

April 27, 2021

OIL PIPELINE TARIFF FILING

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 1st Street N.E., Room 1-A
Washington, D.C. 20426

Re: ConocoPhillips Transportation Alaska, Inc. FERC Tariff No. 20.2.0

Dear Ms. Bose:

In accordance with the requirements of the Interstate Commerce Act (“ICA”) and the rules and regulations of the Federal Energy Regulatory Commission (“FERC”), ConocoPhillips Transportation Alaska, Inc. (“CPTAI”) submits the following tariff on thirty (30) days’ notice to be effective May 28, 2021:

- F.E.R.C. No. 20.2.0 (cancels F.E.R.C. No. 20.1.0)

F.E.R.C. No. 20.2.0 is issued to revise CPTAI’s Rules and Regulations Tariff (“Rules and Regulations Tariff”). The Rules and Regulations Tariff applies to the interstate transportation of Petroleum on the Trans Alaska Pipeline System (“TAPS”) between Prudhoe, North Slope Borough, Alaska and Valdez, Alaska, over CPTAI’s share of TAPS capacity. The proposed Rules and Regulations Tariff changes are primarily intended to clarify the wording of certain Rules and Regulations Tariff items and to better describe existing practice. Specifically, the revised Rules and Regulations Tariff:

- Updates the contact information of the issuer and compiler and makes other minor changes to the cover page of the Rules and Regulations Tariff.
- Updates the wording of certain definitions and adds definitions for the following terms used in the Rules and Regulations Tariff: API, ASTM, Available Capacity, Pipeline Capacity, TAPS Quality Bank Tariff, Tender or Nomination, Terminal, Vessel and Volume.
- Updates Item No. 3 (Quality and Intermixing of Petroleum) to clarify that all Petroleum transported on TAPS is commingled and to set forth in the Rules and Regulations Tariff, the specifications required for Petroleum to be accepted for transportation in the System. The specifications include the maximum level of basic sediment and water and sulfur that may be contained in the Petroleum as well as the maximum vapor pressure and minimum and maximum temperature requirements for Petroleum tendered

to the System. These requirements are necessary for the safe and efficient operation of the System. The Commission has recognized the need for pipelines to establish product specifications “to ensure safe operation of its system.” *Enbridge Pipelines (North Dakota), LLC*, 143 FERC ¶ 61,221, at P 20 (2013).

- Updates Item No. 4 (Nomination Policy and Proration Procedures) to clarify the wording of certain provisions, update the contact information regarding where Nominations are to be sent, and better describe current practice.
- Amends Item No. 7 (Scheduling and Use of Terminal and Penalty Provisions) to make various minor wording clarifications and to change the four-week notice requirement for purposes of scheduling tanker liftings to require notice on the applicable Wednesday instead of Thursday.
- Clarifies Item No. 9 (Measurement) to indicate that the applicable Petroleum measurements will be consistent with the standards of the American Petroleum Institute and the American Society for Testing and Materials.
- Amends Item No. 12 (Vessel Requirements) to clarify that Vessels must comply with all federal, state, and local laws and regulations applicable to the Vessel’s use of the Valdez marine terminal.
- Deletes Item No. 16 (Use of Excess Capacity of Communications Facilities) as it is no longer applicable.
- Amends Item No. 23 (Base Inventory Requirement) to clarify the procedures for settling inventory balances when a shipper ceases moving Petroleum on the System.
- Makes minor clarifying wording changes to Item Nos. 8 (Minimum Delivery), 13 (Liability for Charges and Quality Adjustments), 17 (System Liability Fund), and 19 (In Transit Shipments).

CPTAI requests that any protests or complaints, which in any way affect this Rules and Regulations Tariff publication, be transmitted concurrent with their filing to the following person at the contact information shown below:

Daniel J. Poynor
Steptoe & Johnson LLP
dpoynor@steptoe.com
Fax: (202) 429-3902
Phone: (202) 429-6233

We certify that we have on or before this day notified all subscribers via email which contained the link to our tariff website that contains the updated posted tariffs.

Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
April 27, 2021
Page 2

If you have any questions or comments, please contact Barat M. LaPorte at (907) 265-6544.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra", with a stylized flourish extending to the right.

Sandra Pierce
Regulatory Compliance Coordinator

cc: Tariff Subscribers

CONOCOPHILLIPS TRANSPORTATION ALASKA, INC.

LOCAL PIPELINE TARIFF Containing RULES AND REGULATIONS

Governing the Transportation of
[W]CRUDE PETROLEUM

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

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

~~[C]This is a baseline tariff filing in compliance with FERC Order No. 714, 124 ¶ FERC 61,270 (2008).~~

ISSUED: April 27, 2021

EFFECTIVE: May 28, 2021

Issued by:
~~[W]John Christal~~ Frank Feghali
Vice President & ~~Controller~~
ConocoPhillips Transportation Alaska,
Inc.
700 G Street, ATO-900
Anchorage, AK 99501

Compiled by:
~~Luke Kiskaddon~~ Sandra Pierce
~~Commercial Analyst~~ Regulatory
Compliance Coordinator
ConocoPhillips Transportation Alaska,
Inc.
700 G Street, ATO-986
Anchorage, AK 99501

TABLE OF CONTENTS

SUBJECT	ITEM NO.	PAGE NO.
Additives	20	16
Applicability of Rates and Charges, Rules and Regulations	11	14
Base Inventory Requirement.....	23	17
Connections to the Trans Alaska Pipeline System	22	16
Definitions	1	3
Delivery Adjustments	10	14
[C]Explanation of Reference Marks	-	-
[C]General Application	-	-
In Transit Shipments	19	16
Liability for Charges and Quality Adjustments	13	15
Liability for Loss	14	15
Liability for Non-Compliance with Tariff	21	16
Measurement	9	14
Minimum Delivery	8	14
Nomination Policy and Proration Procedures	4	7
[W] Quality and Intermixing of Petroleum	3B	6
Rates Applicable from and to Intermediate Points	18	16
[N] Reserved	16	16
Scheduling of Receipts	5	11
Scheduling and Use of Terminal and Penalty Provisions	7	12
Shipper Receipt and Delivery Facilities	6	12
System Liability Fund	17	16
Time Limitation of Claims	15	15
Title.....	2	6
[C] Use of Excess Capacity of Communication Facilities	46	-
Vessel Requirements	12	15

EXPLANATION OF REFERENCE MARKS

- [C] Cancel
- [N] New
- [W] Change in Wording

RULES AND REGULATIONS**ITEM NO. 1. DEFINITIONS.**

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

[N] "**API**" is an abbreviation for the American Petroleum Institute, which is a trade association and standards-setting organization that develops standards related to operational safety and other issues for the oil and natural gas industry.

