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OF COUNSEL
MARGARET S. JONES

August 31, 2009

Regulatory Commission of Alaska
701 West 8th Avenue, Suite 300
Anchorage, Alaska 99501

R.C.A.
RECEIVED
09 AUG 31 PM 12:41

Re: TAPS Quality Bank
BP Pipelines (Alaska) Inc. Tariff Advice No. TL 132-311
ConocoPhillips Transportation Alaska, Inc. Tariff Advice No. TL 138-301
ExxonMobil Pipeline Company Tariff Advice No. TL 146-304
Koch Alaska Pipeline Company, LLC Tariff Advice No. TL 133-308
Unocal Pipeline Company Tariff Advice No. TL 124-312

Dear Commissioners:

This tariff advice refers to Supplement No. 1 to the Local Pipeline Tariff containing the TAPS Quality Bank Methodology for each of the five TAPS Carriers, issued August 31, 2009, with a requested effective date of October 1, 2009. Supplement No. 1 to the Local Pipeline Tariff is being filed today at the Federal Energy Regulatory Commission ("FERC") and with this Commission.

Supplement No. 1 is being filed to comply with Section III.G.6 of the Local Pipeline Tariff, which pertains to processing cost adjustments to the prices used to value the Light Distillate, Heavy Distillate and Resid components of the TAPS Quality Bank Methodology. Changes in the Nelson-Farrar Index published in the Oil & Gas Journal necessitate this tariff revision and will require Quality Bank recalculations for the period February 2008 through July 2009 to account for changes in the processing cost adjustments resulting from the Index revision. The changes are set forth in Attachment 2 to Supplement No. 1 to the Local Pipeline Tariff containing the TAPS Quality Bank Methodology, a copy of which accompanies this tariff advice. The Quality Bank will be calculated using the corrected Nelson-Farrar Index values from August 1, 2009 forward.

The TAPS Carriers request that this tariff advice become effective on October 1, 2009.

Regulatory Commission of Alaska
August 31, 2009
Page 2

The TAPS Carriers have authorized the undersigned counsel to make this filing on their behalf.

Each of the five TAPS Carriers will serve a copy of this tariff advice upon each of its interstate and intrastate shippers.

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 initial "L".

Louis R. Veerman

Enclosure

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

Vinson & Elkins

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

August 31, 2009

OIL PIPELINE FILING

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

Re: BP Pipelines (Alaska) Inc. Supplement No. 1 to F.E.R.C. No. 37
ConocoPhillips Transportation Alaska, Inc. Supplement No. 1 to F.E.R.C. No. 14
ExxonMobil Pipeline Company Supplement No. 1 to F.E.R.C. No. 332
Koch Alaska Pipeline Company, LLC Supplement No. 1 to F.E.R.C. No. 12
Unocal Pipeline Company Supplement No. 1 to F.E.R.C. No. 299

Dear Ms. Bose:

In accordance with the provisions of the Interstate Commerce Act ("Act") and the Rules and Regulations of the Federal Energy Regulatory Commission ("Commission"), the TAPS Carriers¹ hereby submit for filing three copies of each of the following identical tariffs, to be effective October 1, 2009.

BP Pipelines (Alaska) Inc. Supplement No. 1 to F.E.R.C. No. 37
ConocoPhillips Transportation Alaska, Inc. Supplement No. 1 to F.E.R.C. No. 14
ExxonMobil Pipeline Company Supplement No. 1 to F.E.R.C. No. 332
Koch Alaska Pipeline Company, LLC Supplement No. 1 to F.E.R.C. No. 12
Unocal Pipeline Company Supplement No. 1 to F.E.R.C. No. 299

The TAPS Quality Bank Methodology² requires the TAPS Quality Bank Administrator ("QBA") to use the Nelson-Farrar Cost Index (Operating Indexes Refinery)

¹ The TAPS Carriers are the owners of the Trans. Alaska Pipeline System ("TAPS"): BP Pipelines (Alaska) Inc., ConocoPhillips Transportation Alaska, Inc., ExxonMobil Pipeline Company, Koch Alaska Pipeline Company, LLC, and Unocal Pipeline Company.

