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OF COUNSEL  
MARGARET S. JONES

January 19, 2007

Regulatory Commission of Alaska  
701 West 8<sup>th</sup> Avenue, Suite 300  
Anchorage, Alaska 99501

Re: TAPS Quality Bank  
BP Pipelines (Alaska) Inc. Tariff Advice No. TL118-311  
ConocoPhillips Transportation Alaska, Inc. Tariff Advice No. TL122-301  
ExxonMobil Pipeline Company Tariff Advice No. TL131-304  
Koch Alaska Pipeline Company, L.L.C. Tariff Advice No. TL116-308  
Unocal Pipeline Company Tariff Advice No. TL108-312

Dear Commissioners:

This tariff advice refers to the Local Pipeline Tariff containing the TAPS Quality Bank Methodology for each of the five TAPS Carriers, issued January 19, 2007, with an effective date of February 1, 2007. The Local Pipeline Tariff is being filed today at the Federal Energy Regulatory Commission ("FERC") and with this Commission.

This tariff filing is being made to comply with orders issued by the FERC 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 orders issued by this Commission 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). The changes to the TAPS Carriers' Tariff Rules and Regulations containing the TAPS Quality Bank methodology are effective as of February 1, 2007, pursuant to these orders.

This tariff filing is accompanied by the filing submitted on behalf of the TAPS Carriers by John E. Kennedy to the FERC. Each of the five TAPS Carriers will serve a copy of the Local Pipeline Tariff upon each of its intrastate and interstate shippers.

Regulatory Commission of Alaska  
January 19, 2007  
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On behalf of the TAPS Carriers, we request that the Commission Staff validate and return a copy of this filing to each of the TAPS Carriers.

Very truly yours,

GUESS & RUDD P.C.

A handwritten signature in black ink, appearing to read "Louis R. Veerman". The signature is written in a cursive style with a large, sweeping initial "L".

Louis R. Veerman

LRV:jmh:F:\DATA\3482\8\Tariff Filings\Quality Bank Tariff 1-19-07.doc

Enclosure

cc: John E. Kennedy (w/encl.)

# Vinson&Elkins

John E. Kennedy jkennedy@velaw.com  
Tel 713.758.2550 Fax 713.615.5273

January 19, 2007

## OIL PIPELINE FILING SPECIAL PERMISSION REQUESTED

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

Re: BP Pipelines (Alaska) Inc. Supplement No. 2 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 2 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 2 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 2 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 2 to F.E.R.C. No. 285

Dear Ms. Salas:

Enclosed for filing are three copies of each of the following identical tariffs:

BP Pipelines (Alaska) Inc. Supplement No. 2 to F.E.R.C. No. 33  
ConocoPhillips Transportation Alaska, Inc. Supplement No. 2 to F.E.R.C. No. 10  
ExxonMobil Pipeline Company Supplement No. 2 to F.E.R.C. No. 274  
Koch Alaska Pipeline Company, L.L.C. Supplement No. 2 to F.E.R.C. No. 7  
Unocal Pipeline Company Supplement No. 2 to F.E.R.C. No. 285

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

These tariffs are 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)/P96-6(24)/P-98-9(16)/P-99-12(19) (2005); P-89-1(109)/P89-2(103)/P-

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94-4(42)/P-96-6(29)/P98-9(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). One of the terms of the methodology approved by the Commission and the RCA is embodied in Item III.G.6. of the tariffs to which the enclosed tariffs are supplements. It requires that the adjustments to the reference prices for Light Distillate, Heavy Distillate and Resid in Attachment 2 to the tariffs be revised each year in accordance with a specified formula.

The enclosed tariffs are filed in compliance with the foregoing orders of this Commission and the RCA and Item III.G.6. of the tariffs. Attachment 2B reflects revised adjustments to the reference prices for the Light Distillate, Heavy Distillate and Resid components for the year 2007 calculated in accordance with the method prescribed in Item III.G.6. A table showing the calculation is attached as Exhibit A.

