

# ENDICOTT PIPELINE COMPANY

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## LOCAL TARIFF

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CONTAINING  
RULES AND REGULATIONS  
GOVERNING THE TRANSPORTATION OF  
PETROLEUM

BY PIPELINE FROM  
ENDICOTT, ALASKA  
TO  
TRANS ALASKA PIPELINE SYSTEM PUMP STATION NO. 1

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### GENERAL APPLICATION

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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.

For the Rules and Regulations governing the Quality Bank methodology applicable to the transportation of Petroleum by pipeline from Endicott, Alaska to the Trans Alaska Pipeline System, Pump Station No. 1, refer to Tariff F.E.R.C. No. [W] 33.2.0 ~~33.1.0~~, supplements thereto and successive issues thereof.

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

[C] ~~Filed in compliance with Order No. 714 relating to Electronic Tariff Filings, issued on September 19, 2008, for the establishment of Baseline Tariff.~~

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**Item  
No.**

**SUBJECT**

**RULES AND REGULATIONS**

1

Definitions

“Barrel” means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit.

“Carrier” means Endicott Pipeline Company.

“Day” means the period of time commencing at 0000 hours on one day and running until 2400 hours on the same day according to Prudhoe Bay, Alaska, Local Time.

“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 Prudhoe Bay, Alaska, Local Time.

“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.

“Petroleum” means unrefined liquid hydrocarbons including gas liquids.

“Shipper” means anyone who contracts with the Carrier for transportation of Petroleum under the terms of this tariff.

“System” or “Endicott Pipeline System” means a pipeline including related facilities owned by Carrier which, when operated, acts as a single unit.

“Tender” means 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.

2

Warranty of  
Title

The act of delivering Petroleum into the System for transportation shall constitute a warranty by Shipper that Shipper has unencumbered title thereto and that unencumbered title shall remain with Shipper until such Petroleum is delivered out of the system.

3

Quality and  
Intermixing  
of Petroleum

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. Carrier shall be under no obligation to make delivery of the identical Petroleum received into the System from the Shipper.

Carrier has right to refuse Petroleum for transportation if any of the following occurs: (i) it is unsuitable for refining or use as a fuel and/or it contains more than thirty-five one hundredths of 1% (0.35%) by volume of sediment and water, (ii) its temperature exceeds 142°F, provided that Petroleum may be accepted for transportation at any point in the System at a temperature in excess of 142°F but only under such circumstances and during such times as Carrier hereunder 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 among Shippers, (iii) its hydrogen sulfide (H<sub>2</sub>S) content in solution does exceed fifty (50) parts per million by weight, (iv) it will result in the calculated combined stream of Petroleum in the System at any given entry point or any given time exceeding ten (10) parts per million hydrogen sulfide (H<sub>2</sub>S) content in solution by weight or the vapor pressure of such combined stream exceeding the greater of atmospheric pressure or 14.7 psia at receipt temperature, or (v) assay analysis of the Petroleum 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 (Carrier will notify the new Shipper of the evaluation of the assay analysis and acceptance or non-acceptance of the Petroleum within forty (40) days of the receipt of the analysis).

