

[W] ExxonMobil Pipeline Company LLC

LOCAL TARIFF

Containing

RULES AND REGULATIONS

Governing the Transportation of
Petroleum by [W] ExxonMobil Pipeline Company LLC Through
the Trans Alaska Pipeline System and
Loading on Vessels Bound for
Destinations Outside Alaska

The rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

This tariff is filed in compliance with [W] 18 CFR §341.6 (Adoption of tariff by a successor) ~~18 CFR 341.3 (Form of a tariff)~~.

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

[N] REQUEST FOR SPECIAL PERMISSION

Issued on less than 1 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 by:

Steven A. Yatauro, President
[W] ExxonMobil Pipeline Company LLC
22777 Springwoods Village Parkway
Houston, Texas 77389

Compiled By:
Georgia Clark
22777 Springwoods Village Parkway
Houston, Texas 77389
(832) 624-8465

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RULES AND REGULATIONS

Item No. 5. DEFINITIONS.

"Actual Arrival Time" – the time according to Valdez, Alaska, local time that a Vessel communicates its readiness to commence loading after entering the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by Carrier.

"Available Interstate Capacity" – the volume of space in Carrier's Pipeline available for interstate movement during any Month after accounting for all intrastate nominations accepted.

"Average Regular Shipper Volume" – the average volume (measured in Barrels per Day) actually shipped by a Regular Shipper during the Rolling Period.

"Available Capacity" – System Capacity plus or minus any adjustments estimated by Operator to the capacity available to Carrier for the applicable Tender Period.

"Barrel" – 42 United States standard gallons of Petroleum at a temperature of sixty degrees (60°) Fahrenheit provided that, unless otherwise specifically stated, Barrel shall be a volumetric measure, with no adjustment for characteristics of Petroleum that affect throughput (such as gravity and viscosity).

"Business Day" – a Day that is Monday through Friday of any week excluding observed holidays.

"Carrier" – [W] ExxonMobil Pipeline Company LLC.

"Carrier Business Day" – a regularly scheduled work Day for Carrier's scheduling department.

"Connection" – a connection to the System (other than at Pump Station No. 1) for the purpose of receiving Petroleum into the System.

"Connection Base Petroleum" – the Petroleum resulting from the commingling of (1) the Petroleum entering the System at a Connection and (2) the Petroleum in the System just upstream of the point of entry into the System at that Connection.

"Date of Commissioning" – July 31, 1977.

"Day" – the period of time commencing at 0000 hours of one (1) day and running until 2400 hours on the same day according to Valdez, Alaska, local time.

"Decreased Nomination" – a Nomination that reduces the number of Barrels previously nominated to Carrier by a Shipper.

"Gravity" – the gravity of Petroleum expressed in API degrees at sixty degrees (60°) Fahrenheit.

"Gravity Differential Value Per Barrel" – the gravity differential value as established or revised under Item No. 160(1)(c)(iii).

"Increased Nomination" – a Nomination that increases the number of Barrels previously nominated to Carrier by a Shipper.

"Lifting Schedule" – the schedule of Vessels and liftings as established under Item No. 120 or revised pursuant to Item No. 125.

"Month or Monthly" – 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.

"New Shipper" – 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.

"Nomination" – See definition of "Tender" below.

"Operator" – Alyeska Pipeline Service Company.

"Operator Business Day" – a regularly scheduled work Day for Operator's scheduling department.

"Petroleum" – unrefined liquid hydrocarbons including gas liquids. Any references to crude oil shall mean Petroleum as defined herein.

"Pump Station No. 1" – the pump station facilities near Prudhoe Bay, Alaska, where Petroleum is received into the System.

"Pump Station No. 1 Base Petroleum" – the Petroleum stream resulting from deliveries into the System at Pump Station No. 1 by all shippers in the System.

"Regular Shipper" – a Shipper who has shipped interstate volumes each Month during any consecutive twelve (12) Month period; provided, however, that once a Shipper becomes a Regular Shipper, it will lose its Regular Shipper status only if it does not ship interstate volumes at all during a period of twelve (12) consecutive Months. Regular Shippers not shipping interstate volumes for a Tender Period will be credited with zero (0) Barrels accepted for that Tender Period in establishing their Average Regular Shipper Volume.

"Reserved Capacity" – for any Month in which prorationing applies, the greater of eighty-five percent (85%) of the Available Interstate Capacity or the percentage of Available Interstate Capacity for which no New Shipper nominations have been received.

"Rolling Period" – the twelve (12) Month period beginning fourteen (14) Months prior to the Month requiring proration.

"Scheduled Arrival Day" – the Day, stated in the Lifting Schedule, that a Vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by Carrier.