[N] "**ASTM**" is an abbreviation for the American Society for Testing and Materials, which is an international standards organization that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems, and services.

[N] "**Available Capacity**" means Pipeline capacity plus or minus any adjustments estimated by Operator to the capacity available to Carrier for the applicable Tender Period.

[W] "**Available Interstate Capacity**" means the ~~volume of space~~ Available Capacity in Carrier's Pipeline available for interstate movement during any Month after accounting for all intrastate Nominations accepted as provided in Item 4.III.A.

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

"**Barrel**" means forty-two United States gallons **[N]**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).

[W] "**Base Fluctuation**" is the Daily increase or decrease to Fixed Base Inventory as a result of Pipeline operations resulting from such things as temperature, flow rate or pressure changes, as determined by Operator.

[W] "**Base Inventory**" as ~~herein used~~ means Fixed Base Inventory adjusted for ~~any increase or decrease in the~~ Base Fluctuation.

"**Carrier**" means ConocoPhillips Transportation Alaska, Inc.

"**Carrier Work Day**" means a regularly scheduled workday for Carrier.

[W] "**Consignee**" means anyone that a shipment, or a portion of a shipment, is consigned to when delivered from the Pipeline System.

[W] "**Day**" means the period of time commencing at 0000 hours on one Day and running until 2400 hours on the same Day according to per Alaska Standard or Daylight Savings Time, Valdez, Alaska, local time as applicable.

[W] "**Excess Shipper**" is a Shipper that has a Volume of Petroleum in the custody of the Carrier that exceeds one hundred (100) percent of Shipper's Working Tankage Entitlement at the beginning of the Day for which the Carrier is assessed a penalty. The excess is computed by taking the Shipper's share of Total Inventory Barrels less Shipper's share of Base Inventory less Shippers Working Tankage

Entitlement.

[W] "Fixed Base Inventory" ~~as herein used~~ means the standard total Vvolume of Petroleum in the System's Pipeline Base Inventory and terminal tankage Base Inventory that has not been adjusted for any Base Fluctuation and excludes Petroleum in fuel tanks and in Working Capacity is not normally available for delivery out of the System, as determined by Operator.

[W] "Month" or "Monthly" means a calendar Month commencing at 0000 hours on the first Day thereof and running until 2400 hours on the last Day thereof ~~according to~~ per Alaska Standard or Daylight Savings Time, Valdez, Alaska, local time as applicable.

[W] "New Shipper" means any Shipper who does not qualify as a Regular Shipper. A New Shipper becomes a Regular Shipper when it satisfies the conditions to be a Regular Shipper based on documented ~~V~~Volumes shipped in prior Months.

[W] "100-Barrel Mile Deliveries" ~~as herein used~~ means the number of Barrels of Petroleum delivered out of the System multiplied by the number of miles each such Barrel was transported, divided by 100.

[W] "Operator" means the contract ~~Operator~~ operator of the Trans Alaska Pipeline System **[N]** that performs activities as may be required for the purpose of safely transporting and otherwise handling the Petroleum in the System and the physical operations, maintenance and repair of the System through which Petroleum is moved under the provisions of this tariff.

[W] "Operator Business Day" means a regularly scheduled workday for the Operator's scheduling department.

[W] "Owner(s)" refers to ~~all of~~ the Owners of undivided joint interests in the Trans Alaska Pipeline System.

"**Petroleum**" means unrefined liquid hydrocarbons including gas liquids.

[W] "Pipeline" means Carrier's undivided joint interest ownership in the pipeline portion of the Trans Alaska Pipeline System.

[N] "Pipeline Capacity" means the capacity of the Pipeline allocated by Operator to the TAPS Carriers.

[W] "Port Information Manual" means the Operator's manual governing Vvessel characteristics, required equipment and operation of Vvessels arriving to lift Petroleum at Valdez, Alaska. **[C]** ~~Copies of the Port Information Manual are available upon written request.~~

"**Prospective Shipper**" means a person nominating Petroleum for transportation through the Pipeline whose Nnomination has not yet been accepted by Carrier.

"**Regular Shipper**" means a Shipper who has shipped **[C]**~~interstate volumes at any time during the period July 1, 2005 through June 30, 2006,~~ or a Shipper who thereafter ships interstate **[W]** Vvolumes each Mmonth 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 Vvolumes at all during a period of twelve (12) consecutive Mmonths. Regular Shippers not shipping interstate Vvolumes for any Ttender Period will be credited with zero Barrels accepted for that Ttender Period in establishing their Average Regular Shipper Volume.

[W] "Reserved Capacity" means for any Month in which prorationing applies, the greater of ninety

(90) percent of the Available Interstate Capacity or the percentage of Available Interstate Capacity for which no New Shipper Nominations have been received.

~~[W] "Rolling Period" means the twelve (12) Month period beginning fourteen (14) Months prior to the Month requiring proration, except that, with respect to nominations for July 2006, the Rolling Period will be July 1, 2005 through April 30, 2006, and with respect to nominations for August 2006, the Rolling Period will be July 1, 2005 through May 31, 2006.~~

~~[W] "Scheduled Arrival Day" means the Day stated in a lifting schedule that a Vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by Carrier.~~

[W] "Shipper" means anyone who ships Petroleum through the System Pipeline.

[W] "Shipper's Accepted Tender Percentage" is the ratio (expressed as a percentage to two decimal places, XX.XX%) that the Shipper's daily accepted Ttender, bears to the total daily accepted tenders for all Shippers.

[W] "Shipper's Working Tankage Entitlement" is equal to the Shipper's Accepted Tender Percentage of the Carrier's Working Terminal Capacity.

[W] "System" means Pipeline and Terminal. ~~the Trans Alaska Pipeline System.~~

[N] "TAPS Quality Bank Tariff" means a system of calculations, administered by the Carriers' Quality Bank Administrator, that accounts for the differences in value between the individual tendered streams and the delivered co-mingled stream from the System.

