

NORTHSTAR PIPELINE COMPANY, LLC

LOCAL TARIFF

CONTAINING RULES AND REGULATIONS GOVERNING THE TRANSPORTATION OF

PETROLEUM

BY PIPELINE

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.

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

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

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ITEM SUBJECT
No. RULES AND REGULATIONS

5 Definitions

“API” as used herein means American Petroleum Institute.

“ASTM” as used herein means American Society for Testing Materials.

“Barrel” as used herein means forty-two (42) United States gallons at sixty (60) degrees Fahrenheit

“Carrier” as used herein means and refers to Northstar Pipeline Company, LLC and its successors and/or other pipeline companies which may, by proper concurrence, be parties to joint tariffs incorporating these rules and regulations by specific reference.

“Consignee” as used herein means anyone to whom Petroleum transported under this tariff is consigned when delivered out of the System.

“Day” as used herein 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” as used herein 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.

“Nomination” as used herein means a request by a prospective Shipper for transportation in accordance with the terms of this tariff.

“100-Barrel Mile Deliveries” as used herein 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 one hundred (100).

“Petroleum” as used herein means unrefined liquid hydrocarbons including gas liquids.

“Shipment” as used herein means transportation by the Carrier of a stated quantity of Petroleum from a specified origin or origins to a specified destination, or destinations, in accordance with these rules and regulations.

“Shipper” as used herein means a party that nominates and thereafter actually delivers Petroleum for transportation by the Carrier under the terms of this tariff.

“System” as used herein means a ten inch (10”) diameter Petroleum pipeline extending from Northstar Production Facility on Seal Island, Alaska, to Pump Station No. 1 of the Trans Alaska Pipeline System, including related facilities necessary to the operation of the pipeline.

10 Warranty of Title

An offer for Shipment of Petroleum shall be deemed a warranty of title by the party making the offer. The Carrier will, in the absence of adequate security, decline to receive any Petroleum which is in litigation, or as to which a dispute over title may exist, or which is encumbered by any lien. By Nominating Petroleum, the prospective Shipper warrants and guarantees that it has good title thereto and agrees to hold the Carrier harmless from any and all loss, cost, liability, damage and/or expense resulting from disputes, encumbrances, or failure of title thereto. Acceptance for transportation shall not be deemed a representation by the Carrier as to title.

15 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. The Carrier shall be under no obligation to make delivery of the identical Petroleum received into the System from the Shipper. The Carrier may make such tests of Petroleum as it deems desirable. The Carrier has right to refuse Petroleum for transportation if any of the following applies:

- a) it is unsuitable for refining or use as a fuel;
- b) contains more than thirty-five one hundredths of one percent (0.35%) by volume of sediment and water;
- c) its temperature exceeds one hundred fifty degrees (150°) Fahrenheit, provided that Petroleum may be accepted for transportation at any point in the System at a temperature in excess of one hundred fifty degrees (150°) Fahrenheit but only under such circumstances and during such times as the 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;
- d) its hydrogen sulfide (H₂S) content in solution exceeds fifty (50) parts per million by weight;
- e) 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 (H₂S) content in solution by weight or the vapor pressure of such combined stream exceeding the greater of atmospheric pressure or fourteen and seven tenths (14.7) psia at receipt temperature, or
- f) assay analysis of the Petroleum has not been provided at least forty-five (45) days in advance of initial receipt to determine that such Petroleum is compatible with other Petroleum being transported.

20 Scheduling of Pipeline and Apportionment of Throughput Capability

(A) General Requirements for Nominations:

1. Nominations will be received and considered for acceptance if they conform in full to the terms of this tariff. Nominations shall be addressed to Oil Movements Coordinator, BP Pipelines (North America) Inc., Suite 300, 4502 E. 41st Street, Tulsa, Oklahoma 74135, fax number (918) 660-4393, with confirmation number (918) 660-4346.
2. Each Nomination must be in writing and include the information reflected in items a) through e) for each proposed Shipment:
 - a) the period for which the proposed Shipment is being nominated;
 - b) the total volume for delivery during such period and the volume in Barrels per Day;
 - c) the connection from which the proposed Shipment would originate;
 - d) the destination of the proposed Shipment; and
 - e) whether the proposed Shipment is an intrastate Shipment or an interstate Shipment.
3. Each Nomination must make the following statement:

<Prospective Shipper name> has title to all the Petroleum hereby nominated.
4. The Carrier reserves the right to require Shipper to provide proof of title. The Carrier also reserves the right when accepting and prorating Nominations to revise, reduce or reject a Nomination if:
 - a) the Carrier has requested proof of title and prospective Shipper has not complied within 2 Days; or
 - b) the prospective Shipper has failed to make payment of lawful charges related to previous Shipments.