² The Commission approved the TAPS Quality Bank Methodology in *Trans Alaska Pipeline System*, 113 FERC ¶ 61,062 (2005) ("Opinion No. 481"), *Trans Alaska Pipeline System*, 114 FERC ¶ 61,323 (2006) ("Opinion No. 481-A") and *Trans Alaska Pipeline System*, 115 FERC ¶ 61,287 (2006) ("Opinion No. 481-B").

("Index") to escalate the Quality Bank's processing cost adjustments each year. The process by which the QBA performs this calculation is set forth in Section III.G.6 of each TAPS Carriers' currently effective quality bank tariff. Section III.G.6 provides:

In January of each year the adjustments to the prices used to value Light Distillate and Heavy Distillate (shown on Attachment 2 page 2) as well as the Gulf Coast and West Coast coker costs (shown on Attachment 2, pages 4 and 5) shall be revised in accordance with the changes in the Nelson-Farrar Index (Operating Indexes Refinery) published in the Oil & Gas Journal, by multiplying the adjustments or costs for the previous year by the ratio of (a) the average of the monthly indexes that are then available for the most recent 12 consecutive months to (b) the average of the monthly indexes for the previous (i.e., one year earlier) 12 consecutive months.

The QBA has determined that the publishers of the Index revised the June 2007 Index value from 613.1 to 605.4 ("Index Revision"). Copies of the pertinent pages from the *Oil and Gas Journal* documenting the Index Revision are included herewith as Exhibit A. The Index Revision causes the Quality Bank's 2008 escalation ratio to vary slightly from its previously calculated value, decreasing from 1.0166 to 1.0155. As a result, the processing cost adjustments for Light Distillate, Heavy Distillate and Resid listed in Attachment 2 (Component Unit Value Pricing Basis) of each TAPS Carriers' quality bank tariff will vary slightly from their previously reported values. Compare the original and corrected escalation ratio and processing cost adjustments in the Index Ratio & Price Adjustments Tables included herewith as Exhibit B.

The TAPS Carriers are filing Supplement No. 1 to the above listed tariffs to correct the processing cost adjustments for Light Distillate, Heavy Distillate and Resid in Attachment 2 of each TAPS Carrier's quality bank tariff. In addition, the QBA is recalculating the Quality Bank for the period February 2008 through July 2009 to account for changes in the processing cost adjustments resulting from the Index Revision.³ After the recalculations are completed, the QBA will send corrected invoices to all affected parties. The QBA will use the correct June 2007 Index value for all quality bank calculations from August 1, 2009 forward.

Pursuant to 18 C.F.R. § 343.3 of the Commission's regulations, each of the TAPS Carriers other than Koch Alaska Pipeline Company, LLC hereby requests that any protest to

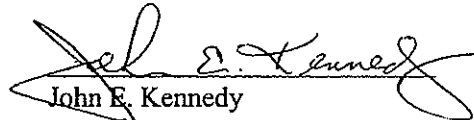
³ The QBA will also account for the Commission's recent decision in *BP Pipelines (Alaska) Inc., et al.*, 128 FERC ¶ 61,169 (2009), when recalculating processing cost adjustments.

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, LLC requests that any protest to its enclosed filing be telefaxed to its counsel, Amy L. Kornahrens, at the following telefax number: 316.828.5813.

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

from 110.9¢/gal in April. Despite the modest increase spot prices, propane's ratio vs. West Texas Intermediate declined to 70.2% in June 2007 compared with 72.9% in April 2007. These comparisons indicate that spot prices in Mont Belvieu almost kept pace with the \$3.61/bbl increase in spot WTI prices during second quarter.

With the onset of the hurricane season, WTI prices jumped sharply and averaged \$74.10/bbl in July, or \$6.65/

In most market situations, trends in crude oil prices and ethylene feedstock parity values are the dominant influences on propane prices. The spring and summer of 2007 were not exceptional until September 2007.

bbl higher than the average in June. Propane prices increased in July but did not keep pace with the strong rally in WTI prices, and the ratio weakened to

67.5%. July marked the low point for the propane/WTI ratio.