[N] "Tender" or "Nomination" means a written offer in the form and content specified by the Operator for the Carrier as described further in Item 4.I.

[W] "Tender Period" means the Month in which the Barrels are shipped as described further in Item 4.I.B.

[N] "Terminal" means the portion of the Trans Alaska Pipeline System consisting of tankage, tank farm manifolds, tank vent lines, vapor recovery system power generating facilities and other related facilities, equipment and appurtenances located at Valdez, Alaska in which the Carrier owns an undivided joint interest.

[W] "Total Inventory" is all inventories in tanks and Pipeline at any given time including both the sum of Base Inventory and Working Inventory.

[N] "Vessel" means any tanker or tank ship used or planned to be used to load Petroleum at Valdez, Alaska.

[N] "Volume" is the quantity expressed in Barrels.

[W] "Working Terminal Capacity" is the total capacity of all operational ~~terminal~~ tankage for the handling of Petroleum at the Terminal Valdez, Alaska, pending delivery out of the System into vessels, between 2'6" above the bottom of each tank shell and 3'9" below the top of each tank shell, less the capacity, required to receive the Volume of Petroleum which should be moved out of the System to prevent internal pressure in the Pipeline from exceeding design limits in the event its operation should be shut down, as determined by the Operator.

[W]"Working Inventory" means the volume of Petroleum derived by taking Total Inventory less Base Inventory at any given time. It is part of Working Capacity. standard total Volume of Petroleum in the System that is normally available for delivery out of the System, as determined by the Operator.

ITEM NO. 2. TITLE. The act of delivering Petroleum to Carrier for transportation shall constitute a warranty by Shipper that Shipper or Consignee has unencumbered title thereto and that the Petroleum was produced in accordance with all applicable laws and regulations.

[W]ITEM NO. 3B. QUALITY AND INTERMIXING OF PETROLEUM. [C]This item is cancelled in its entirety. Please see CPTAI's F.E.R.C. No. 44 21.0.0 [W] for further information regarding the TAPS Quality Bank. [N]Only Petroleum will be accepted for transportation in the System. All Petroleum transported through the System will be intermixed and must be compatible with other Petroleum shipments and shall be subject to such changes in gravity, quality and other characteristics as may result from such intermixing.

(A) Carrier reserves the right to reject any Petroleum entering the System if:

1. It is not readily acceptable for safe and efficient transportation through the System;
2. It will materially affect the characteristics of other Petroleum shipments for which adjustments are not or will not be available through the procedure set forth in the currently effective TAPS Quality Bank Tariff;
3. It is not suitable for refining or use as a fuel;
4. It contains more than thirty-five one-hundredths of one (0.35) percent by volume of basic sediment and water;
5. Its temperature exceeds one hundred forty-two degrees (142°) Fahrenheit or falls below a minimum of ninety-five degrees (95°) Fahrenheit May 1 through September 30 or eighty-five degrees (85°) Fahrenheit October 1 through April 30, provided that Petroleum may be accepted for transportation at any point in the System at a temperature in excess of one hundred forty-two degrees (142°) Fahrenheit but only under such circumstances and during such times as Carrier determines will not result in violation of any design or operating requirement for the System at any point in the System or result in inequities or discrimination as between Shippers;
6. Its hydrogen sulfide (H₂S) content in solution exceeds fifty (50) parts per million by weight;
7. Its H₂S content will cause the combined stream of Petroleum in the System at any given time to exceed ten (10) parts per million H₂S content in solution by weight;
8. Its vapor pressure exceeds the greater of atmospheric pressure or 14.7 psia at receipt temperature; or
9. An assay analysis of the Petroleum to be shipped has not been provided at least sixty (60) Days in advance of initial receipt to determine that such Petroleum is compatible with other Petroleum being transported.

(B) In calculating the combined stream of Petroleum at any given point in the System under the custody of the Carrier, only Petroleum received into the System by the Carrier at that point and all points upstream shall be considered.

(C) No Shipper or Consignee shall be entitled to receive the identical Petroleum which was delivered into the System. Delivery shall be out of the commingled stream or common stock.

ITEM NO. 4. NOMINATION POLICY AND PRORATION PROCEDURES.

I. Nomination of Tenders

~~[W]~~(A) Good-faith Nominations will be received and considered for acceptance only if they conform in full to Carrier's requirements. To maintain equity among Shippers and to ensure equitable application of proration when proration shall be required, Carrier does not permit over-nominating. When considering Nominations for acceptance and proration, Carrier reserves the right to revise, reduce or reject a Nomination if acceptance of Shipper's Nomination in the form provided would adversely affect the rights of other Shippers to equitable and fair treatment. Such adverse effect includes, but is not limited to, the following acts or omissions:

1. Shipper nominating more Petroleum for transportation than that to which it has title or than it plans to ship;

2. Shipper fails upon request to demonstrate satisfactorily that it currently has unencumbered title to the Petroleum being nominated;

~~[C]3. Shipper has failed to make timely payment for previous shipments.~~

3. Shipper has nominated the same Petroleum currently being nominated to Carrier to another System Owner or Owners and has been accepted provisionally or otherwise is being considered for acceptance provisionally or otherwise by another System Owner or Owners;

4. Shipper individually or ~~[W] through the use of~~ by using multiple related entities, nominates Petroleum in excess of Carrier's Available Capacity ~~[C](as defined in Item 4.II.A);~~

5. Employment of schemes or devices to over-nominate will be deemed to be grounds for rejection of the over-nominating Shipper's entire Nomination for the Tender Period ~~[C](as defined in Item 4.I.B);~~

6. Shipper declines to provide, without exclusion or limitation, certification of compliance with Carrier rules and regulations. The form of the required certification shall be communicated to Shippers by Carrier; ~~[W] or~~

7. Shipper has failed (unless such failure is due to reasons beyond Shipper's control) to provide Carrier with all required information in a timely manner.

~~(B)~~ Nominations will be considered for acceptance only if received by Carrier's office no later than 1100 ~~[W]hours, Anchorage, Alaska, local time~~ Alaska Standard or Daylight Savings Time, as applicable, on the third (3rd) Carrier Work Day of each Month ("Nomination Day"). Nominations received by the deadline ("Initial Nominations") will cover the ensuing one-~~M~~month period that begins on the first Day of the next successive calendar Month following the Nomination Day ("Tender Period"). Carrier will notify Shippers of their allocated space prior to 1100 ~~hours, Anchorage, Alaska, local time~~ Alaska Standard or Daylight Savings Time, as applicable, on the next successive Carrier Work Day following the Nomination Day.