(B) Scheduling, Acceptance and Prorating of Nominations

Nominations that satisfy the requirements stated in part (A) of this item will be accepted and prorated in accordance with the following rules.

1. Nominations are due by the fifteenth (15th) Day of the Month that precedes the Month for which Nominations are being accepted.
2. If the total of the timely Nominations received is less than System capability for the coming Month, all Nominations will be accepted in full. The Carrier will thereafter accept Nominations for any available System capability on a first-come, first served basis

3. If the total of the Nominations exceeds the System capability for the coming Month, such Nominations will be prorated among all prospective Shippers in the proportion that each Shipper's Nomination bears to the total of all Nominations.
4. On the first business Day after the due date for Nominations, or as soon thereafter as possible, the Carrier will notify Shipper whether its Nomination was accepted and, if so, the quantity of Petroleum accepted.
5. Changes to Nominations may be rejected by the Carrier if received less than ten (10) Days prior to the date such changes are proposed to take effect.

25 Petroleum Fill Requirements

Each Shipper shall provide its pro rata share of Petroleum necessary to fill the System. The 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.

30 Duty of Carrier

The Carrier shall not be required to transport and/or deliver Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

35 Gauging, Testing and Volume Correction

- (A) Petroleum accepted by the Carrier for transportation shall be measured and tested by representatives of the Carrier prior to or at the time of its receipt from the Shipper. Each Shipper shall have the privilege of being present or represented during the measurement and testing procedures.
- (B) Quantity measurement shall be determined by meters and will conform at a minimum with API and ASTM Standards. In instances where meters are not operable or otherwise available, quantities shall be determined by tank measurement in accordance with API and ASTM Standards.
- (C) The volume of Petroleum Shipments received and delivered shall be as corrected to sixty (60) degrees Fahrenheit.
- (D) The full amount of basic sediment, water, and other impurities corrected to sixty (60) degrees Fahrenheit shall be deducted from the corrected volume of Petroleum shipped. Determination of basic sediment shall be in accordance, at minimum, with accepted API and ASTM Standards. The net balance at sixty (60) degrees Fahrenheit, less any adjustments provided for elsewhere in these Rules and Regulations, shall be the quantity to be delivered by the Carrier.

40 Application of Rates, Charges, Rules and Regulations

Petroleum accepted for transportation shall be subject to the rates, rules and regulations in effect on the date of receipt of such Petroleum by the Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item 35.

45 Payment of Transportation and other Charges

- (A) The Shipper shall pay all applicable penalties, transportation charges, and other lawful charges 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. Payment of such transportation charges and other lawful fees owed to the Carrier by Shipper shall be in accordance with invoice terms and these rules and regulations. The Carrier may require payment of such penalties and charges prior to accepting Petroleum for Shipment or before delivering such Shipment to the Shipper. Alternatively, the Carrier may require Shipper to submit a letter of credit drafted on a bank approved by the Carrier covering applicable charges prior to accepting Petroleum for Shipment or before delivering such Shipment to the Shipper.
- (B) Penalties and charges are due upon delivery at destination. Penalties and charges shall be considered past-due if such penalties and charges remain unpaid seven (7) days after notice and demand therefor. All past-due penalties and charges 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 successor on ninety (90) days loans to substantial and responsible commercial borrowers as of the date of delivery, or the maximum rate allowed by law, whichever is less.
- (C) The Carrier shall have a lien on all Petroleum delivered for transportation to secure the payment of any and all unpaid penalties, transportation charges and other charges that are due to the Carrier by the Shipper, and may withhold such Petroleum from delivery, without liability until all unpaid charges have been paid. If such penalties or charges remain unpaid seven (7) days after notice and demand therefor, the Carrier shall have the right to sell such Petroleum at public auction, on any Day not a legal holiday, and not less than forty-eight (48) hours after notice stating the time and place of such sale and the quantity, general description, and location of the Petroleum to be sold has been published in a daily newspaper of general circulation in the town or city where the sale is to be held, and notice has been sent to the Shipper. The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all penalties, transportation, demurrages, other lawful charges and all expenses incident to the sale. The balance from said sale shall be held for whomever may be lawfully entitled thereto.