Spot propane prices in Mont Belvieu averaged 121.7¢/gal in August and 128.4¢/gal in September. Propane's ratio vs. WTI also increased to 68.9% in August but slipped slightly in September and averaged 68.1%. Trading activity in Mont Belvieu during second and third quarters 2007 ignored the mounting evidence that propane supply for winter heating would be significantly lower than during 2004-06.

Parity values

During second-quarter 2007, spot prices in Mont Belvieu averaged 113.2¢/gal and propane's feedstock parity value averaged only 112.8¢/gal. By this measure, propane prices were neutral relative to ethane and natural gasoline during second-quarter 2007. During third-quarter 2007, however, spot prices in Mont Belvieu averaged 122.3¢/gal but feedstock parity values averaged only 117.8¢/gal.

Based on this comparison, propane prices were relatively stronger during third-quarter 2007. The shift in price/value relationships during third-quarter 2007 was consistent with the emerging view of tight supplies for 2007-08 winter heating.

2007-08 winter prices

Many people in the petroleum products and petrochemicals industries expect crude oil prices to remain greater than \$80/bbl or to increase further during the 2007-08 winter heating season.

During 2001-06, propane's price ratio vs. WTI averaged 70-75% in fourth quarter. The tight supply situation and low inventory level in PADD III will support stronger propane prices relative to other ethylene feedstocks. Based on an expected propane/WTI price ratio of 75% and WTI prices at \$80/bbl, spot prices in Mont Belvieu are likely to be 135-145¢/gal during fourth-quarter 2007.

In 2006, WTI prices in fourth quarter fell by \$10/bbl vs. the average for

NELSON-FARRAR COST INDEXES

Refinery construction (1946 Basis)

(Excerpted from p. 145 of the Dec. 30, 1995 issue)

	1962	1980	2004	2005	2006	July 2006	June 2007	July 2007
Crude oil	222.5	777.3	1,561.5	1,685.5	1,765.2	1,751.1	1,846.5	1,846.5
Chemical feedstocks	189.5	354.7	516.9	513.5	520.2	523.2	517.7	517.3
Refinery construction	183.4	512.8	918.2	931.1	953.7	951.9	973.9	974.5
Infrastructure	214.8	587.3	1,057.6	1,408.0	1,466.0	1,473.4	1,257.5	1,272.4
Crude oil	193.6	618.7	653.8	1,072.3	1,162.7	1,178.4	1,374.7	1,324.7
Chemical feedstocks	184.8	576.1	993.8	1,062.1	1,119.3	1,127.8	1,236.1	1,197.1
Refinery construction	203.9	629.2	1,112.7	1,175.8	1,272.5	1,309.4	1,507.0	1,368.2
Infrastructure	258.8	851.9	2,314.2	2,411.6	2,427.8	2,480.7	2,593.6	2,586.4
Refinery construction index	237.9	622.8	1,833.6	1,918.8	2,002.1	2,012.2	2,159.0	2,106.1

Refinery operating (1956 Basis)

(Excerpted from p. 145 of the Dec. 30, 1995 issue)

	1962	1980	2004	2005	2006	July 2006	June 2007	July 2007
Crude oil	100.0	810.5	571.5	1,300.2	1,509.0	1,579.7	1,611.4	1,537.9
Chemical feedstocks	149.9	300.6	191.8	201.9	204.2	199.0	216.9	207.1
Refinery operating	125.9	439.9	994.0	1,007.4	1,016.9	999.0	1,027.5	1,025.8
Infrastructure	121.6	228.3	513.3	501.1	497.5	502.1	474.0	495.3
Crude oil	121.7	323.8	688.7	718.0	743.7	745.2	796.7	776.8
Chemical feedstocks	98.7	279.2	268.2	310.5	355.4	376.0	380.2	386.2
Operating indexes								
Refinery	103.7	312.7	416.7	542.1	579.0	579.5	613.1	594.6
Infrastructure	103.6	457.5	638.1	707.2	870.7	873.4	907.9	872.3

*All figures are rounded for clarity. If any are used, they are not necessarily consistent with those of January, April, July, and October.

These indexes are published in the two issues of each month. They are prepared by Gary Farm, Journal Consulting Editor.

Indexes of selected individual items of equipment and materials are also published on the Consulting page in the 1995 issue of the months of January, April, July, and October.