- 4      Scheduling of Receipt and Deliveries      Shippers shall promptly provide Carrier with all information reasonably necessary 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 tariffs and supplements thereto. Carrier may refuse to receive Petroleum for transportation until such Shipper has provided Carrier with such information.
- By notice no later than fourteen (14) Days prior to the two immediately successive Months commencing after the date of such notice, a new Shipper shall advise the Carrier of its schedule of Shipments for such two Month period. Shipper shall promptly notify Carrier of any proposed changes in its shipping schedule.
- Scheduled receipts from Shippers shall not be subject to change except with written or email notice from Shipper at least two (2) days prior to date of scheduled receipt of Petroleum.
- Each Shipper shall provide its pro rata share of Petroleum necessary to fill the System. Carrier shall not be obligated to deliver Shipper's Petroleum tendered for shipment in the System unless Shipper has provided its pro rata share of such line fill.
- Intrasytem transfers of custody or ownership of Petroleum will not be permitted.
- In the event Shippers offer to ship more Petroleum through the System during any period of time than can be transported and delivered through the System during such period, the transportation and services provided by the Carrier shall be apportioned among all Shippers making good faith offers to ship in a manner determined by the Carrier to be equitable to all Shippers.
- 5      Schedule Notification to Shippers      Carrier will schedule the approximate time when Petroleum offered for shipment will be received by Carrier at origin location and delivered by Carrier at destination location for each schedule period.
- Carrier will inform each Shipper of the time within each schedule period when Petroleum will be received from such Shipper at origin location and will inform each Shipper of the time within each schedule period when Petroleum will be delivered at destination location.
- 6      Shipper Facilities and Receipts Into the System      Carrier will determine and advise Shipper of the facilities to be provided by the Shipper at any receipt 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.
- Carrier will not provide or offer any storage service in transit or at delivery location.
- Carrier will accept Petroleum for transportation only when the Shipper has made the necessary arrangements for further shipment beyond. Carrier may refuse to accept Petroleum for transportation unless written evidence satisfactory to Carrier is furnished that the Shipper has made provision for prompt receipt thereof at destination. Shipper shall provide Carrier with such written evidence of Shipper's ability to take prompt receipt of its Petroleum at destination at all times after tender of such Petroleum for transportation in the System.
- In addition and without limiting the foregoing provisions, if a Shipper or connecting carrier is unable to take prompt delivery of Petroleum at destination, then Carrier will have the right, if deemed necessary, to clear System and/or to make whatever arrangements without liability to Shipper or connecting carrier for disposition of the Petroleum that are appropriate, which includes selling the shipment to the first available purchaser at the best price obtainable. Any expenses incurred including transportation charges by the Carrier in making such arrangements shall be borne by the Shipper.
- 7      Minimum Delivery      Carrier has the right to refuse to make a delivery of less than ten thousand (10,000) barrels per Month of Petroleum at any destination point on its System except when necessitated by dispatching contingencies.
- 8      Measurement      The volume of Petroleum received and delivered by Carrier will be measured by meter or by tank gauges and computations made from correctly compiled tank tables. Volumes will be corrected to Standard conditions of temperature and pressure (sixty [60] degrees Fahrenheit and equilibrium pressure) from observed conditions of temperature and pressure by use of the appropriate ASTM/API volume correction tables. Carrier will deduct the full measured amount of sediment, water, and other impurities as the distillation or other test may indicate. Shipper shall have the

privilege of being present or represented during measuring and testing of shipments by Carrier.

- 9 Additives Carrier reserves the right to inject, to approve or to reject the injection of corrosion inhibitors, viscosity or pour point depressants and drag reducing additives or other such additives in the Petroleum to be transported.
- 10 Applicability of Rates and 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.
- Petroleum received from a point on the System which is not named in the applicable tariff, but which point is intermediate to a point from which a rate is published in the applicable tariff will be assessed the rate in effect from the next more-distant point published in the applicable tariff.
- Petroleum delivered to a point on the System which is not named in the applicable tariff, but which point is intermediate to a point to which a rate is published in the applicable tariff will be assessed the rate in effect to the next more-distant point published in the applicable tariff.
- 11 Liability for Charges The Shipper shall pay all transportation charges and other lawful fees accruing on Petroleum delivered to and accepted by the Carrier for Shipment. Unless agreed to otherwise by the Carrier, the Shipper shall make payment by federal funds wire transfer.
- Carrier will bill Shipper for transportation charges and other lawful fees owed to Carrier by Shipper. Payment of such transportation charges and other lawful fees owed to Carrier by Shipper shall be in accordance with invoice terms and these rules and regulations. Transportation charges and other lawful fees owed to Carrier by Shipper shall be considered past due if such transportation charges and other lawful fees owed to Carrier by Shipper are not paid in accordance with invoice terms. All past due transportation charges and other lawful fees owed to Carrier by Shipper shall bear interest from the date on which they become due until paid at an annual rate equivalent to 125% of the prime rate of interest charged by the Citibank N.A. of New York, New York or its successors on ninety (90) day loans to substantial and responsible commercial borrowers as of the date of delivery, or the maximum rate allowed by law, whichever is less.
- Carrier shall have a lien on all Petroleum received into the System. Such lien shall take effect at the time Petroleum is received into the System. Such lien shall secure the payment of transportation charges and other lawful fees owed to Carrier by Shipper, including but not limited to, penalties, interest and late payment charges, whether or not incurred on the Petroleum in the System and whether or not invoiced. Such lien shall be in addition to and shall supplement any and all other rights and remedies Carrier has at law or in equity.