50 Liability of Carrier

- (A) The Carrier shall not be liable for any loss, damage, or delay to Petroleum caused by fire, explosion, earthquake, storm, flood, epidemics, acts of God, riots, war, sabotage, strikes,

the authority of law, or an act or default of the Shipper, or from any cause whatsoever, whether enumerated herein or not, except by the Carrier's sole negligence. Except as otherwise provided in Item 60, in case of any loss of Petroleum for which the Carrier is not liable, each Shipper shall bear the loss, damage or delay and the consequences thereof in the proportion that the amount of such Shipper's Petroleum received and undelivered in the custody of the Carrier for transportation in the System bears to the total amount of Petroleum of all Shippers received and undelivered in the Carrier's custody for transportation in the System at the time the loss, damage or delay occurs. The Shipper shall be entitled to have delivered only such portion of its Shipment as may remain after deduction of its due proportion of such loss.

(B) In addition to any loss of Petroleum covered by the preceding paragraph of this item, some gain or loss is unavoidably incident to pipeline transportation. Such gains or losses shall be borne by the Shippers and shall be apportioned among them at the end of each Month in the proportion that the 100-Barrel Mile Deliveries for each Shipper during such Month bears to the total 100-Barrel Mile Deliveries of all Shippers during such Month. The Carrier shall make such allocations Monthly, but the cumulative net amount of such gains and losses shall be adjusted Monthly on a calendar year-to-date basis within a calendar year. Inventory left with the Carrier that remains unchanged for a period of six (6) Months will be subject to the apportionment calculation under this paragraph.

55 Claims, Suits, and Time for Filing

As a condition precedent to recovery for loss, damage, or delay to Shipments, claims must be filed in writing with the 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 arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) Day from the date of delivery, or, in case of failure to make delivery within two (2) years and one (1) Day after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, the Carrier will not be liable and such claims will not be paid. Statements of losses, ascertained and computed by the Carrier's standard accounting procedures, are to be accepted by Shipper as prima facie correct.

60 Legality of Shipments; Liability for Non-Compliance with Tariff

The Carrier reserves the right to reject any and all Petroleum offered for Shipment when the Shipper or Consignee fails or is unwilling or unable to comply with all applicable laws, rules, regulations or requirements of any governmental authorities regulating Shipments or deliveries of Petroleum, or fails to demonstrate that the Shipment would be in conformance with the provisions of the Carrier's tariff. Any Shipper who does any act or permits any act to be done that violates the terms of this tariff or any applicable law shall be liable to the Carrier for all loss, damages, or injury caused thereby or resulting therefrom.

65 Inhibitors

The Carrier reserves the right to inject, or to approve or reject the injection of, corrosion inhibitors, viscosity or pour point suppressants, or other additives in the Petroleum to be transported.

70 Origin Facilities

The Carrier will provide only such facilities at the origin point as it deems necessary for the operation of the System. Shipments will be accepted for transportation hereunder only when Shipper has provided facilities capable of delivering Petroleum into the origin point at pressures and pumping rates required by the Carrier.

75 Destination Facilities

(A) The Carrier will not provide or offer any storage service in transit or at a destination.

(B) The Carrier will accept Petroleum for transportation only when the Shipper made the necessary arrangements for further shipment. The Carrier may refuse to accept Petroleum for transportation unless written evidence is furnished that the Shipper has made provision for prompt receipt thereof at destination. Shipper shall provide the Carrier with such written evidence of Shipper's ability to take prompt receipt of its Petroleum at destination at all times after Nomination 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, the Carrier shall have the right to sell such Petroleum at public auction, on any Day not a legal holiday, and not less than forty-eight (48) hours after notice stating the time and place of such sale and the quantity, general description, and location of the Petroleum to be sold has been published in a daily newspaper of general circulation in the town or city where the sale is to be held, and notice has been sent to the Shipper. The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all penalties, transportation, demurrage, other lawful charges and all expenses incident to the sale. The balance from said sale shall be held for whomever may be lawfully entitled thereto.

80 Rates Applicable to and from Intermediate Points

Petroleum delivered by the Carrier to a destination on the System that is not named in this tariff or in tariffs making reference to this tariff but which destination is intermediate to a destination to which rates are published in this tariff or in tariffs making reference to this tariff, will be assessed the rate in effect to the next more-distant destination published in this tariff or in tariffs making reference to this tariff. Petroleum received by the Carrier from an origin on the System that is not named in this tariff or in tariffs making reference to this tariff but which origin is intermediate to an origin from which rates are published in this tariff or in

tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant origin published in this tariff or in tariffs making reference to this tariff.

Symbols: [C] – Cancel
[W] – Change in wording only