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November 5, 2007

These data show that the new catalyst performance meets and even exceeds vendor projections. Gasoline yields during this period were 58.2 wt % to 59.3 wt %.

The variation in gasoline yields is due to different blends of local and imported VGO feeds. Imported VGO slightly reduces the gasoline yields. Yields using the new catalyst are higher

than the original catalyst's yield, which was less than 57.8 wt %.

The new catalyst provides a higher RON (91) compared with the vendor projection (90.4). The new catalyst improved gasoline quality compared with the original catalyst RON of 90.

Actual measured sulfur content of 0.14 vol % is much lower than the

vendor projection of 0.165 wt % original catalyst performance of 0.5 wt %.

Economic benefits

The four catalysts showed different projections and, based on Saudi Aramco's selection criteria, we selected the catalyst that satisfied most of the refinery criteria. The selected catalyst, therefore, might not be the best choice for another refinery with different target products.

This article shows that many factors influence gasoline yield, including reactor temperature, feedstock quality and catalyst formulation.

Based on an economic comparison and technical evaluation during the initial catalyst testing phase, we anticipated that the selected catalyst would meet the refinery's objectives of the highest yield and octane number for the gasoline stream. Actual performance confirmed the conclusion that we reached during the study phase.

Acknowledgments

The authors acknowledge the support and cooperation provided by the downstream process engineering division, process and control systems department; FCC engineers from the operation engineering unit, Jeddah refinery department; and KFUPM-Research Institute. ♦

References

1. Fu, J., and Xu, M., "Using ZSM-5 Additive with DMS based FCC Catalyst for Increased Propylene Production," presented at the 9th International Symposium on Advances in FCC, American Chemical Society 232nd Meeting, San Francisco, Sept. 10-14, 2006.
2. Al-Ahoush, S., "Catalyst Management Protocols in Saudi Aramco: Case Study: Fluid Catalytic Cracking Catalyst Selection," presented at the 8th Russia & CIS Refining Technology Conference, Moscow, Sept. 27-28, 2006.
3. "FCC Performance Report," Saudi

NELSON-ABRAHAM COST INDEXES

Refinery construction (1946 Basis)
(Constant 1946 US\$ of the Base Year 1995 value)

	1992	1999	2005	2006	2007	June 2007	May 2008	June 2008
Crude oil processing capacity	377.8	777.2	1,430.4	1,758.2	1,844.1	1,849.3	1,278.6	1,338.2
Refinery construction	1,652.9	2,244.7	3,102.2	4,207.2	4,112.1	3,177.7	2,116.0	2,116.0
Refinery construction (excluding)	1,025.7	1,012.6	931.1	1,020.7	931.4	932.9	360.8	360.8
Refinery construction	215.8	2,032.0	1,171.1	1,186.5	1,280.7	1,244.8	1,398.2	1,241.5
Refinery construction	1,809.6	2,032.0	1,054.0	1,167.7	1,351.3	1,322.7	1,137.7	1,200.7
Refinery construction	1,962.5	2,101.3	1,267.1	1,119.5	1,179.2	1,106.1	1,226.1	1,332.0
Refinery construction	2,015.9	2,101.3	1,115.0	1,273.5	1,364.5	1,359.2	1,265.1	1,272.6
Refinery construction	2,058.8	2,111.9	1,411.6	2,437.0	2,630.6	2,023.6	2,500.4	2,021.3
Refinery construction	3,176	3,176	3,008.1	2,108.7	2,111.5	2,209.3	2,209.3	2,209.3

Refinery operating (1955 Basis)
(Constant 1955 US\$ of the Base Year 1995 value)

	1992	1999	2005	2006	2007	June 2007	May 2008	June 2008
Crude oil processing capacity	282.8	2,141.1	1,322.2	1,322.2	1,310.7	1,011.4	1,238.0	1,238.0
Refinery operating	22.8	2,141.1	201.0	201.7	179.2	205.8	221.1	221.6
Refinery operating	122.9	412.9	1,097.4	1,015.4	1,131.5	1,027.5	1,027.5	1,104.3
Refinery operating	151.6	1,148.1	601.7	497.1	462.4	474.0	482.1	482.1
Refinery operating	121.9	1,014.0	716.6	743.7	772.4	779.3	621.4	647.1
Refinery operating	162.7	2,141.1	310.6	305.4	355.9	382.2	478.0	489.3
Operating indexes	103.7	217.7	512.1	573.0	585.5	506.4	744.7	736.5
Operating indexes	502.0	1,020.0	742.2	873.7	872.6	931.8	1,211.6	1,220.6