1. All Nominations will be submitted by ~~facsimile transmission or~~ email to:

ConocoPhillips Transportation Alaska, Inc.

~~Attention: Oil Movements Coordinator~~

Attention: Scheduler

700 "G" Street, ATO 900 P.O. Box 100360

Anchorage, Alaska 99504 99510-0360

Telephone: ~~(907) 263-3780~~ (907) 263-4704

Facsimile: ~~(907) 263-3748~~

Email: ~~Douglas.L.Everhart@conocophillips.com~~ copakpl@conocophillips.com

2. Carrier does not accept responsibility for Nominations sent but not received. It is the

Shipper's responsibility to confirm receipt via telephone or email.

(C) Nominations received after the deadline set forth in Item 4.I.B will be considered revised Nominations. A revised Nomination that increases the number of nominated Barrels is known as an "Increased Nomination". A revised Nomination that reduces the number of nominated Barrels is known as a "Decreased Nomination".

(D) Carrier will accept an Increased Nomination only after Operator determines that capacity is available, and the additional Barrels Shipper proposes to nominate (or, if Shipper has not previously nominated Barrels for the Tender Period, the Barrels Shipper nominates) are not nominated to another carrier.

[W] (E) Carrier will accept a Decreased Nomination only after Operator determines that the Barrels Shipper proposes not to tender to Carrier are properly nominated to another cCarrier or are not available for tender.

[W] (F) A revised Nomination will be effective at 0000 hours, Alaska Standard or Daylight Savings Time, as applicable on the later of (a) the Day Shipper indicates in its revised Nomination, or (b) the Day that begins after four Operator Business Days have elapsed since Carrier accepted the Nomination. Carrier will notify Shipper when Carrier accepts Shipper's revised Nomination and when the revised Nomination will become effective.

[W] (G) Shipper may not nominate the same Barrels of Petroleum to Carrier and to another carrier. If, as of 2400 hours, Alaska Standard or Daylight Savings Time, as applicable, of the fifteenth (15th) Day of a Month (or, if that Day is not an Operator Business Day, then of the first Operator Business day thereafter), Operator determines that Shipper has nominated to another cCarrier Barrels that Carrier has accepted for the coming Month, Carrier will reduce Shipper's Nomination to Carrier by the number of Barrels that Carrier accepted that were also nominated to another carrier.

[W] (H) No person or entity may deliver to the System, Petroleum that has not been nominated to and accepted by Carrier or another carrier. If by 2400 hours, Alaska Standard or Daylight Savings Time, as applicable, of the fifteenth (15th) Day of a Month (or, if that Day is not an Operator Business Day, then on 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 Petroleum Owner must nominate the Petroleum to Carrier or another carrier that has available capacity through a revised Nomination. If, notwithstanding Operator's notice, the Petroleum is not nominated but is delivered to the System, such Petroleum shall be deemed to be the property of Carrier and the other carriers, and the prior Petroleum Owner shall have no interest in the Petroleum.

[W] (I) Once Shipper's Nomination or Increased Nomination has been accepted by Carrier as provided in Item 4.I.B or 4.I.D above, Shipper shall become liable for a reservation fee of twenty-five (25) cents per Barrel for each Barrel nominated and accepted, which fee shall be credited against the transportation charge incurred by Shipper for the transportation of Petroleum by Carrier during the Month for which such Barrels were nominated. In the event Shipper does not tender a quantity of Petroleum equal to the number of Barrels nominated and accepted for a given Month, the reservation fee applicable to the Barrels not so tendered shall be waived only if:

1. The failure of Shipper to tender the number of Barrels nominated and accepted for that Month occurred due to the inability of the Carrier to accept the full number of Barrels tendered by Shipper; ~~or if~~
2. The delivered Barrels vary by more **[N]** difference between nominated Barrels and delivered Barrels is less than [W] two (2) percent under of the nominated Barrels; or
3. For reasons not reasonably foreseeable at the time Shipper made the Nomination.

Nominations withdrawn prior to the Tender Period will not be charged the reservation fee except

Nominations withdrawn within six (6) Operator Business Days before the Tender Period will be subject to the reservation fee [N] during periods when there is more than one Shipper.

[W] II. Available Pipeline Capacity

~~[C] A. Carrier's Available Capacity ("Available Capacity") is Carrier's Pipeline ownership interest in the total estimated Pipeline capacity of the System plus or minus the Adjustment Capacity for the applicable Tender Period. Adjustment Capacity is an adjustment made to balance Carrier's actual shipments to Carrier's actual Pipeline capacity.~~

[W](A) B. If the total of all Nominations received is less than Carrier's Available Capacity in the Tender Period, all Nominations are accepted in full, except that the acceptance of a Nomination for intrastate movement may be limited to a percentage of the total Petroleum being tendered by the Shipper to all System Owners for the specific intrastate movement in accordance with Item 4.III.A. [N] If the total of all Nominations received is greater than Carrier's Available Capacity in the Tender Period, all timely Nominations will be prorated as set forth in Item 4.IV.

~~[W](B) C.~~ After acceptance of Nominations, Carrier will advise its Shippers of the amount of remaining capacity available ("Remaining Capacity"). If more Nominations are received than Remaining Capacity, all timely nNominations will be prorated after the time and date specified. However, Carrier may only accept that portion of a Nomination for Remaining Capacity from an intrastate Shipper subject to the terms as set forth in Item 4.III.A.

~~[C] D.~~ If an accepted Nomination is withdrawn or partially withdrawn at a later date, ~~[C] Carrier will notify all its Shippers of the capacity made available by such withdrawal ("Returned Capacity") and will seek further nominations. Nominations for this Returned Capacity will be accepted until the close of the period specified in the notification message. Carrier will accept nomination for Returned Capacity from an intrastate Shipper subject to the terms as set forth in Item 4.III.A. If more nominations are received than Returned Capacity, all timely nominations will be prorated after the time and date specified.~~ [N] Carrier will advise its Shippers of the amount of capacity available ("Returned Capacity"). If more Nominations are received than Returned Capacity, all timely Nominations will be prorated after the time and date specified. However, Carrier may only accept that portion of a Nomination for Returned Capacity from an intrastate Shipper subject to the terms as set forth in Item 4.III.A.