Likewise, in accordance with the foregoing orders of this Commission and the RCA the Naphtha component on the West Coast is valued using a formula shown in Attachment 2B page 3. The coefficients in this formula are recomputed whenever circumstances require, but not less often than annually, using a regression analysis of prices for gasoline, jet fuel, and naphtha on the Gulf Coast. The result of the regression analysis used to derive the coefficients for the period February 2007 through January 2008 is shown in Exhibit B along with the data for the 10 year period 1997-2006.

Pursuant to additional orders of this Commission and the RCA,<sup>1</sup> the value to be used for Heavy Distillate on the West Coast on an interim basis is as specified in Attachment 2B. The processing adjustment is to be revised each year as shown in Exhibit A.

Although the enclosed tariff uses the symbol [U] for "Unchanged rate" in Attachment 2B, 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 Section 6(3) of the Interstate Commerce Act and 18 C.F.R. § 341.14, the TAPS Carriers request special permission for the enclosed tariffs to be effective on February 1, 2007, which is twelve days' notice. As noted above, these tariffs are filed to comply with the orders of this Commission and the RCA and Item III.G.6. of the presently

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<sup>1</sup> *BP Pipelines (Alaska) Inc.*, 116 FERC ¶ 61,291 (2006); *In re the Filing by BP Pipelines (Alaska) Inc.*, P-06-10(2) (2006).

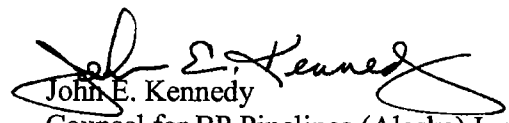
effective Quality Bank Methodology tariffs. Moreover, the data necessary to calculate the revised adjustments (from the January *Oil & Gas Journal*) is not available in time to make the required tariff filing more than 30 days prior to February 1, 2007. Because the Quality Bank adjustments are calculated on a monthly basis, it is important that the tariff revisions become effective on February 1, 2007.

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.,  
ExxonMobil Pipeline Company,  
ConocoPhillips Transportation Alaska, Inc., and  
Unocal Pipeline Company

HAND DELIVERED AND RECEIPT  
REQUESTED

Enclosures

# TAPS Quality Bank

## Index Ratio & Price Adjustments

### Effective: February, 2007

#### Nelson-Farrar Index Ratio

Index Ratio: 580.8 / 515.1 = 1.1276
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Index Date	Issue Date	Index	Index Date	Issue Date	Index
Sep-2004	2/7/2005	496.0	Sep-2005	2/6/2006	583.0
Oct-2004	3/7/2005	505.6	Oct-2005	3/6/2006	598.1
Nov-2004	4/4/2005	511.6	Nov-2005	4/3/2006	582.7
Dec-2004	5/2/2005	498.3	Dec-2005	5/1/2006	571.7
Jan-2005	6/6/2005	504.9	Jan-2006	6/5/2006	576.5
Feb-2005	7/4/2005	506.2	Feb-2006	7/3/2006	574.9
Mar-2005	8/1/2005	510.6	Mar-2006	8/7/2006	577.8
Apr-2005	9/5/2005	524.0	Apr-2006	9/4/2006	582.9
May-2005	10/3/2005	528.3	May-2006	10/2/2006	584.0
Jun-2005	11/7/2005	522.6	Jun-2006	11/6/2006	575.3
Jul-2005	12/5/2005	531.2	Jul-2006	12/4/2006	579.5
Aug-2005	1/2/2006	542.0	Aug-2006	1/1/2007	583.7
<b>Average</b>		<b>515.1</b>	<b>Average</b>		<b>580.8</b>

#### Reference Price Adjustments

(This year's Price Adjustments) = (Last year's Price Adjustments) x (Index Ratio)

	Gulf Coast		West Coast	
	(¢/Gal)	(\$/BBL)	(¢/Gal)	(\$/BBL)
<b>Light Distillate</b>				
2006	-0.6287	-0.2641	-0.6287	-0.2641
2007	-0.7089	-0.2978	-0.7089	-0.2978
<b>Heavy Distillate</b>				
2006	-2.5142	-1.0560	-10.4549	-4.3911
2007	-2.8350	-1.1907	-11.7891	-4.9514
<b>Resid</b>				
2006	N/A	-8.6279	N/A	-10.5588
2007	N/A	-9.7289	N/A	-11.9062