1992-1999 data are published by the U.S. Bureau of Economic Analysis. 2005-2007 data are published by the U.S. Bureau of Economic Analysis. 2008 data are published by the U.S. Bureau of Economic Analysis.

2005-2007 data are published by the U.S. Bureau of Economic Analysis. 2008 data are published by the U.S. Bureau of Economic Analysis.

2008 data are published by the U.S. Bureau of Economic Analysis. 2008 data are published by the U.S. Bureau of Economic Analysis.

4. Al-Ahoush, S., "Catalyst Management Protocols in Saudi Aramco: Case Study: Fluid Catalytic Cracking Catalyst Selection," presented at the 8th Russia & CIS Refining Technology Conference, Moscow, Sept. 27-28, 2006.

The authors, Saad S. Al-Ahoush, senior process design engineer, and Saad S. Al-Ahoush, senior process design engineer, are with the Refining Department, Saudi Aramco, Dhahran, Saudi Arabia.



meeting, an writer from King Fahd University of Petroleum & Minerals.

ORIGINAL

Exhibit B
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TAPS Quality Bank

Index Ratio & Price Adjustments

Effective: February, 2008

Nelson-Farrar Index Ratio

Index Ratio	=	590.5 / 580.8	=	1.0166
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Index Date	Issue Date	Index	Index Date	Issue Date	Index
Sep 2005	02/06/2006	583.0	Sep 2006	02/05/2007	576.6
Oct 2005	03/06/2006	598.1	Oct 2006	03/05/2007	580.8
Nov 2005	04/03/2006	582.7	Nov 2006	04/02/2007	580.0
Dec 2005	05/01/2006	571.7	Dec 2006	05/07/2007	575.5
Jan 2006	06/05/2006	576.5	Jan 2007	06/04/2007	574.7
Feb 2006	07/03/2006	574.9	Feb 2007	07/02/2007	600.6
Mar 2006	08/07/2006	577.8	Mar 2007	08/06/2007	609.7
Apr 2006	09/04/2006	582.9	Apr 2007	09/03/2007	596.9
May 2006	10/02/2006	584.0	May 2007	10/01/2007	604.0
Jun 2006	11/06/2006	575.3	Jun 2007	11/05/2007	613.1
Jul 2006	12/04/2006	579.5	Jul 2007	12/03/2007	594.6
Aug 2006	01/01/2007	583.7	Aug 2007	01/07/2008	579.1
Average		580.8	Average		590.5

Reference Price Adjustments

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

	Gulf Coast		West Coast		
	(¢/Gal)	(\$/BBL)	(¢/Gal)	(\$/BBL)	
Light Distillate					
2007	-0.7089	-0.2978	2007	-0.7089	-0.2978
2008	-0.7206	-0.3027	2008	-0.7206	-0.3027
Heavy Distillate					
2007	-2.8350	-1.1907	2007	-11.7891	-4.9514
2008	-2.8820	-1.2104	2008	-11.9845	-5.0335
Resid					
2007	N/A	-9.7289	2007	N/A	-11.9062
2008	N/A	-9.8901	2008	N/A	-12.1035