"Shipper" – a party who tenders Petroleum to Carrier for transportation and thereafter actually delivers Petroleum to Carrier for transportation.

"System" – the Trans Alaska Pipeline System.

"System Capacity" – the capacity in the System to be allocated by Operator to the TAPS Carriers in accordance with the Amended and Restated Agreement for the Operation and Maintenance of the Trans Alaska Pipeline System, a copy of which will be provided upon request to any Shipper.

"Tender" or "Nomination" – a written offer (in form and content specified by Carrier) made by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin to a specified destination and supplemental information related to receipt or lifting of same at destination, all in accordance with Carrier's applicable tariff or tariffs.

"Tender Period" – the Month in which the Barrels are shipped.

"Valdez Terminal" – the System terminal at Valdez, Alaska.

"Valdez Terminal Base Petroleum" – the Petroleum delivered out of Valdez Terminal.

"Vessel(s)" – any tanker, tank ship or vessel scheduled to call or calling at Valdez, Alaska, to load Petroleum transported through the System.

"Volume" – quantity expressed in Barrels.

"Week" or "Weekly" – seven (7) consecutive days commencing on Monday at 0000 hours and running until 2400 hours on the next succeeding Sunday according to Valdez, Alaska, local time.

"Weighted Average" – an average calculated on a Volume weighted basis.

"Working Capacity" – the total capacity of all operational tanks at Valdez, Alaska, for the handling of Petroleum pending delivery out of the system into Vessels, between the top of the suction/fill tank nozzle and 3 feet 9 inches below the top of each tank, less the capacity, as determined by Carrier, required to move Petroleum out of the pipeline to prevent the internal pressure in the pipeline from exceeding design limits in the event of a shutdown. Reference to Carrier's Working Capacity means only Carrier's owned share.

Item No. 10. COMMODITY. Carrier will transport Petroleum exclusively and will not accept any other commodity for transportation.

Item No. 15. SPECIFICATIONS AS TO QUALITY. Carrier reserves the right to reject any Petroleum for transportation if (1) it contains more than thirty-five one hundredths of 1% (0.35%) by volume of sediment and water, (2) its temperature exceeds one hundred forty-two degrees (142⁰) Fahrenheit, (3) its hydrogen sulfide (H₂S) content in solution exceeds fifty (50) parts per million by weight, and (4) the hydrogen sulfide (H₂S) content, in solution in the calculated combined stream of Petroleum of any Shipper at any given entry point in the System, at any given time exceeds ten (10) parts per million by weight or (5) the vapor pressure in the calculated combined stream of Petroleum of any Shipper at any given entry point in the System at any given time exceeds the greater of atmospheric pressure or 14.7 psia at receipt temperature. The limits specified in Item No. 15(4) and (5) above shall only apply when at the same time and same entry point, either the hydrogen sulfide (H₂S) content in solution or the vapor pressure of the calculated combined stream of Petroleum in the custody of Carrier in the System would exceed the limits specified in Item No. 15(4) and (5) above. In calculating each such characteristic of the calculated combined stream of Petroleum at any given entry point in the System, only Petroleum delivered into the System at that point and all points upstream shall be considered. In no event will Petroleum be accepted for transportation unless its gravity, viscosity, pour point, vapor pressure, temperature, and all other characteristics are such that it is suitable for refining or use as a fuel and is readily susceptible to safe and efficient transportation through the System. Carrier reserves the right to reject any and all Petroleum shipments whose gravity, viscosity, and/or other characteristics are such that it will damage the quality and/or value of other shipments unless, at the time such Petroleum is tendered, just and reasonable monetary adjustments for differences in the quality or value of such Petroleum and the Petroleum then being transported in the System are provided for in this tariff.

Item No. 20. TENDERING NEW GRADE OF PETROLEUM. A Shipper tendering Petroleum to Carrier from a producing reservoir or processing plant from which Petroleum has not previously been accepted for transportation in the System, shall notify Carrier of the date shipments will commence and shall furnish an assay of such Petroleum to Carrier at least sixty (60) days prior to the date the Shipper desires to commence shipment of such Petroleum. If Petroleum offered for transportation differs materially in character from that being transported in Carrier's pipeline, then it will be transported, if at all, only under such terms as the Carrier and Shipper may agree.

Item No. 25. TITLE, PETROLEUM INVOLVED IN LITIGATION. By tendering Petroleum, the Shipper warrants and guarantees that the Shipper has good title thereto and agrees to hold Carrier harmless from any and all loss, cost, liability, damage, and/or expense resulting from disputes, encumbrances or failure of title thereto; but Carrier's acceptance of Petroleum for transportation shall not be deemed a representation by Carrier as to the title of the Petroleum accepted. Shipper further warrants that all Petroleum tendered to Carrier has been produced and handled in accordance with the laws of the State in which produced and of the United States and the orders, rules, and regulations of all regulatory agencies, State and Federal, having jurisdiction. Carrier shall have the right to reject any Petroleum tendered for transportation which may be involved in litigation or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind. In the alternative and at Carrier's option, Carrier may either require of the Shipper satisfactory evidence of its perfect and unencumbered title or a satisfactory indemnity bond to protect Carrier.

