRECTS AND CANCELS ATTACHMENT 2**

**ATTACHMENT 2A**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective from 11/1/05 through 1/31/06**

**PROPANE (C<sub>3</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Propane.	OPIS's (weekly) Los Angeles delivered spot quote for Propane.

**ISOBUTANE (iC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Isobutane.	OPIS's (weekly) Los Angeles delivered spot quote for Isobutane.

**NORMAL BUTANE (nC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Normal Butane.	OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane.

**LIGHT STRAIGHT RUN (C<sub>5</sub> – 175°F)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Natural Non-Dynergy.	OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline.

**NAPHTHA (175° – 350°F)**

United States Gulf Coast	United States West Coast
Arithmetic average of (1) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha and (2) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha Barge.	See Attachment 2, page 3.[W]

**ATTACHMENT 2A**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective from 11/1/05 through 1/31/06**

**LIGHT DISTILLATE (350° - 450°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.5774[D] cents per gallon.	Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.5774[D] cents per gallon.

**HEAVY DISTILLATE (450° - 650°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 2.3091[D] cents per gallon.	Platt's U.S. West Coast spot quote for Los Angeles Pipeline LS (EPA) Diesel less 5.9056[I] cents per gallon.[W]

**GAS OIL (650° - 1050°F)**

United States Gulf Coast	United States West Coast
OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO.	OPIS's (weekly) U.S. West Coast (Los Angeles basis) spot quote for High Sulfur VGO.[W]

**RESID (1050°F and Over)**

United States Gulf Coast	United States West Coast
See Attachment 2, page 4.[W]	See Attachment 2, page 5.[W]

Explanation of symbols:      [D] Decrease  
    [I] Increase  
    [W] Change in wording only

## ATTACHMENT 2A

### U.S. WEST COAST NAPHTHA COMPONENT UNIT VALUE PRICING BASIS

Effective from 11/1/05 through 1/31/06

West Coast Naphtha Component Value, \$ per Barrel =  $0.631 \times \text{Gasoline Price} + 0.358 \times \text{Jet Fuel Price} - 1.415$

Where:

Gasoline Price – Platt’s West Coast Waterborne Unleaded 87, \$ per Barrel

Jet Fuel Price – Platt’s West Coast Waterborne Jet Fuel, \$ per Barrel

The prices used are the monthly average of the daily high and low prices.

The three constants in the equation were derived from a dual variable regression analysis of Platt’s Gulf Coast monthly average prices for waterborne Naphtha<sup>(1)</sup>, unleaded 87 Gasoline, and Jet/Kero 54 over the 10-year period January, 1995 through December, 2004. The Quality Bank Administrator will recompute the constants in the regression equation whenever circumstances require, but not less than once each year.

- (1) Through February 2003 – WB Naphtha  
March 1, 2003 – August 16, 2003 – WB Heavy Naphtha  
Beginning August 17, 2003 – Average WB Heavy Naphtha & Heavy Naphtha Barge

## ATTACHMENT 2A

### U.S. GULF COAST RESID COMPONENT UNIT VALUE PRICING BASIS

Effective from 11/1/05 through 1/31/06

Resid Component Value, \$ per Barrel =

	(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x	QB Isobutane Value, \$/Bbl.
+	(0.0264)	x	QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x	QB LSR Value, \$/Bbl.
+	(0.1008)	x	QB Naphtha Value, \$/Bbl.
+	(0.2046)	x	QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x	QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x	Coke Price <sup>(1)</sup> - \$5.00
+	(0.2989)	x	Natural Gas Price <sup>(2)</sup>
-	7.9240 <sup>(3)</sup>		

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for Gulf Coast high sulfur petroleum coke, >50 HGI, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly Henry Hub natural gas spot price quote from *Natural Gas Week*, monthly weighted averages, \$ per MMBtu.
- (3) Gulf Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

## ATTACHMENT 2A

### U.S. WEST COAST RESID COMPONENT UNIT VALUE PRICING BASIS

Effective from 11/1/05 through 1/31/06

Resid Component Value, \$ per Barrel =

	(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x	QB Isobutane Value, \$/Bbl.
+	(0.0264)	x	QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x	QB LSR Value, \$/Bbl.
+	(0.1008)	x	QB Naphtha Value, \$/Bbl.
+	(0.2046)	x	QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x	QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x	Coke Price <sup>(1)</sup> - \$8.75
+	(0.2989)	x	Natural Gas Price <sup>(2)</sup> + \$0.15
-	9.6974 <sup>(3)</sup>		