[W] (D) E. If, subsequent to acceptance of Nominations, Carrier's capacity in the System is increased for any reason, Carrier will advise all its Shippers of such change. Changes of Nominations will be subject to the same terms as set forth in Item 4.II.D.C.

(E) F. If, subsequent to acceptance of Nominations, Carrier's capacity is decreased for any reason, Carrier will recalculate prorations based on original Nominations, [N]equitably allocate Available Capacity among Shippers and notify Shippers of revised acceptances.

[W] (F) G. Tender Substitutions: Carrier does not permit a full or partial transfer or a full or partial assignment of confirmed Nominations among Shippers. In cases where a Shipper is unable to deliver the expected Itender of Petroleum from any source, it may substitute its own Petroleum from another source that meets transportation requirements up to the total amount of space for which it previously has received acceptance.

[W] (G) H. Prior to 1100 hours, Anchorage, Alaska, local time Alaska Standard or Daylight Savings Time, as applicable, on the third (3rd) Carrier Work Day of each Month, Carrier will notify each prospective Shipper of its Available Capacity. Any prospective Shipper may obtain this information by request to the Oil Movements Coordinator Scheduler as set out in Item 4.I.B.

III. Intrastate Shipments

[W](A) Any Shipper nominating Volumes for intrastate shipment, regardless of destination, into Carrier is required to advise the total Volume being nominated to all System Owners for each intrastate movement for the Month being nominated.

1. If Nominations by Shippers to Carrier exceed Carrier's Available Capacity for the

Tender Period, the maximum amount of any intrastate Shipper's Nomination that may be accepted is the Carrier's Pipeline ownership percent of the total Volume of Petroleum being nominated to all System Owners by that Shipper for that specific intrastate movement during the Tender Period.

2. Carrier shall have the option to accept from any intrastate Shipper Nominations in excess of the Pipeline ownership interest percentage of that Shipper's total Nominations to all System Owners for that particular intrastate movement when Carrier would otherwise have unused capacity.

[W](B) Any Shipper nominating shipments to the Port of Valdez for delivery by marine tanker to an in-state destination must provide certification, in a form satisfactory to Carrier, that the Volume nominated is intended to be delivered to an intrastate destination for use within the State of Alaska. Such certification must include (1) the ultimate intrastate destination; (2) the total Volume to be transported to that destination that has been nominated for transportation on Carrier; and (3) the name of the marine Vessel on which the shipment is to be loaded.

[W](C) If the Shipper changes the ultimate destination of a shipment to the Port of Valdez and that shipment was nominated and accepted as an interstate shipment but is now intended for intrastate use, then Shipper must provide verbal notice or written certification to the Carrier by 0600 am hours, Alaska Time Alaska Standard or Daylight Savings Time, as applicable, the Day following the final lifting in Valdez, stating that the new destination is now intrastate and the number of Barrels involved; this provision applies to Vessels with full loads to the new intrastate destination.

[W](D) Shippers on Vessels with partial loads to the new intrastate destination must provide verbal notice or written certification to the Carrier within five (5) Carrier Work Days following the final lifting in Valdez. For both of the above, if initial notification was verbal, a written certification must follow by close of the next Carrier Work Day. Likewise, if the Shipper changes the ultimate destination of a shipment to the Port of Valdez and that shipment was first nominated and accepted as an intrastate shipment but is now intended for interstate delivery, then Shipper must notify Carrier of such change in destination by 0600 am hours, Alaska time Alaska Standard or Daylight Savings Time, as applicable, the Day following the final lifting in Valdez, via verbal notice or written certification; this provision applies to Vessels with full loads to the new interstate destination.

Shippers on Vessels with partial loads to the new interstate destination must provide verbal notice or written certification to the Carrier within five (5) Carrier Work Days following the final lifting in Valdez. For both of the above, if initial notification was verbal, a written certification must follow by close of the next Carrier Work Day. Both such changes of destination after Nomination and acceptance shall be subject to the penalty provisions set out in Item 7.E.

IV. Proration Policy

~~(A) [C]A. For all months through June 30, 2006 in which proration of interstate volumes is required, each interstate shipper will be pro-rated based on its current interstate nominations for that month divided by the total of all current interstate nominations for that month. Commencing with nominations for July, 2006, The following provisions will apply to all interstate nominations: [N]In periods where proration is required as set forth above in Items 4.II.A, 4.II.B and 4.II.C, Available Capacity will be allocated as follows:~~

[W] 1. If the total of all Nominations received for a Tender Period is greater than Carrier's Available ~~Interstate~~ Capacity in the Tender Period, acceptance of a Nomination for intrastate movement will be limited to a percentage of the total Petroleum being nominated by that Shipper to all System Owners for the specific intrastate movement in accordance with Item 4.III.A; ~~and~~.

2. 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 **[N]** the remaining Available Interstate Capacity ~~(i)~~ among Regular Shippers and New Shippers, and ~~(ii)~~ among the Shippers in each category based on Volumes nominated for each category,

[W] 3. The total of all New Shippers' Nominations that may be accepted will be limited to ten (10%) percent of the Available Interstate Capacity remaining for interstate movement in the Tender Period after accounting for intrastate Nominations ("New Shipper Available Interstate Capacity").

4. ~~(iii)~~ The Reserved Capacity will be allocated among all Regular Shippers based on the lesser of each such Shipper's Average Regular Shipper Volume or its actual Tender for the Month, and

5. ~~(iv)~~ Any remaining Available Interstate Capacity not allocated through the preceding steps will be allocated pro rata among all Shippers whose Nominations were not previously accepted in full. To avoid inflated Nominations, for all purposes under this rule, a Shipper's Nomination will be deemed to be no greater than the Available Interstate Capacity or such Shipper's actual Nomination, whichever is less.

[W](B) ~~B.~~ "New Shipper Proration Factor" shall be calculated by dividing each Shipper's Nomination for that category by the total of all Nominations for the category.

[W](C) ~~C.~~ Upon acceptance of New Shipper Nominations, each New Shipper will be allocated space equal to:

1. ~~(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

2. ~~(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 ten (10) percent limitation for New Shipper Available Interstate Capacity for that Tender Period may be waived by the Carrier.