Item No. 30. IDENTITY OF PETROLEUM. All Petroleum transported through the System will be subject to intermixing with other Petroleum in the System. Petroleum accepted for transportation shall be subject to such changes in gravity, quality, or other characteristics as may result from its mixture with other Petroleum in the System. Carrier will be under no obligation to deliver the identical Petroleum received and reserves the right to make deliveries out of common stock.

Item No. 35. TRANSFER OF TITLE. Carrier will not recognize, nor account for, transfers of title to Petroleum while in the System.

Item No. 40. GAUGING, MEASUREMENTS, AND TESTS. Petroleum accepted for transportation through the System and Petroleum delivered from the System will be measured and tested by Carrier or its representative prior to, or at the time of its receipt or delivery. Its Volume will be determined at Carrier's option either by meters, by tank gauges, or other methods acceptable in the industry. The Volumes so determined will be corrected by calculation from observed temperatures to sixty degrees (60⁰) Fahrenheit and reduced by the full amount of sediment, water, and other impurities as ascertained from tests in accordance with accepted API and ASTM practices.

Item No. 45. DEDUCTIONS FROM QUANTITIES DELIVERABLE. Carrier shall account to each Shipper for Petroleum received. Any loss in excess of four thousand (4,000) Barrels from the working tanks at Valdez due to a single identifiable event, to the extent experienced by Carrier, will be allocated to Shippers in the proportion that each Shipper's Petroleum then in custody of Carrier in such working tanks bears to all Shippers' Petroleum in the custody of Carrier in such working tanks at the beginning of the Day the loss occurs. Any other shortages or losses and any gains experienced by Carrier will be allocated among the Shippers in the proportion that the total Barrels delivered by Carrier from the System for each Shipper bears to the total number of Barrels delivered by Carrier from the System for all Shippers during the calendar Month the loss, shortage, or gain occurs. Only such portion of a Shipper's Petroleum as may remain after deduction of its allocated part of such net losses and shortages shall be deliverable from the System. Deductions for such losses and shortages and additions for any gains will initially be made on the basis of estimates and adjusted to actual at the end of each calendar Month. Carrier will not be liable for any such net losses and shortages except as provided in Item No. 85.

Item No. 50. SHIPPER'S PETROLEUM USED FOR FUEL. A Shipper's Tender of Petroleum to Carrier and Carrier's acceptance of such Petroleum for transportation through the System shall be on the condition that Carrier may without payment or liability to Shipper withdraw such Volumes from each Shipper's Petroleum, or make extractions therefrom as may be required for Carrier's use as fuel in the operation of the System. Any withdrawals of or extractions from Shipper's Petroleum by Carrier for such purpose will be allocated to all Shippers in the proportion that the total Barrels delivered by Carrier from the System for each Shipper bears to the total number of Barrels delivered by Carrier from the System for all Shippers during the calendar Month the Volumes are withdrawn or

extracted. Only such portion of a Shipper's Petroleum as may remain after deduction of its allocated part of such withdrawals or extractions shall be deliverable from the System to the Shipper or any consignee. Deductions for such withdrawals or extractions will initially be made on the basis of estimates and adjusted to actual at the end of each calendar Month.

Item No. 55. LINE FILL AND TANK BOTTOM INVENTORY. Either prior to or after the acceptance of Crude Petroleum for transportation, Carrier will require each Shipper to provide a *pro rata* part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for efficient operation. Crude Petroleum provided by a Shipper for this purpose may be withdrawn after reasonable written notice of Shipper's intention to discontinue shipment in the system pursuant to Carrier's applicable tariff or tariffs. Carrier may require advance payment of final transportation charges and settlement of any unpaid accounts receivable, before final delivery will be made.

In the event a Shipper's inventory balance drops below its *pro rata* part of the volume of Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of the system, then Carrier will require such Shipper to provide the necessary volume to meet its *pro rata* part of such volume of Crude Petroleum.