Quality Bank

WC Naphtha

1997-2006 Regression

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.995504778
R Square	0.991029762
Adjusted R Square	0.990876425
Standard Error	1.779125444
Observations	120

ANOVA					
	df	SS	MS	F	Significance F
Regression	2	40914.92465	20457.46232	6463.066411	1.7339E-120
Residual	117	370.3386194	3.165287346		
Total	119	41285.26327			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.714208855	0.367688291	1.942430237	0.054488111	-0.013978514	1.442396224	-0.013978514	1.442396224
X Variable 1 (Gasoline)	0.644438101	0.039529286	16.30280144	6.7732E-32	0.566152424	0.722723778	0.566152424	0.722723778
X Variable 2 (Jet Fuel)	0.270844149	0.036706871	7.378568109	2.51949E-11	0.198148117	0.343540182	0.198148117	0.343540182

Effective February 1, 2007	
Gasoline, K1	0.644
Jet Fuel, K2	0.271
Intercept, K3	0.714

**GC Naphtha, Gasoline, Jet Fuel Monthly Averages**  
**1997-2006**

	<b>X1 GC Gasoline (\$/bbl)</b>	<b>X2 GC Jet Fuel Gulf Coast (\$/bbl)</b>	<b>Y GC Naphtha (\$/bbl)</b>
<b>Jan-97</b>	28.295	28.572	27.121
<b>Feb-97</b>	26.214	26.012	24.705
<b>Mar-97</b>	25.938	23.452	24.121
<b>Apr-97</b>	24.751	22.771	21.480
<b>May-97</b>	25.783	23.083	22.943
<b>Jun-97</b>	23.408	21.955	20.695
<b>Jul-97</b>	24.887	22.546	22.818
<b>Aug-97</b>	27.493	23.523	25.053
<b>Sep-97</b>	24.005	22.775	21.293
<b>Oct-97</b>	23.219	24.022	21.228
<b>Nov-97</b>	22.339	23.150	21.338
<b>Dec-97</b>	20.964	20.792	19.857
<b>Jan-98</b>	19.514	20.029	18.493
<b>Feb-98</b>	19.091	18.889	17.400
<b>Mar-98</b>	18.148	17.330	16.351
<b>Apr-98</b>	19.693	17.875	17.730
<b>May-98</b>	20.396	17.488	16.160
<b>Jun-98</b>	18.642	16.487	15.227
<b>Jul-98</b>	17.812	16.418	15.392
<b>Aug-98</b>	15.883	15.803	13.870
<b>Sep-98</b>	17.138	17.683	15.888
<b>Oct-98</b>	17.559	17.759	15.535
<b>Nov-98</b>	14.269	15.670	13.059
<b>Dec-98</b>	12.672	12.999	11.784
<b>Jan-99</b>	13.954	14.194	12.777
<b>Feb-99</b>	12.990	13.042	11.315
<b>Mar-99</b>	17.866	15.921	15.812
<b>Apr-99</b>	21.165	18.160	16.938
<b>May-99</b>	20.423	17.438	17.945
<b>Jun-99</b>	20.592	18.638	18.447
<b>Jul-99</b>	23.908	21.705	21.938
<b>Aug-99</b>	25.603	23.852	23.856
<b>Sep-99</b>	27.280	25.913	25.340
<b>Oct-99</b>	24.973	25.080	23.760
<b>Nov-99</b>	27.725	27.838	26.463
<b>Dec-99</b>	27.555	29.588	26.455
<b>Jan-00</b>	29.389	32.721	28.505
<b>Feb-00</b>	34.409	32.910	33.584