[W](D) ~~D.~~ The remaining Available Interstate Capacity shall be allocated among New Shippers in proportion to their Nominations and Proration Factor.

[W](E) ~~E.~~ No Shipper may use any Nomination or allocation of any Available Interstate Capacity in any category to supplement, enhance, or benefit the Nomination or allocation of any other Shipper beyond the Available Interstate Capacity to which such other Shipper may be entitled to nominate or be allocated. Carrier may require a verified statement regarding utilization of allocated space from a responsible officer of the Shipper stating that no violations of this rule have occurred. Violation of this rule will result in rejection of any Nomination by any involved Shipper(s) in the next Tender Period following discovery by the Carrier of the violation.

[W](F) ~~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 prorationing occurs to not more than the Volume 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.

ITEM NO. 5. SCHEDULING OF RECEIPTS. Shippers and Prospective Shippers shall promptly provide Carrier with all essential information, including the origin and delivery points, for Carrier to schedule such proposed shipments of Petroleum; to satisfy Carrier that offers to ship are in good faith; and to satisfy Carrier that shipments can be transported in conformance with Carrier's tariff. Carrier may refuse to receive Petroleum for transportation until such Shipper or Prospective Shipper has provided Carrier with such information.

Scheduled receipts from Shipper shall not be subject to change except with written or electronic notice

from Shipper at least two (2) Days prior to date of scheduled receipt of Petroleum. Shipper may not assign to any other Shipper or Prospective Shipper, or otherwise alter, a scheduled shipment, if the effect of such action would be to shorten the originally scheduled length of haul, except as provided in Item 19 of this tariff.

In the event Shippers offer to ship more Petroleum through the Pipeline during any period of time than can be pumped through the Pipeline during such period, then Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all Shippers pursuant to the [W]Nominations policy.

ITEM NO. 6. SHIPPER RECEIPT AND DELIVERY FACILITIES. Carrier will determine and advise Shipper of the facilities to be provided by the Shipper at any receipt or delivery location to meet the operating conditions of Carrier's facilities at such location. Carrier will not accept Petroleum for transportation unless such facilities have been provided.

ITEM NO. 7. SCHEDULING AND USE OF TERMINAL AND PENALTY PROVISIONS.

[W](A) A-Schedule for Tanker Lifting

1. ~~Each~~ By no later than by Thursday-Wednesday at 0800-0900 hours, Anchorage, Alaska local time Alaska Standard or Daylight Savings Time, as applicable, Shipper shall provide written notice four weeks in advance of the volume of Petroleum to be transported for the ensuing one Month period and shall promptly notify Carrier of any proposed changes in its shipping schedule. The schedule should clearly reflect destination information for interstate or intrastate deliveries.

2. The scheduling of vessels at Valdez, Alaska, will be accomplished by the Operator, ~~taking into account~~ considering proposed liftings with respect to Petroleum in the custody of Owners, including Carrier. If there are more proposed liftings than can be accommodated and such conflicts cannot be resolved voluntarily between the conflicting Owners, Operator will resolve such conflicts in accordance with the rules provided for in Item 7.A.2.a. below. After resolution of all conflicts in accordance with these rules, the lifting schedule then established shall be issued to each Owner.

a. Vessels shall be assigned dock space by Operator in the order of Actual Arrival Time. Provided, however, that (1) adequate and appropriate inventories designated for lifting by such vessel have been established, and (2) if in the Operator's prudent judgment such prioritization will optimize System deliveries. Each vessel shall dock when and as instructed by Operator. If any vessel is unable to dock when instructed, Operator shall dock the next vessel waiting to be docked based on the order of dock assignment until the vessel that was unable to dock is able to dock.

[W](A) B-Changes in Lifting Schedule

1. Subject to the scheduling priority rules set forth in Item 7.A.2.a. above, changes may be made to the lifting schedule by any Shipper upon written notice delivered to Carrier at least seven (7) Days in advance of a scheduled lifting.

2. Changes received less than seven (7) Days written notice may be made only in accordance with the following rules:

a. Vessel substitutions may be made by notice to the Carrier provided such substitution will not adversely affect the scheduled liftings of Petroleum in the custody of any Owner, including Carrier, and the substituted vessel complies with the Port Information Manual.

b. Any other changes may be made provided:

i. The requested change will not affect the scheduled liftings of Petroleum in the custody of any Owner(s), including Carrier, unless the prior written consent of such Owner(s) is obtained, and

ii. The requested change will not, based on the lifting schedule, result in a projected Working Inventory in excess of seventy-five (75) percent of Working Terminal Capacity

within the next seven (7) Days or aggravate a Working Inventory Capacity condition which is already above such inventory level.

[W](C) G.Penalty Charges

1. Carrier is subject to the payment of a penalty, "Penalty Charge", of twenty (20) cents per Day per Barrel on each gross (including sediment and water) Barrel by which Carrier's Working Inventory exceeds Carrier's Working Terminal Capacity if, at the beginning of any Day, Working Inventory equals or exceeds seventy-five (75) percent of Working Terminal Capacity.

The number of Barrels subject to penalty is reduced by:

a. The number of Barrels scheduled to be lifted by a Vvessel which has established an Actual Arrival Time at the beginning of any Day the penalty is applied, but is unable to dock because the passage through the Prince William Sound or Valdez Arm is closed to shipping due to an event or condition not within the control of the Owner incurring the penalty, and

b. By the number of Barrels scheduled to be lifted by a Vvessel which has docked but is unable to lift at the beginning of any Day (i) due to any act or omission of Operator or (ii) due to any local event or condition of general application not within the control of Operator, the Owner scheduling such Vvessel (on behalf of a Shipper) or any person responsible for the operation or control of such Vvessel which act, omission, event or condition prevents all Vvessels from loading.

2. For each Day that Carrier is subject to a Penalty Charge as referred to in Item 7.C.1. above, the Penalty Charge will be allocated to and charged proportionately to each Excess Shipper. The proportion shall be the ratio of the Excess Shipper's net Barrels at the beginning of each Day (~~0004 hours~~) bears to the total net Barrels of all other Excess Shippers. After a Vvessel has been docked, it shall be allowed twenty-four (24) hours if the Vvessel is of two hundred twenty-five thousand (225,000) dead weight tons or less, or thirty (30) hours if the Vvessel 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 de-ballasting within which to complete its lifting and to release its last line from a mooring point at the dock.