In the event that Shipper maintains an inventory balance after Shipper ceases movements on the system or Shipper gives written notice of its intent to cease movements over the system and such Shipper is unable to schedule appropriate shipments to clear the inactive inventory balance, Shipper will be required to settle the inactive inventory balance through Carrier. In the event no such Shipper notice is given, then Carrier may require either an adjustment in Shipper's inventory balance in accordance with the Line Fill and Tank Bottom Inventory provision or settlement of the Shipper's inventory balance at any time after Shipper has ceased making movements over the system for a period of six (6) Months. Such settlement will be based upon the fair market value of the Crude Petroleum, as published by Platts, at the time Shipper informs Carrier in writing of its intention to discontinue shipments on the system pursuant to Carrier's applicable tariff or tariffs or if no such written notice is given, then at such time as Carrier calls for the settlement of the Shipper's inventory balance.

Item No. 60. APPLICATION OF RATES. Petroleum accepted by Carrier for transportation shall be subject to Carrier's rates in effect on the date of the receipt of the Petroleum by Carrier into the System, irrespective of the date of the Tender. The withdrawal of Petroleum provided by a Shipper for line fill and tank bottoms shall be subject to the payment of Carrier's applicable rates from the initial point of origin in effect on the date of its withdrawal.

Item No. 65. PAYMENT OF TARIFF CHARGES. The Shipper or Consignee shall pay, as provided below, all applicable gathering, transportation, and all other charges accruing on Crude Petroleum delivered to and accepted by Carrier for shipment.

1. All payments are due within ten (10) days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

2. If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lesser of (a) one hundred twenty-five percent (125%) of the prime rate of interest, as of the date of Carrier's invoice, charged by the Citibank N.A. of New York, New York, for ninety (90) day loans made to substantial and responsible commercial borrowers or (b) the maximum rate allowed by law. In addition Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts.

3. In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed and future amounts owed against those amounts Carrier owes Shipper.

4. In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (a) prepayment of all charges, (b) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (c) a guaranty in an amount sufficient to ensure payment of all such charges and in a form and from a third party acceptable to Carrier. In the event, Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

5. Carrier shall have a lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all gathering, transportation, or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been paid as provided above.

6. If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Crude Petroleum of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied to the following order: (a) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (b) to the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

Item No. 67. ADDITIONAL CHARGES TO BE INCURRED BY SHIPPER. Carrier shall have no responsibility for costs or expenses incurred by or related to Shipper's vessels, including without limitation, port dues, tug charges, pilotage expenses and any demurrage charges assessed by the owner of any vessel scheduled by Shipper, which is delayed at the Valdez Terminal or elsewhere, irrespective of the cause of the delay. No vessel owner or Shipper will have any claim on Carrier for such costs, expenses or charges.

Item No. 70. ORIGIN AND DESTINATION FACILITIES. Carrier will accept Petroleum only at designated points and from facilities acceptable to Carrier and only when the Shipper or any consignee has provided, or made arrangements satisfactory for Carrier

to provide, without cost to Carrier, the necessary facilities for Carrier to receive the Petroleum into the System and the necessary Vessels or facilities for receiving the Petroleum as it arrives at destination and, if appropriate, accumulates at destination in sufficient Volumes for delivery to Shipper or any consignee. Petroleum accepted for transportation to destinations other than for loading on Vessels at Valdez, Alaska, will be delivered only into pipelines, tanks, or other facilities which are provided or arranged for by Shipper. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks, or other facilities to be provided at point of delivery to meet the operating conditions of the System at such point. If a Shipper, any consignee or a connecting Carrier is not able for any reason to receive Petroleum from Carrier at any such destination at the time when Carrier has scheduled a delivery, then Carrier shall have the right at Shipper's expense, to transport such Petroleum to Valdez, Alaska. If the Shipper of any such Petroleum is unable to accept delivery of any such Petroleum at Valdez, Alaska, within fifteen (15) days, Carrier, either directly or through an agent, shall have the right upon seventy-two (72) hours notice to Shipper to sell such Petroleum to the first available purchaser at the best price obtainable; to deduct from the proceeds thereof transportation charges and other charges, fees, the expenses incurred in making the sale and other amounts which are due or would be due had delivery been made to Shipper; and to hold the balance of such proceeds for whomsoever may be entitled thereto.

Item No. 75. EVIDENCE OF RECEIPTS AND DELIVERIES. Petroleum received from or delivered to a Shipper or any consignee shall, in each instance, be documented by tickets showing volumes, temperature, sediment and water, and any other data essential to the determination of quantity and quality. Unless waived, such tickets shall be jointly signed by representatives of Carrier and the Shipper or any consignee, as appropriate, and shall be conclusive evidence of the Petroleum received or of the Petroleum delivered, as the case may be. Failure of the Shipper or any consignee to have a representative present shall constitute a waiver and the Shipper shall be bound by the information and data on such tickets.

Item No. 80. LIABILITY OF CARRIER. Carrier shall not be liable for any loss or shortage of Petroleum in its custody; damage thereto; or delay caused by fire, storm, flood, epidemics, Act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, or default of Shipper or Shipper's consignee, or any other cause not due to the sole negligence of Carrier.