**GC Naphtha, Gasoline, Jet Fuel Monthly Averages**  
**1997-2006**

	<b>X1 GC Gasoline (\$/bbl)</b>	<b>X2 GC Jet Fuel Gulf Coast (\$/bbl)</b>	<b>Y GC Naphtha (\$/bbl)</b>
<b>Mar-00</b>	36.207	32.634	32.749
<b>Apr-00</b>	30.961	30.234	28.311
<b>May-00</b>	37.421	31.631	33.414
<b>Jun-00</b>	40.831	33.006	36.717
<b>Jul-00</b>	34.971	33.578	31.923
<b>Aug-00</b>	35.693	37.871	34.335
<b>Sep-00</b>	38.102	42.777	36.708
<b>Oct-00</b>	37.082	41.105	36.242
<b>Nov-00</b>	36.207	43.160	35.275
<b>Dec-00</b>	30.545	36.422	30.650
<b>Jan-01</b>	36.158	36.075	35.723
<b>Feb-01</b>	35.111	34.006	31.912
<b>Mar-01</b>	32.886	31.521	30.302
<b>Apr-01</b>	40.816	32.306	36.881
<b>May-01</b>	39.034	34.478	32.051
<b>Jun-01</b>	30.925	32.410	27.370
<b>Jul-01</b>	28.345	29.963	26.563
<b>Aug-01</b>	32.819	32.141	30.706
<b>Sep-01</b>	30.614	30.309	27.474
<b>Oct-01</b>	23.783	26.122	21.598
<b>Nov-01</b>	21.131	22.822	20.270
<b>Dec-01</b>	21.492	21.649	20.166
<b>Jan-02</b>	22.7640	22.4410	20.1240
<b>Feb-02</b>	22.8524	23.2476	21.7521
<b>Mar-02</b>	30.2043	26.5965	27.4801
<b>Apr-02</b>	33.0010	28.2402	30.2309
<b>May-02</b>	31.3625	28.1701	28.8278
<b>Jun-02</b>	31.1829	27.5898	28.1074
<b>Jul-02</b>	31.9595	29.2585	29.2905
<b>Aug-02</b>	31.7668	30.5922	29.7832
<b>Sep-02</b>	33.0031	33.8063	32.3899
<b>Oct-02</b>	34.8102	33.3827	33.9958
<b>Nov-02</b>	29.3232	29.9278	26.2837
<b>Dec-02</b>	33.0040	34.2465	33.0200
<b>Jan-03</b>	37.0835	37.4475	37.5435
<b>Feb-03</b>	42.6095	44.5465	41.2446
<b>Mar-03</b>	40.6295	37.6705	38.5695
<b>Apr-03</b>	34.2430	31.4065	31.1030

**GC Naphtha, Gasoline, Jet Fuel Monthly Averages**  
**1997-2006**

	<b>X1</b> <b>GC Gasoline</b> <b>(\$/bbl)</b>	<b>X2</b> <b>GC Jet Fuel</b> <b>Gulf Coast</b> <b>(\$/bbl)</b>	<b>Y</b> <b>GC Naphtha</b> <b>(\$/bbl)</b>
<b>May-03</b>	33.2010	30.1495	30.9165
<b>Jun-03</b>	34.9545	31.6490	31.1880
<b>Jul-03</b>	37.3619	32.9280	32.8278
<b>Aug-03</b>	41.4815	34.6739	36.2005
<b>Sep-03</b>	34.1610	31.1695	31.4785
<b>Oct-03</b>	35.5713	34.6961	34.9508
<b>Nov-03</b>	34.7060	35.1213	34.7579
<b>Dec-03</b>	35.9670	37.0335	36.9840
<b>Jan-04</b>	41.5728	41.8055	42.3797
<b>Feb-04</b>	43.3739	39.4402	39.1075
<b>Mar-04</b>	46.0334	40.1114	42.9712
<b>Apr-04</b>	48.5790	41.0690	43.3375
<b>May-04</b>	56.4522	46.0766	49.1264
<b>Jun-04</b>	49.3860	43.5295	45.3055
<b>Jul-04</b>	52.1015	48.3660	47.5248
<b>Aug-04</b>	49.6369	51.7407	49.0718
<b>Sep-04</b>	52.2510	57.4615	51.9510
<b>Oct-04</b>	56.8955	64.1895	57.4870
<b>Nov-04</b>	52.2900	56.6013	52.8334
<b>Dec-04</b>	43.8570	51.5145	43.5315
<b>Jan-05</b>	52.5735	56.1188	51.5392
<b>Feb-05</b>	52.1137	56.2021	49.7040
<b>Mar-05</b>	62.6339	65.7820	60.3621
<b>Apr-05</b>	65.0320	66.2435	62.1660
<b>May-05</b>	59.4095	61.9430	58.6635
<b>Jun-05</b>	64.2118	69.6899	59.3730
<b>Jul-05</b>	67.5386	69.9725	63.9802
<b>Aug-05</b>	81.7110	78.9002	76.8518
<b>Sep-05</b>	98.6790	94.1680	86.5792
<b>Oct-05</b>	76.0105	100.4495	68.2390
<b>Nov-05</b>	61.0197	71.2310	60.4684
<b>Dec-05</b>	66.0365	72.9290	65.5140
<b>Jan-06</b>	72.0058	76.6159	70.4243
<b>Feb-06</b>	64.8916	74.0222	62.9364
<b>Mar-06</b>	77.5831	78.9038	73.7922
<b>Apr-06</b>	93.2715	87.4258	82.2957
<b>May-06</b>	88.1623	87.2111	75.3232
<b>Jun-06</b>	90.5954	87.5853	82.2231