Report Date: 01/07/2008

08/20/2009

Exhibit B
Page 2 of 4

CORRECTED

TAPS Quality Bank

Index Ratio & Price Adjustments

Effective: February, 2008

Nelson-Farrar Index Ratio

Index Ratio	=	589.8 / 580.8	=	1.0155
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Index Date	Issue Date	Index	Index Date	Issue Date	Index
Sep 2005	02/06/2006	583.0	Sep 2006	02/05/2007	576.6
Oct 2005	03/06/2006	598.1	Oct 2006	03/05/2007	580.8
Nov 2005	04/03/2006	582.7	Nov 2006	04/02/2007	580.0
Dec 2005	05/01/2006	571.7	Dec 2006	05/07/2007	575.5
Jan 2006	06/05/2006	576.5	Jan 2007	06/04/2007	574.7
Feb 2006	07/03/2006	574.9	Feb 2007	07/02/2007	600.6
Mar 2006	08/07/2006	577.8	Mar 2007	08/06/2007	609.7
Apr 2006	09/04/2006	582.9	Apr 2007	09/03/2007	596.9
May 2006	10/02/2006	584.0	May 2007	10/01/2007	604.0
Jun 2006	11/06/2006	575.3	Jun 2007	11/05/2007	605.4
Jul 2006	12/04/2006	579.5	Jul 2007	12/03/2007	594.6
Aug 2006	01/01/2007	583.7	Aug 2007	01/07/2008	579.1
Average		580.8	Average		589.8

Reference Price Adjustments

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

	Gulf Coast		West Coast	
	(¢/Gal)	(\$/BBL)	(¢/Gal)	(\$/BBL)
Light Distillate				
2007	-0.7089	-0.2978	-0.7089	-0.2978
2008	-0.7199	-0.3023	-0.7199	-0.3023
Heavy Distillate				
2007	-2.8350	-1.1907	-9.1720	-3.8522
2008	-2.8788	-1.2091	-9.3139	-3.9118
Resid				
2007	N/A	-9.7289	N/A	-11.9062
2008	N/A	-9.8794	N/A	-12.0903

01/22/2009

ORIGINAL

TAPS Quality Bank

Index Ratio & Price Adjustments

Effective: February, 2009

Nelson-Farrar Index Ratio

Index Ratio	=	660.0 / 589.8	=	1.1190
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Index Date	Issue Date	Index	Index Date	Issue Date	Index
Sep 2006	02/05/2007	576.6	Sep 2007	02/04/2008	576.8
Oct 2006	03/05/2007	580.8	Oct 2007	03/03/2008	581.0
Nov 2006	04/02/2007	580.0	Nov 2007	04/07/2008	620.6
Dec 2006	05/07/2007	575.5	Dec 2007	05/05/2008	615.2
Jan 2007	06/04/2007	574.7	Jan 2008	06/02/2008	620.6
Feb 2007	07/02/2007	600.6	Feb 2008	07/07/2008	635.8
Mar 2007	08/06/2007	609.7	Mar 2008	08/04/2008	659.6
Apr 2007	09/03/2007	596.9	Apr 2008	09/01/2008	675.3
May 2007	10/01/2007	604.0	May 2008	10/08/2008	714.7
Jun 2007	11/05/2007	605.4	Jun 2008	11/03/2008	736.5
Jul 2007	12/03/2007	594.6	Jul 2008	12/01/2008	766.4
Aug 2007	01/07/2008	579.1	Aug 2008	01/05/2009	717.9
Average		589.8	Average		660.0

Reference Price Adjustments

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

	Gulf Coast		West Coast	
	(¢/Gal)	(\$/BBL)	(¢/Gal)	(\$/BBL)
Light Distillate				
2008	-0.7206	-0.3027	2008	-0.7206
2009	-0.8064	-0.3387	2009	-0.8064
Heavy Distillate				
2008	-2.8820	-1.2104	2008	-9.3241
2009	-3.2251	-1.3545	2009	-10.4340
Resid				
2008	N/A	-9.8901	2008	N/A
2009	N/A	-11.0673	2009	N/A