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for West Coast low sulfur petroleum coke, >2% Sulfur, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly California natural gas spot price quote from *Natural Gas Week*, gas price trends, (south, delivered to pipeline), \$ per MMBtu.
- (3) West Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

## ATTACHMENT 2A

### COKER PRODUCT YIELD MULTIPLIERS 68 DEGREE F C5 CUT POINT (1)

Effective from 11/1/05 through 1/31/06

<u>Product</u>	<u>Base Yield (per Bbl.)<sup>1</sup></u>	<u>Yield Impact per +1% MCR (per Bbl.)</u>	<u>Yield Impact per +1 °API (per Bbl.)</u>	<u>Yield Impact per +1% Sulfur (per Bbl.)</u>	<u>Revised Product Yield (per Bbl.)</u>
Propane	0.0348	0.0000	0.0000	0.0000	0.0348
Isobutane	0.0040	0.0000	0.0000	0.0000	0.0040
Normal Butane	0.0264	0.0000	0.0000	0.0000	0.0264
LSR	0.0609	0.0014	0.0008	-0.0003	0.0616
Naphtha	0.0996	0.0023	0.0013	-0.0005	0.1008
Heavy Distillate	0.2080	-0.0078	-0.0039	-0.0013	0.2046
Gas Oil	0.2989	-0.0134	-0.0067	-0.0019	0.2929
Coke	0.0618	0.0030	0.0015	-0.0003	0.0631
Fuel Gas	0.2989	0.0000	0.0000	0.0000	0.2989

	<u>Base</u>	<u>Caleb Brett 2001 Assay</u>
MCR, %	23.00	23.1
°API	5.50	6.2
SULFUR, %	2.50	2.47

<sup>1</sup> From EMT-197 revised to use 68°F cut point for C<sup>5+</sup>

**ATTACHMENT 2A CORRECTS AND CANCELS ATTACHMENT 2**

**ATTACHMENT 2A**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 2/1/06**

**PROPANE (C<sub>3</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Propane.	OPIS's (weekly) Los Angeles delivered spot quote for Propane.

**ISOBUTANE (iC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Isobutane.	OPIS's (weekly) Los Angeles delivered spot quote for Isobutane.

**NORMAL BUTANE (nC<sub>4</sub>)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Normal Butane.	OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane.

**LIGHT STRAIGHT RUN (C<sub>5</sub> – 175°F)**

United States Gulf Coast	United States West Coast
Platt's Mt. Belvieu, TX spot quote for Natural Non-Targa.[W]	OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline.

**NAPHTHA (175° – 350°F)**

United States Gulf Coast	United States West Coast
Arithmetic average of (1) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha and (2) Platt's U.S. Gulf Coast spot quote for Waterborne Heavy Naphtha Barge.	See Attachment 2, page 3.[W]

**ATTACHMENT 2A CORRECTS AND CANCELS ATTACHMENT 2**

**ATTACHMENT 2A**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 2/1/06**

**LIGHT DISTILLATE (350° - 450°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.6287[U] cents per gallon.	Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.6287[U] cents per gallon.

**HEAVY DISTILLATE (450° - 650°F)**

United States Gulf Coast	United States West Coast
Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 2.5142[U] cents per gallon.	Platt's U.S. West Coast spot quote for Los Angeles Pipeline LS (EPA) Diesel less 6.4302[I] cents per gallon.[W]

**GAS OIL (650° - 1050°F)**

United States Gulf Coast	United States West Coast
OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO.	OPIS's (weekly) U.S. West Coast (Los Angeles basis) spot quote for High Sulfur VGO.[W]

**RESID (1050°F and Over)**

United States Gulf Coast	United States West Coast
See Attachment 2, page 4.[W]	See Attachment 2, page 5.[W]

Explanation of symbols:

- [I] Increase
- [U] Unchanged rate (adjustment)
- [W] Change in wording only

## ATTACHMENT 2A

### U.S. WEST COAST NAPHTHA COMPONENT UNIT VALUE PRICING BASIS

Effective 2/1/06

West Coast Naphtha Component Value, \$ per Barrel =  $0.733 \times \text{Gasoline Price} + 0.207 \times \text{Jet Fuel Price} - 0.132$

Where:

Gasoline Price – Platt’s West Coast Waterborne Unleaded 87, \$ per Barrel

Jet Fuel Price – Platt’s West Coast Waterborne Jet Fuel, \$ per Barrel

The prices used are the monthly average of the daily high and low prices.