Item No. 85. CLAIMS, SUITS, AND TIME FOR FILING. As a condition precedent to recovery of any losses or damages suffered by Shipper for which Carrier may be responsible, the Shipper's claims must be filed in writing with Carrier within nine (9) Months and one (1) day after delivery of shipment, or in case of failure of Carrier to make delivery, within nine (9) Months and one (1) day after delivery should have been made based upon operating conditions and transit times or in accordance with the Lifting Schedule; and suits will be instituted against 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 part or parts thereof specified in the notice. If claims are not filed or suits are not instituted thereon, in accordance with the foregoing provisions, Carrier shall not be liable and such claims will not be paid.

Item No. 90. PROCEDURES FOR TENDERING, SCHEDULING AND REVISING MONTHLY NOMINATIONS.

1. Prior to the fifth (5th) Carrier Business Day of each Month, Carrier will notify Shipper of the Carrier's Available Capacity which is estimated by Operator to be available to Carrier for the next succeeding Month. Any prospective Shipper seeking such information may obtain it upon request to Carrier's Products Movements Coordinator at (832) 624-0040.

2. No later than 2400 hours Valdez, Alaska time on the fifth (5th) Carrier Business Day of each Month a Shipper shall furnish to Carrier the written Tender of the daily Volumes of shipments that Shipper desires to ship in Carrier's Available Capacity during the next succeeding Month. Tenders may be submitted by written means of communication and will be valid when received.

Carrier does not accept responsibility for nominations sent but not received. It is the Shipper's responsibility to confirm receipt via telephone.

3. Carrier may consider for acceptance nominations received after the deadline set forth in Item No. 90(2) above as well as revised nominations. New nominations as well as revised nomination that increase the number of nominated Barrels are known as "Increased Nominations." A revised nomination that reduces the number of nominated Barrels is known as a "Decreased Nomination."

4. To the extent practicable, Carrier will notify Shipper of the extent to which its Nomination has been accepted by noon Valdez, Alaska time on the latter of (a) the sixth (6th) Carrier Business Day of the Month prior to the Month in which the Nomination is to be effective, or (b) the next successive Carrier Business Day following receipt of Nomination.

5. Beginning as of 2400 hours Valdez, Alaska time on the fifth (5th) Carrier Business Day of the Month and ending as of 2400 hours Valdez, Alaska time on the fifteenth (15th) Day of the Month prior to the Month in which the Nomination is to be effective (or, if the fifteenth (15th) Day is not an Operator Business Day, then on the next succeeding Operator Business Day), any Increased Nomination or Decreased Nomination accepted by Carrier will become effective when Carrier notifies Shipper of Carrier's acceptance of such Increased Nomination or Decreased Nomination.

6. Beginning as of 2400 hours Valdez, Alaska time on the fifteenth (15th) Day of the Month prior to the Month in which the Nomination is to be effective (or, if the fifteenth (15th) Day is not an Operator Business Day, then on the next succeeding Operator Business Day), the following procedures will apply:

a. An Increased Nomination accepted by Carrier will be effective at 0000 hours Valdez, Alaska time on the latter of (i) the Day Shipper proposes in its Nomination, (ii) a Day that begins after four (4) Operator Business Days have elapsed since Carrier accepted the Increased Nomination, and (iii) the Day Operator determines that the Barrels Shipper proposes to Tender are not nominated to another carrier.

b. A Decreased Nomination accepted by Carrier will be effective at 0000 hours Valdez, Alaska time on the latter of (i) the Day Shipper proposes in its Nomination, (ii) a Day that begins after six (6) Operator Business Days have elapsed since Carrier accepted the Decreased Nomination, and (iii) the Day Operator determines that the Barrels Shipper proposes not to Tender to Carrier are properly nominated to another carrier.

Item No. 95. TENDERS GREATER THAN AVAILABLE CAPACITY.

1. **Proration Policy.**

a. In periods where proration is required, Available Capacity will be allocated as follows:

i. 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 as detailed in Item No. 95(2) below.