If any Vvessel fails to release its last mooring line before a specified departure time contained in a notice from Operator (which specified departure time shall not be earlier than the end of such 24-hour or 30-hour period, not earlier than four (4) hours after Operator transmits such notice to the Vvessel), the Shipper scheduling such Vvessel shall thereafter pay a penalty of two thousand dollars (\$2,000) for each hour or part thereof such Vvessel remains at the dock, while such dock is required to load another Vvessel which has established an Actual Arrival Time.

Any delay due to:

a. Any act or omission of Operator, or

b. A local event or condition of general application (except mechanical equipment malfunction of the Vvessel) not within the control of Operator, the Owner scheduling the Vvessel or any other person responsible for the operation or control of such Vvessel which act, event or condition prevents the Vvessel from vacating the docks shall be added to the time until a Vvessel is required to vacate the dock.

3. If, at the beginning of any Day, Shipper has in the Working Inventory of Carrier at Valdez Terminal a quantity of Petroleum that has remained in Carrier's Working Inventory for more than twenty-five (25) Ddays, Carrier will impose a "Storage Fee" of twenty (20) cents per Day per Barrel on each net Barrel (excluding sediment and water) until the Petroleum is lifted; provided, however, that the Storage Fee shall not be imposed on any Barrel that is already subject to the Penalty Charge under Item 7.C.1. above on such Day. For purposes of this Item, a quantity of Petroleum shall be deemed to have remained in Carrier's Working Inventory for more than twenty-five (25) Days if there have been no liftings by Shipper during such twenty-five (25) Day period or if the quantity lifted by Shipper during

such period is less than the quantity in Carrier's Working Inventory at the beginning of such period.

[W] (D) ~~D.~~Intrasystem Transfers; Intrasystem transfers of custody or ownership of Petroleum will not be permitted.

[W] (E) ~~E.~~Penalties for Non-Compliant Nominations, Tender or Delivery

1. A Shipper must nominate and tender all Petroleum bound for ultimate intrastate destination and use as an intrastate shipment in accordance with Item ~~No.~~ 4.III.

2. For all intrastate shipments moved by Vvessel from the Port of Valdez to an intrastate destination, Shipper must provide Carrier with a copy of the independent gauger's report for the Vvessel documenting such intrastate shipment, including the total Vvolume delivered, the Vvolume delivered that was shipped on Carrier, and the port of destination within thirty (30) Days after the lifting of such Petroleum at the Port of Valdez. In the event a Shipper fails to provide such documentation validating the intrastate delivery of the tendered and certified Petroleum within thirty (30) Delays of the lifting of such Petroleum at the Port of Valdez, Shipper shall be charged a rate equal to the applicable interstate tariff for such shipment.

3. If a shipment was nominated and accepted for interstate delivery and the Shipper changes the ultimate destination to an in-state location and provides the required certification to Carrier, Shipper shall be charged the applicable intrastate tariff, plus a one thousand-dollar (\$1,000) penalty for that portion of the total Vvolume that should have been nominated and accepted as an intrastate shipment under Item 4.III.A.1. had it been properly identified as an intrastate shipment in the initial Nomination and certification. The remainder of the shipment shall be charged the applicable interstate tariff it was initially nominated under.

4. If a shipment was nominated and accepted for intrastate delivery and the Shipper either (1) fails to provide the certification required in Item 4.III or (2) changes the ultimate destination to an interstate location and provides the required certification to Carrier, Shipper shall be charged the applicable interstate tariff for such shipment, plus a one thousand-dollar (\$1,000) penalty.

ITEM NO. 8. MINIMUM DELIVERY. Carrier will not make a delivery of less than **[W]**one thousand (1,000) Barrels of any Petroleum at any destination point on its Pipeline except when necessitated by dispatching contingencies.

ITEM NO. 9. MEASUREMENT. The **[W]**Vvolume of Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by tank gauges and computations made from correctly compiled tank tables **[N]**in accordance with API and ASTM Standards. Corrections will be made for temperature from observed degrees Fahrenheit to sixty degrees **[W]**(60°) Fahrenheit. Carrier will deduct the full measured amount of basic sediment, water and other impurities as the distillation or other test may indicate. Shipper and Consignee shall have the privilege of being present or represented during measuring and testing of shipments by Carrier.

ITEM NO. 10. DELIVERY ADJUSTMENTS. Any overage or shortage resulting from shrinkage, evaporation, topping plant extractions of fuel requirements for pumping stations and other normal operating losses will be credited to, or charged to, and allocated equitably among the Shippers. Accounting for such overages and shortages will initially be made on the basis of estimates and adjusted to actual at the end of each calendar Month on a calendar year-to-date basis in the proportion that the 100-Barrel Mile Deliveries for each Shipper for the Month bears to the total of such 100-Barrel Mile Deliveries by Carrier during the Month. Only such portion of a Shipper's Petroleum as may remain after deduction of its allocated part of such net overages and shortages shall be deliverable from the System.

ITEM NO. 11. APPLICABILITY OF RATES, CHARGES, RULES AND REGULATIONS. The rates and charges which shall apply to the transportation of Petroleum shall be those in effect on the date Petroleum is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of Petroleum shall be the rules and regulations in effect on the date Petroleum is received by Carrier for transportation.

ITEM NO. 12. VESSEL REQUIREMENTS. All [W] vessels scheduled by each Shipper must comply, and the party responsible for vessel operation must comply with the Port Information Manual. [N] 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. 13. LIABILITY FOR CHARGES AND QUALITY ADJUSTMENTS. The Shipper and Consignee shall be jointly and severally liable for payment of all transportation charges, fees, interest, penalties in Item [W] No. 7, late charges, Quality Adjustments and other assessments as provided in the TAPS Quality Bank Agreement Tariff and other lawful charges (collectively, the "Charges") on Petroleum delivered by Carrier to Shipper or Consignee.

Carrier will bill Shipper for transportation for each load promptly following the loading of the vessel. Any applicable penalties under Item 7 shall be billed at the time of initial billing, if known, or as a separate billing if the applicability of such penalties cannot be determined at the time of the initial billing. If Carrier does not receive full payment of assessed charges within [C] ~~ten (10)~~ [N] twenty (20) Days after the date thereof, then Shipper and Consignee will become liable for payment to Carrier of a late charge at an annual interest rate equivalent to [W] one hundred twenty-five (125) percent of the prime rate of interest charged by Citibank N.A. of New York, New York, on ninety (90) Day loans to substantial and responsible commercial borrowers as of the due date, or the maximum rate allowed by the law, whichever is less. Such late charges shall accrue from the date of such bill until payment is made.