11 (Continued)  
Liability for  
Charges

Shipper shall advise Carrier if its Petroleum tendered for transportation is not free and clear of all liens and charges. Carrier has the right to refuse Petroleum for transportation which is in any way involved in litigation, or encumbered by a lien or charge of any kind, unless and until the Shipper shall furnish a bond or other form of indemnity satisfactory to Carrier, protecting it against any liability or loss arising as a result of such litigation, lien or charge, and/or as a result of transportation of such Petroleum.

The Carrier may require prepayment of transportation charges and other lawful fees owed to Carrier by Shipper prior to accepting Petroleum for shipment, or the Shipper may be required to submit an irrevocable letter of credit drafted on a bank acceptable to Carrier and covering applicable charges. Applicable charges will include transportation charges and other lawful fees owed to Carrier by Shipper for the Shipper's schedule of shipments for the preceding one Month and two weeks.

If any such transportation charges and other lawful fees owed to Carrier by Shipper remain unpaid for thirty (30) calendar days after the payment due date, the Carrier shall have the right, either directly or through an agent to sell any of the Shipper's Petroleum within the custody of the Carrier.

From the proceeds of this sale, Carrier will deduct all transportation charges and other lawful fees owed to Carrier by Shipper including interest due to Carrier and including expenses incident to said sale, and the balance of the remaining proceeds, if any, shall be held by Carrier for whosoever may be lawfully entitled thereto. If proceeds from such sale are not sufficient, Shipper will remain liable for any deficiency including the above interest charges.

12 Carrier's  
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 requisition or other action by any government or governmental agency, shrinkage, evaporation or other normal operating losses, or any other cause not attributable to the sole negligence or willful misconduct of Carrier.

Except as otherwise provided in Item No. 15 if such loss of Petroleum occurs, then Shipper shall share such loss in the proportion that the amount of such Petroleum then in the custody of Carrier during the loss period for the account of such Shipper bears to the total amount of Petroleum then in the custody of Carrier during the loss period.

Carrier will be obligated to deliver only that portion of Petroleum remaining after deducting such loss. Transportation and other charges will be made only on quantities of Petroleum delivered.

If Petroleum is lost while in the custody of Carrier due to the sole negligence or willful misconduct of Carrier, Carrier may obtain and deliver to Shipper thereof other Petroleum of similar quantity and grade, as that which otherwise would have been delivered, but Carrier shall not be obligated to do so; at Carrier's option Carrier may compensate Shipper for such loss in money.

13 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 are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

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| 14 | Delivery Adjustment                      | <p>Carrier shall account to each Shipper for Petroleum received. Any overage or shortage resulting from shrinkage, evaporation, interface, leaks, pipeline breaks or other normal operating losses will be allocated equitably among the Shippers. Accounting for such overages and shortages will be made on the basis of 100-Barrel Mile Deliveries for each Shipper during the Month.</p> <p>Only such portion of a Shipper's Petroleum as may remain after adjustment of its allocated part of such net overages and shortages shall be deliverable from the System. Adjustments for such overages and shortages will initially be made on the basis of estimates and adjusted to actual at the end of each Month, but the cumulative net amount of such overages and shortages shall be adjusted Monthly on a calendar year-to-date basis within a calendar year.</p> |
| 15 | Liability for Non-Compliance with Tariff | <p>Any Shipper who does any act or permits any act to be done which violates the terms of this tariff or any applicable law shall be liable to Carrier for all loss, damage, or injury caused thereby or resulting therefrom.</p>  |
| 16 | Heat Exchange Mechanism                  | <p>Carrier reserves the right to approve the installation of a slip stream mechanism on the pipeline which will utilize a slip stream from the System to heat gas in an adjacent pipeline.</p>   |
| 17 | In Transit Shipments                     | <p>Petroleum transported through the System from any origin location may be withdrawn from the System by a Shipper at any established delivery location with the privilege of subsequently reforwarding all or a portion of such withdrawal, provided: (1) Shippers using this privilege must keep complete and accurate records of withdrawals and redeliveries and permit inspection of such records by an authorized agent of the Carrier; (2) Petroleum to be reforwarded is delivered to Carrier within seven (7) days of withdrawal; and (3) the rates and charges on delivered Petroleum shall be the rates and charges that are in effect as of the date of initial receipt by Carrier for transportation from the initial receipt location to the final delivery location.</p>  |

Explanation of Symbols:

[C] - Cancel

[W] - Change in wording only