The three constants in the equation were derived from a dual variable regression analysis of Platt’s Gulf Coast monthly average prices for waterborne Naphtha <sup>(1)</sup>, unleaded 87 Gasoline, and Jet/Kero 54 over the 10-year period January, 1996 through December, 2005. The Quality Bank Administrator will recompute the constants in the regression equation whenever circumstances require, but not less than once each year.

- (1) Through February 2003 – WB Naphtha  
March 1, 2003 – August 16, 2003 – WB Heavy Naphtha  
Beginning August 17, 2003 – Average WB Heavy Naphtha & Heavy Naphtha Barge

**ATTACHMENT 2A**

**U.S. GULF COAST RESID  
COMPONENT UNIT VALUE PRICING BASIS**

**Effective 2/1/06**

Resid Component Value, \$ per Barrel =

(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x QB Isobutane Value, \$/Bbl.
+	(0.0264)	x QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x QB LSR Value, \$/Bbl.
+	(0.1008)	x QB Naphtha Value, \$/Bbl.
+	(0.2046)	x QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x Coke Price <sup>(1)</sup> - \$5.00
+	(0.2989)	x Natural Gas Price <sup>(2)</sup>
-	8.6279 <sup>(3)</sup>	

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for Gulf Coast high sulfur petroleum coke, >50 HGI, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly Henry Hub natural gas spot price quote from *Natural Gas Week*, monthly weighted averages, \$ per MMBtu.
- (3) Gulf Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

## ATTACHMENT 2A

### U.S. WEST COAST RESID COMPONENT UNIT VALUE PRICING BASIS

Effective 2/1/06

Resid Component Value, \$ per Barrel =

	(0.0348)	x	QB Propane Value, \$/Bbl.
+	(0.0040)	x	QB Isobutane Value, \$/Bbl.
+	(0.0264)	x	QB Normal Butane Value, \$/Bbl.
+	(0.0616)	x	QB LSR Value, \$/Bbl.
+	(0.1008)	x	QB Naphtha Value, \$/Bbl.
+	(0.2046)	x	QB Heavy Distillate Value, \$/Bbl.
+	(0.2929)	x	QB Gas Oil Value, \$/Bbl.
+	(0.0631)	x	Coke Price <sup>(1)</sup> - \$8.75
+	(0.2989)	x	Natural Gas Price <sup>(2)</sup> + \$0.15
-	10.5588 <sup>(3)</sup>		

- (1) Monthly price quoted in *Pace Petroleum Coke Quarterly* for West Coast low sulfur petroleum coke, >2% Sulfur, mid point price, \$ per metric ton, converted to \$ per short ton.
- (2) Monthly California natural gas spot price quote from *Natural Gas Week*, gas price trends, (south, delivered to pipeline), \$ per MMBtu.
- (3) West Coast coker and coker product treatment costs, including capital recovery, \$ per Barrel.

ATTACHMENT 2A

**COKER PRODUCT YIELD MULTIPLIERS  
68 DEGREE F C5 CUT POINT (1)**

Effective 2/1/06

<u>Product</u>	<u>Base Yield (per Bbl.)<sup>1</sup></u>	<u>Yield Impact per +1% MCR (per Bbl.)</u>	<u>Yield Impact per +1 °API (per Bbl.)</u>	<u>Yield Impact per +1% Sulfur (per Bbl.)</u>	<u>Revised Product Yield (per Bbl.)</u>
Propane	0.0348	0.0000	0.0000	0.0000	0.0348
Isobutane	0.0040	0.0000	0.0000	0.0000	0.0040
Normal Butane	0.0264	0.0000	0.0000	0.0000	0.0264
LSR	0.0609	0.0014	0.0008	-0.0003	0.0616
Naphtha	0.0996	0.0023	0.0013	-0.0005	0.1008
Heavy Distillate	0.2080	-0.0078	-0.0039	-0.0013	0.2046
Gas Oil	0.2989	-0.0134	-0.0067	-0.0019	0.2929
Coke	0.0618	0.0030	0.0015	-0.0003	0.0631
Fuel Gas	0.2989	0.0000	0.0000	0.0000	0.2989

	<u>Base</u>	<u>Caleb Brett 2001 Assay</u>
MCR, %	23.00	23.1
°API	5.50	6.2
SULFUR, %	2.50	2.47

<sup>1</sup> From EMT-197 revised to use 68°F cut point for C<sup>5+</sup>