Carrier reserves the right to require appropriate proof of financial responsibility from a Shipper or Prospective Shipper to assure Shipper's ability to meet Charges prior to acceptance of Tender of shipment. In addition, Carrier reserves the right to require any Shipper to pay applicable Charges and fees before delivery of Shipper's Petroleum at destination.

Carrier shall have a lien on all Petroleum upon its receipt by Carrier to secure the payment of any and all Charges. Carrier may withhold from delivery any Petroleum of Shipper or Consignee in Carrier's custody until all Charges owed Carrier, or paid by Carrier on behalf of Shipper, have been paid by Shipper or Consignee. Carrier may enforce such lien by any manner referred to in, or consistent with, Alaska Statutes section 45.07.308, provided that Carrier's sale of such Petroleum to another Shipper of Carrier or any other person, after ten (10) Days prior notice to Shipper and the solicitation of three (3) bids thereon, shall be commercially responsible.

ITEM NO. 14. LIABILITY FOR LOSS. Carrier will not be liable for failure to receive or deliver Petroleum or any loss of Petroleum while in the possession of Carrier, or for any delay in receiving or delivering Petroleum, if caused in whole or in part by an Act of God, weather, the public enemy, acts of third parties, quarantine, the authority of law, strikes, riots, the act or default of Shipper or Consignee, requisition or other action by any government or governmental agency, or any other conditions not within control of Carrier.

If such loss of Petroleum occurs, then each Shipper of Petroleum so lost shall share such loss in the proportion that the amount of such Petroleum then in the custody of Carrier for the account of such Shipper bears to the total amount of Petroleum then in the custody of Carrier.

Carrier will be obligated to deliver only that portion of Petroleum remaining after deducting such loss and delivery adjustments (Item 10). Transportation and other Charges will be made only on quantities of Petroleum delivered.

ITEM NO. 15. TIME LIMITATION OF CLAIMS. As a condition precedent to recovery for loss or delay, claims must be filed in writing with Carrier within nine (9) Months and one (1) Day after delivery of the Petroleum, or in case of failure to make delivery, then within nine (9) Months and one (1) Day after a reasonable time for delivery has elapsed; and suits may be instituted against the Carrier only within two (2) years and one (1) Day from the Day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any parts thereof specified in the notice. Where claims are not filed or suits not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

ITEM NO. 16. [N]RESERVED [C]USE OF EXCESS CAPACITY OF COMMUNICATIONS FACILITIES. ~~If there is excess communications capacity over and above the needs of the Carrier, Shippers may use Carrier's private communications facilities without additional charge for messages incident to their shipments. Carrier will not be liable for non-delivery of messages, errors or delays in transmission, or interruption of the service.~~

[W] ITEM NO. 17. SYSTEM LIABILITY FUND. The Trans Alaska Pipeline Authorization Act requires ~~the System to maintain~~ a "Liability Fund" for the purpose of having money readily available for damages and cleanup costs in the event of Petroleum discharges from a Vvessel loaded at ~~the~~ Valdez, Alaska Terminal. Carrier is required to collect five (5) cents per Barrel for each Barrel delivered to maintain its share of the Liability Fund. Carrier will collect from each Shipper five (5) cents per Barrel for each Barrel delivered from its ~~Pipeline System~~ on a Vvessel at Valdez, Alaska. Carrier will not collect from Shippers the additional (5) cents per Barrel if at any time Carrier is not required to pay the added charge.

ITEM NO. 18. RATES APPLICABLE FROM AND TO INTERMEDIATE POINTS. Petroleum received from a point on the System which is not named in any rate tariffs making reference to this tariff, but which point is intermediate to a point from which rates are published in any rate tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant point published in any rate tariff making reference to this tariff.

Petroleum delivered to a point on the System which is not named in any rate tariffs making reference to this tariff but which point is intermediate to a point to which rates are published in any rate tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant point published in any rate tariff making reference to this tariff.

[W] ITEM NO. 19. 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 with the privilege of subsequently re-forwarding all or a portion of a like Vvolume through Carrier's facilities to Valdez, Alaska, and loading on Vvessels, 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 13.
2. The timing of redelivery of Petroleum for further transportation to Valdez, Alaska shall be such that the further transportation of Petroleum occupies but does not exceed the space vacated in Carrier's portion of the System by withdrawal of the Petroleum by the same Shipper under this tariff.
3. Custody and possession of the Petroleum upon withdrawal shall be that of the Shipper, not the Carrier.
4. Shippers availing themselves of these withdrawal and re-forwarding 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. 20. ADDITIVES. Carrier reserves the right to inject, or approve the injection of, corrosion inhibitors, viscosity or pour point depressants, and drag reducing additives in the Petroleum to be transported.

ITEM NO. 21. LIABILITY FOR NON-COMPLIANCE WITH TARIFF. Any Shipper or Consignee who does any act or permits any act to be done which violates the terms of this tariff shall be liable to Carrier for all loss, damage, or injury caused thereby or resulting therefrom.

ITEM NO. 22. CONNECTIONS TO THE TRANS ALASKA PIPELINE. Connections to the System will be allowed in accordance with laws and regulations applicable to common carrier pipeline companies and requirements in the instruments granting the right-of-way for the Trans Alaska Pipeline System, for the purpose of transporting Petroleum through the System. All connectors must comply

with the Trans Alaska Pipeline System Connection Guidelines. A copy of such Guidelines will be available on request to Carrier.

ITEM NO. 23. BASE INVENTORY REQUIREMENT. Carrier will require each Shipper to supply its pro rata share of Base Inventory. Changes to pro rata share will be phased up or down over seven (7) Days (1/7th per [W] Day). Inventory cannot be lifted until the base requirement is met.

Petroleum provided by a Shipper for this purpose may be withdrawn from the System only ~~[W]with the~~ upon Shipper's written request and the prior approval of Carrier. The Carrier has the option to withhold delivery of line fill pending resolution of outstanding line fill related issues.

[N] 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 Base Inventory requirement 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 Petroleum 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.