- ii. If the total of all nominations received for a Tender Period is greater than Carrier's Available Interstate Capacity in the Tender Period, 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 (A) among Regular Shippers and New Shippers, and (B) 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 limited to fifteen percent (15%) of the Available Interstate Capacity remaining for interstate movement in the Tender Period after accounting for intrastate nominations ("New Shipper Available Interstate Capacity"). 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. 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.
- b. "New Shipper Proration Factor" shall be calculated by dividing each Shipper's nomination for that category by the total of all nominations for that category.
- 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 fifteen percent (15%) limitation for New Shipper Available Interstate Capacity for that Tender Period may be waived by the Carrier.
- d. Any remaining Available Interstate Capacity shall be allocated among New Shippers in proportion to their nominations and Proration Factor.
- 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 to 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.
- 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 the next Month in which prorating occurs to no more than the volumes nominated for that next Month minus the difference between the volume allocated and the volume received by Carrier from such Shipper in the Month in question.
2. **Percentage Limitation of Intrastate Barrels.**
- a. Any Shipper tendering for intrastate shipment to Carrier is required to advise the total volume being tendered to all TAPS carriers for each intrastate movement for the Month being tendered. Carrier may limit its obligation to transport crude oil tendered as part or all of a specific intrastate movement at any origin point on the System to a percentage of the total Volume of that movement tendered to all carriers owning an interest in the System. Such percentage may not be less than Carrier's then undivided interest in the System. Carrier is not prohibited from transporting more than said percentage by this rule. Any apportionment of Carrier's Available Capacity pursuant to Item No. 95(1) must be applied to the entire Tender before the percentage limitation in this Item No. 95(2) is applied. If the applicable percentage Volume of the Tender resulting from the procedure in this Item No. 95(2) is a larger Volume than the Volume resulting from apportionment under Item No. 95(1), the smaller Volume may be transported.
- b. If the total Volume of interstate and intrastate Barrels tendered to Carrier is greater than Carrier's Available Capacity, then Carrier may prorate intrastate Tenders to equal Carrier's percentage of ownership in the System multiplied by the total of all intrastate volumes tendered to all carriers by a Shipper. The intrastate Tenders thus prorated will be accepted by Carrier.
- c. The intrastate Tender Volumes as determined in this Item No. 95(2) will be added together and the total subtracted from Carrier's Available Capacity to determine the portion of Available Capacity to be allotted to interstate Shippers.
- d. The Available Capacity allotted to interstate Shippers, as determined in this Item No. 95(2) will be prorated to interstate Shippers as determined in Item No. 95(1) above.
- e. 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 this Item No. 95(2).

Item No. 100. PUMPABILITY FACTORS. Shippers are advised that Carrier, when prorating its allotment of Available Capacity to each Shipper for each grade of crude tendered, will utilize relative Pumpability Factors. The Volumes for each grade of crude transported in TAPS by Carrier will be converted to Volumes of equivalent "standard crude" before proration calculations are made. After the proration calculations are made, the allotted Volume of standard crude equivalent will be converted back to actual Volumes of individual crude grades in reports and accounting to the Shipper.

"Standard Crude" is defined as petroleum having the same characteristics which affect throughput as is calculated to result from aggregating the petroleum transported by all TAPS Carriers during the Month for which the calculation is made. Alternatively, a specific crude transported in the system during the Month may be designated as a standard crude.

Item No. 105. VALID TENDERS.

1. Good-faith nominations will be received and considered for acceptance only if they confirm 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-tendering. Shippers shall submit valid and realistic Tenders and schedules of shipments which do not exceed either the volume of petroleum expected to be available for shipment or Carrier's Available Capacity. Carrier

reserves the right to take any of the following actions if Carrier reasonably believes that acceptance of Shipper's nomination in the form provided would adversely affect the rights of other Shippers to equitable and fair treatment:

- a. Require an affidavit from Shipper stating under oath that the tender is valid.
 - b. Reduce Shipper's Tender to an amount Carrier believes to be the amount of Petroleum which will actually be available at the point of origin for the Tender.
 - c. Reduce Shipper's Tender by the number of Barrels that Carrier accepted that were also tendered to another Carrier.
 - d. Reject the entire Tender for the Tender Period.
2. Such adverse affect mentioned in Item No. 105(1) includes, but is not limited to, the following acts or omissions:
- a. Shipper has tendered an amount of Petroleum that exceeds the Volume of Petroleum which will actually be available at the point of origin,
 - b. Shipper does not have unencumbered title to the Petroleum being tendered,
 - c. Shipper has previously withdrawn all or part of an accepted Tender from Carrier without acceptance by Carrier of such Decreased Nomination,
 - d. Shipper has, individually or through the use of multiple entities, tendered Petroleum in excess of Carrier's Available Capacity,
 - e. Shipper has tendered the same Petroleum to Carrier and to one or more other carriers,
 - f. Shipper has failed to comply with Carrier's Rules and Regulations, or
 - g. Shipper has failed to provide Carrier with required information in a timely manner.