**GC Naphtha, Gasoline, Jet Fuel Monthly Averages**  
**1997-2006**

	<b>X1</b> <b>GC Gasoline</b> <b>(\$/bbl)</b>	<b>X2</b> <b>GC Jet Fuel</b> <b>Gulf Coast</b> <b>(\$/bbl)</b>	<b>Y</b> <b>GC Naphtha</b> <b>(\$/bbl)</b>
<b>Jul-06</b>	96.8332	90.5934	85.5623
<b>Aug-06</b>	85.6165	89.5709	74.1788
<b>Sep-06</b>	65.6329	76.2878	64.3571
<b>Oct-06</b>	63.5866	73.1769	64.1545
<b>Nov-06</b>	65.8371	73.2328	64.9551
<b>Dec-06</b>	67.3328	76.2662	66.8840

Supplement No. 2 to F.E.R.C. No. 33 (BP)  
Supplement No. 2 to F.E.R.C. No. 10 (ConocoPhillips)  
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Supplement No. 2 to F.E.R.C. No. 7 (Koch)  
Supplement No. 2 to F.E.R.C. No. 285 (Unocal)

**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.

**NOTICES**

The changes noted in Attachment [W] 2B are made to comply with this Commission's Orders 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 *BP Pipelines (Alaska) Inc.*, 116 FERC ¶ 61,291 (2006), 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)/P96-6(24)/P-98-9(16)/P-99-12(19) (2005); P-89-1(109)/P89-2(103)/P-94-4(42)/P-96-6(29)/P98-9(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), and *In re the Filing by BP Pipelines (Alaska) Inc.*, P-06-10(2) (2006).

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. 12 (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.

**SPECIAL PERMISSION REQUESTED**

Issued on twelve days' notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period

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ISSUED JANUARY 19, 2007

EFFECTIVE FEBRUARY 1, 2007

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**ATTACHMENT 2B CANCELS ATTACHMENT 2A**

**ATTACHMENT 2B**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 2/1/07**

**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.	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.

**ATTACHMENT 2B CANCELS ATTACHMENT 2A**

**ATTACHMENT 2B**

**COMPONENT UNIT VALUE PRICING BASIS**

**Effective 2/1/07**

**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 0.7089[I] cents per gallon.	Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.7089[I] 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 2.8350[I] cents per gallon.	Platt's U.S. West Coast spot quote for Los Angeles Pipeline ULS[W] (EPA) Diesel less 11.7891[I] cents per gallon.

**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.

**RESID (1050°F and Over)**

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

Explanation of symbols:

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

**ATTACHMENT 2B**

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

**Effective 2/1/07**

West Coast Naphtha Component Value, \$ per Barrel = 0.644[D] x Gasoline Price  
+ 0.271[I] x Jet Fuel Price + 0.714[I]

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, 1997[W] through December, 2006[W]. 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 2B**

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

**Effective 2/1/07**

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>
-	9.7289 <sup>3</sup>	[I]	

- (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 2B

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

Effective 2/1/07

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
-	11.9062 <sup>3</sup>	[I]	

- (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 2B**

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

Effective 2/1/07

<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>