08/20/2009

CORRECTED

TAPS Quality Bank

Index Ratio & Price Adjustments

Effective: February, 2009

Exhibit B
Page 4 of 4

Nelson-Farrar Index Ratio

Index Ratio	=	660.0 / 589.8	=	1.1190
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Index Date	Issue Date	Index	Index Date	Issue Date	Index
Sep 2006	02/05/2007	576.6	Sep 2007	02/04/2008	576.8
Oct 2006	03/05/2007	580.8	Oct 2007	03/03/2008	581.0
Nov 2006	04/02/2007	580.0	Nov 2007	04/07/2008	620.6
Dec 2006	05/07/2007	575.5	Dec 2007	05/05/2008	615.2
Jan 2007	06/04/2007	574.7	Jan 2008	06/02/2008	620.6
Feb 2007	07/02/2007	600.6	Feb 2008	07/07/2008	635.8
Mar 2007	08/06/2007	609.7	Mar 2008	08/04/2008	659.6
Apr 2007	09/03/2007	596.9	Apr 2008	09/01/2008	675.3
May 2007	10/01/2007	604.0	May 2008	10/06/2008	714.7
Jun 2007	11/05/2007	605.4	Jun 2008	11/03/2008	736.5
Jul 2007	12/03/2007	594.6	Jul 2008	12/01/2008	766.4
Aug 2007	01/07/2008	579.1	Aug 2008	01/05/2009	717.9
Average		589.8	Average		660.0

Reference Price Adjustments

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

	Gulf Coast		West Coast		
	(¢/Gal)	(\$/BBL)	(¢/Gal)	(\$/BBL)	
Light Distillate					
2008	-0.7199	-0.3023	2008	-0.7199	-0.3023
2009	-0.8056	-0.3383	2009	-0.8056	-0.3383
Heavy Distillate					
2008	-2.8788	-1.2091	2008	-9.3139	-3.9118
2009	-3.2215	-1.3530	2009	-10.4226	-4.3775
Resid					
2008	N/A	-9.8794	2008	N/A	-12.0903
2009	N/A	-11.0554	2009	N/A	-13.5294

Supplement No. 1 to F.E.R.C. No. 37 (BP)
Supplement No. 1 to F.E.R.C. No. 14 (ConocoPhillips)
Supplement No. 1 to F.E.R.C. No. 332 (ExxonMobil)
Supplement No. 1 to F.E.R.C. No. 12 (Koch)
Supplement No. 1 to F.E.R.C. No. 299 (Unocal)

**BP PIPELINES (ALASKA) INC. (BP)
CONOCOPHILLIPS TRANSPORTATION ALASKA, INC. (CONOCOPHILLIPS)
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)
[W] 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

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. 12 (ConocoPhillips), F.E.R.C. No. 307 (ExxonMobil), F.E.R.C. No. 9 (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.

ISSUED August 31, 2009

EFFECTIVE October 1, 2009

ISSUED BY

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Explanation of Reference Marks

[W] Change in wording only.
Strikethrough – Cancel or change in wording only.

ATTACHMENT 2

COMPONENT UNIT VALUE PRICING BASIS

EFFECTIVE 10/1/09

PROPANE (C₃)

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 (iC₄)

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 (nC₄)

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 (C₅ - 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 2

COMPONENT UNIT VALUE PRICING BASIS

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 [D] 0.8064 <u>0.8056</u> cents per gallon.	Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less [D] 0.8064 <u>0.8056</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 [D] 3.2215 <u>3.2251</u> cents per gallon.	Platt's U.S. West Coast spot quote for Los Angeles Pipeline ULS (EPA) Diesel less [D] 10.4340 <u>10.4226</u> 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 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

Strikethrough - Cancel

Underline - New or change in wording only

ATTACHMENT 2

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

West Coast Naphtha Component Value, \$ per Barrel = $0.702[U] \times \text{Gasoline Price} + 0.221[U] \times \text{Jet Fuel Price} + 0.581[U]$

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,⁽¹⁾ unleaded 87 Gasoline, and Jet/Kero 54 over the 10-year period January, 1999 through December, 2008. 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 2

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

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 ⁽¹⁾ - \$5.00
+	(0.2989)	x	Natural Gas Price ⁽²⁾
-	11.0554		11.0673

- (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 2

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

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 ⁽¹⁾ - \$8.75
+	(0.2989)	x	Natural Gas Price ⁽²⁾ + \$0.15
-	[D] 13.5294⁽³⁾		13.5442³

- (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 2

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

Product	Base Yield (per Bbl.)¹	Yield Impact per +1% MCR (per Bbl.)	Yield Impact per +1 °API (per Bbl.)	Yield Impact per +1% Sulfur (per Bbl.)	Revised Product Yield (per Bbl.)
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

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

¹ From EMT-197 revised to use 68°F cut point for C²⁺