Item No. 110. TENDERS LESS THAN AVAILABLE CAPACITY. If the total of all Tenders received is less than Carrier's Available Capacity, all Tenders are accepted in full, except that the acceptance of a Tender for intrastate movement may be limited to a percentage (equal to Carrier's ownership percentage in the System) of the total oil being tendered by the Shipper to all TAPS Owners for the specific intrastate movement in accordance with Item No. 95(2). After acceptance of Tenders, Carrier will advise Shippers of the amount of remaining Available Capacity available ("Remaining Available Capacity"). Remaining Available Capacity will be allocated as follows:

1. If Remaining Available Capacity on Carrier's System is less than one hundred thousand (100,000) Barrels per day, Carrier will accept Tenders on a first come, first serve basis until all Available Capacity is fully scheduled. Thereafter, no further Tenders will be accepted.
2. If Remaining Available Capacity on Carrier's System is one hundred thousand (100,000) Barrels a day or greater, carrier will accept Tenders for such Remaining Available Capacity for a twenty-four (24) hour period to commence upon notification by Carrier of such Remaining Available Capacity to shippers.

Item No. 115. UNDER NOMINATIONS. 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 fifteenth (15th) Day of a Month (or, if that Day is not a 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 carrier, Operator will notify the owner of such Petroleum at least one Operator Business Day before the deadline by which such owner must nominate the Petroleum to Carrier or to 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 owner shall have no further ownership interest in the Petroleum.

Item No. 120. SCHEDULING OF VESSELS AND LIFTINGS. Any Shipper expecting to commence lifting at the Terminal for the first time shall provide a one (1) week notice prior to submitting the four (4) week schedule required by this section. In addition to the requirements imposed by the immediately preceding sentence, each Shipper will advise Carrier of the schedule of Vessels it expects to call at the Terminal during the ensuing four (4) week period, specifying for each Vessel scheduled for the first week of such four (4) week schedule and to the extent possible for the last three (3) weeks, the Volume to be lifted, name, Scheduled Arrival Day, and such other information as required by the Port Information Manual. Any conflicts in the Lifting Schedule will be resolved as required for the most efficient operation of the System.

Item No. 125. REVISION OF LIFTING SCHEDULE. Any changes or Vessel substitution may be made to the Lifting Schedule by any Shipper upon written notice to the Carrier at least seven (7) days in advance of a scheduled lifting subject to dock assignments and scheduling priorities. Changes or vessel substitution with less than seven (7) days' written notice may be made provided such changes or Vessel substitution will not adversely affect any other Shipper's scheduled lifting, unless such other Shipper's prior written consent is obtained, and the changes or substituted Vessel complies with the Port Information Manual.

Item No. 130. DOCKS. Vessels will be assigned dock space by the Operator to the extent practicable in the order of Actual Arrival Time; provided, however that adequate and appropriate inventories designated for lifting by such Vessel have been established, and if in the prudent judgment of Operator such prioritization of dock assignment will optimize System deliveries, consistent with Environmental Protection Agency Regulation 40 C.F.R. Part 63, Subpart Y (Marine Vessel Loading Operations). Prioritization of dock assignment may cause Vessel delays. Each Vessel shall dock when and as instructed. If any Vessel is unable to dock when instructed, the next Vessel waiting to be docked based on the order of dock assignment will be docked until the Vessel that was unable to dock is able to dock. 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 twenty-four (24) hour or thirty (30) hour period, nor earlier than four (4) hours after such notice is transmitted to the Vessel) the Shipper or consignee scheduling such Vessel shall thereafter pay a demurrage charge 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. Any delay due to any act or omission of Operator, or a local event or condition of general application (except mechanical equipment malfunction on the Vessel) not within the control of Operator, the Shipper or any consignee 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 the Vessel is required to vacate the dock. All Vessels scheduled by Shipper and the operators of such Vessels shall conform to and comply with all Federal, State and local laws and regulations applicable to such Vessel's use of the terminal.

Item No. 135. TANKAGE AT VALDEZ. Carrier has available working tankage at Valdez, Alaska, that is incident to and necessary for the transportation and delivery of Petroleum on Vessels. Carrier will not offer to store Petroleum in Carrier's tanks for Shippers other than in the minimum Volumes reasonably required to load Vessels properly sized in consideration of the Volume of its shipments. If at the beginning of any Day, the amount of Petroleum in Carrier's custody in Working Capacity exceeds Carrier's Working Capacity and the Petroleum in Working Capacity exceeds seventy-five percent (75%) of such Working Capacity, a demurrage charge of twenty cents (20¢) per Day per Barrel on each Barrel in excess of Carrier's Working Capacity will be applied. In such event, the demurrage charge will be charged to the Shippers having Petroleum in Carrier's custody in Working Capacity for the greatest number of Days starting with the oldest Barrel and continuing with the next oldest Barrel until the Barrels assessed demurrage are equal to the number of Barrels in Working Capacity in Carrier's custody in excess of Carrier's Working Capacity ("Excess Barrels"). For purposes of identifying the Petroleum in Carrier's custody in Working Capacity, for the greatest number of Days, receipts and deliveries for each Shipper will be accounted for on a first in- first out (FIFO) basis determined by volume data presented on tickets (excludes partial loading/delivery if loading/delivery has not been completed by end of day). If the last of the Barrels of the same age to be charged demurrage exceed the number of remaining Excess Barrels, the remaining demurrage charges shall be allocated proportionately to the Barrels of that same age. In calculating the Excess Barrels under this Item No. 135, the number of Excess Barrels at the beginning of any Day shall be reduced by:

1. the number of Barrels scheduled to be lifted by a Vessel which has established an Actual Arrival Time at the beginning of such Day but is unable to dock because the passage through Prince William Sound or Valdez Arm is closed to shipping due to an event not within the control of the Carrier, and
2. the number of Barrels scheduled to be lifted by a Vessel which has docked but which is unable to lift at the beginning of the Day due to any act or omission of Carrier or due to any local event of general application not within the control of Carrier or the Shipper or any consignee scheduling such Vessel or any party responsible for the operation or control of such Vessel which does or would prevent all Vessels from loading.

If a Shipper allows its Petroleum to accumulate in Working Capacity at Valdez, Alaska, for (a) more than fifteen (15) days without lifting and that fact is determined by Carrier to be causing or significantly contributing to excessive fill of Carrier's Working Capacity, or (b) a continuous period of six (6) Months or more, Carrier, either directly or through an agent, shall have the right upon seventy-two (72) hours' notice to Shipper to sell such Petroleum to the first available purchaser at the best price obtainable; to deduct from the proceeds thereof transportation charges and other charges, fees, the expenses incurred in making the sale and other amounts which are due or would be due had delivery been made to Shipper; and to hold the balance of such proceeds for whomsoever may be entitled thereto.

Item No. 140. PORT INFORMATION MANUAL. All Vessels calling at Valdez, Alaska, to load Petroleum transported through the System must comply with the Trans Alaska Pipeline System Port Information Manual.

Item No. 145. OIL RECORD BOOK. Prior to the commencement of loading Petroleum on any Vessel, the master thereof will be required to provide the Carrier or its representative with a legible copy, certified under oath by the master as being true and correct, of:

1. in the case of Vessels of United States registry, that part of the Oil Record Book of such Vessel that pertains to the voyage of the Vessel to Valdez, Alaska, from its last oil discharge port;
2. in the case of Vessels of foreign registry that may now or hereafter be required to maintain an Oil Record Book, or similar records, that part of the Oil Record Book, or said similar records, that pertains to voyage of the Vessel to Valdez, Alaska, from its last oil discharge port; and
3. in the case of any Vessel of foreign registry that is not required to maintain an Oil Record Book, or similar records, an affidavit provided and duly sworn to and signed by the master, stating any and all facts bearing upon or relating to any discharge of oil or oily water from the Vessel during its voyage to Valdez, Alaska, from its last oil discharge port.

If the said record book entries or affidavit, as provided by the master, disclose:

- a. that the Vessel has discharged any oil or oily water from its fuel tanks, cargo tanks, bilge, or otherwise, and
- b. that such discharge was not necessary for the safety of the Vessel or its crew,

the Carrier or its representative shall immediately notify the Department of Interior representative of the pertinent facts. Vessels discharging oil or oily water may be subject to fines under applicable Federal and State laws and regulations.

Item No. 150. RATES APPLICABLE FROM AND TO INTERMEDIATE POINTS. Petroleum received from a point on the System which is not named in tariff making reference to this tariff but which point is intermediate to a point from which rates are published in tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant point published in the tariff making reference to this tariff. Petroleum delivered to a point on the System which is not named in tariffs making reference to this tariff but which point is intermediate to a point to which rates are published in tariffs making reference to this tariff, will be assessed the rate in effect to the next more-distant point published in the tariff making reference to this tariff.

Item No. 155. IN TRANSIT SHIPMENTS. Petroleum transported through Carrier's facilities from any origin point may be withdrawn from the System by the Shipper at any established delivery point other than Valdez, Alaska, 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:

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 No. 65.
2. Petroleum is redelivered to Carrier at the same point of withdrawal within a period thirty (30) days from the date of withdrawal for further transportation to Valdez, Alaska.
3. The Carrier shall have the right to limit the rate at which Petroleum is redelivered to the Carrier to an hourly rate no greater than the simultaneous hourly rate of withdrawal of Petroleum by such Shipper at such withdrawal point.
4. Custody and possession of the Petroleum upon withdrawal shall be that of the Shipper, not of the Carrier.
5. 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.

Item No. 170. 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 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.

EXPLANATION OF REFERENCE MARKS

[W] Change in Wording Only
[N] New