

# Illinois Extension Pipeline Company L.L.C. (Southern Access Extension (SAX))

## RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION OF

CRUDE PETROLEUM

BY PIPELINE

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### GENERAL APPLICATION

The Rules and Regulations published herein apply only under tariffs making specific reference by FERC number to this tariff; such reference will include supplements hereto and successive issues hereof.

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

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## 1. DEFINITIONS

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As used in this tariff, the following terms have the following meanings:

“**API**” means American Petroleum Institute.

“**ASTM**” means American Society for Testing and Materials.

“**Available Monthly Capacity**” means the capacity of the pipeline available to transport Crude Petroleum in a given month, as determined by Carrier.

“**Barrel**” means 42 United States gallons.

“**Carrier**” means Illinois Extension Pipeline Company L.L.C.

“**Celsius**” (°C) is equivalent to the Fahrenheit Temperature minus 32 divided by the factor 1.8.

“**Committed Capacity**” means the bpd capacity equal to the aggregate Committed Volumes pursuant to all Transportation Service Agreements (TSAs) in effect during the month of prorating.

“**Committed Shipper**” means a Shipper that has contracted for transporting or paying a deficiency payment for failure to transport a Committed Volume pursuant to the terms of a TSA.

“**Committed Volume**” means, with respect to a Committed Shipper, the minimum daily volume of Crude Petroleum set out in Schedule A to the Committed Shipper’s TSA during the term of such TSA.

“**Crude Petroleum**” means the direct liquid product of oil wells, oil processing plants, the indirect liquid petroleum products of oil or gas wells, oil sands, or a mixture of such products, but does not include Natural Gas Liquids or Refined Petroleum Products.

“**Density**” means mass per unit volume at 15 degrees Celsius expressed in kilograms per cubic metre.

“**FERC**” means the Federal Energy Regulatory Commission.

“**Force Majeure**” means an event which is unforeseen, and beyond the control of the Shipper, that either prevents the Shipper from delivering the affected volume to Carrier or prevents the Shipper from accepting delivery of the affected volume from Carrier. The following are the examples of Force Majeure events: earthquakes; floods; landslides; civil disturbances; sabotage; the acts of public enemies; war; blockades; insurrections; riots; epidemics; the act of any government or other authority or statutory undertaking; the inability to obtain or the curtailment of electric power; water or fuel; strikes; lockouts; or other labor disruptions; fires; explosions; breakdowns or failures of pipe; plant; machinery or equipment; and contamination or poisoning of catalyst and/or solvent or biological treatment facilities. For greater certainty, a lack of funds; the availability of a more attractive market; Shipper’s inability to purchase Crude Petroleum; or inefficiencies in operations do not constitute events of Force Majeure.

“**Financial Assurances**” means the financial assurances provided by the Shipper and accepted by the Carrier in accordance with Rule 21.

“**Kilopascal**” is equivalent to 0.145 037 7 pounds per square inch.

“**Linefill**” means the total quantity of Crude Petroleum needed to occupy the physical space within the Pipeline and any applicable facilities and required for the efficient operation and scheduling of the Pipeline.

“**Make-up Volumes**” means barrels for which a Monthly Deficiency Payment has been paid and which are nominated for transportation in a subsequent month in accordance with Rule 19(c) of this tariff.

“**Monthly Deficiency Payment**” means a payment to be made by a Committed Shipper for failure to transport its Monthly Volume as determined in accordance with such Committed Shipper’s TSA.

“**Monthly Volume**” means the product of the Committed Volume multiplied by the number of days in the relevant month.

“**Natural Gas Liquids**” means the indirect liquid petroleum products of oil or gas wells having an absolute vapor pressure in excess of 103 kilopascals.

“**Nomination**” means an offer by a Shipper to the Carrier in accordance with this tariff for the transportation of a stated quantity of Crude Petroleum from a Regular Receiving Point to a Regular Delivery Point.

“**Non-Performance Penalty**” shall be equal to the highest Uncommitted Rate in effect during the month in which the barrels were nominated but not tendered.

**“Prorationing Event”** means (i) the prorationing of the pipeline by the Carrier in accordance with Rule 14 of this tariff, or (ii) the apportionment of Enbridge Pipelines, Inc.’s system that extends from Edmonton, Alberta to the Canadian/U.S. border near Gretna, Manitoba or Enbridge Energy, Limited Partnership’s Lakehead System, in accordance with their respective rules and regulations tariffs.

**“Refined Petroleum Products”** means the products of a refinery tendered as motor gasoline, aviation fuels, kerosene, diesel fuel and domestic heating oil.

**“Regular Delivery Point”** means a location for the delivery of Crude Petroleum by Carrier as provided for in the carrier's tariff applying on the transportation of Crude Petroleum.

**“Regular Receiving Point”** means a location for the receipt of Crude Petroleum by Carrier as provided for in the carrier's tariff applying on the transportation of Crude Petroleum.

**“Shipper”** means the party that contracts with the Carrier for the transportation of Crude Petroleum under the terms of this tariff, and that has satisfied the Carrier of that party’s capacity to perform its financial obligations that may arise from the transportation of its Crude Petroleum under the terms of this tariff, and includes a transferee of a Shipper’s rights and obligations, as approved in accordance with Rule 15(c).

**“TSA”** means a transportation services agreement executed by a Committed Shipper with Carrier pursuant to the open season for the pipeline that commenced on December 12, 2012 and June 5, 2013.

**“Uncommitted Rate”** means the tariff rate payable pursuant to the rate tariff for services relating to volumes that are not Committed Volumes or Make-up Volumes.

**“Uncommitted Shipper”** means any Shipper that is not a Committed Shipper and a Committed Shipper to the extent of any Nomination by such Committed Shipper of volumes in excess of its Committed Volume (including nominations of Make-up Volumes).

## **2. COMMODITY**

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This tariff applies to the transportation of Crude Petroleum by the Carrier.

## **3. ORIGIN AND DESTINATION FACILITIES**

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- (a) Subject to the further provisions of this tariff, the Carrier will only accept Crude Petroleum for transportation:
- (i) at Regular Receiving Points;
  - (ii) when the Crude Petroleum has been specified to be delivered to one or more Regular Delivery Points; and
  - (iii) when the party taking delivery of the Crude Petroleum has been specified in writing to the Carrier.
- (b) Except where the Carrier provides such facilities, the Carrier will only accept Crude Petroleum for transportation when the Shipper has provided the necessary facilities satisfactory to the Carrier at the specified Regular Delivery Point for such Crude Petroleum.

## **4. SPECIFICATIONS AS TO QUALITY**

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- (a) A Shipper shall not deliver to the Carrier and the Carrier shall not be obligated to accept Crude Petroleum that, as determined by the Carrier, has on receipt:
- (i) a temperature greater than 100 degrees Fahrenheit (38 degrees Celsius);
  - (ii) a vapor pressure in excess of 13.8 psi (95 Kilopascals) for Crude Petroleum received during the period from May 1st through September 15th of the year, or a vapor pressure in excess of 15 psi (103 Kilopascals) for Crude Petroleum received during the period from September 16th through April 30th of the year;
  - (iii) sediment and water in excess of 0.5% by volume;
  - (iv) a density in excess of 19 degrees API at 60 degrees Fahrenheit (940 kilograms per cubic metre at 15 degrees Celsius);

- (v) a kinematic viscosity in excess of 350 square millimetres per second determined at the Carrier's reference line temperature;
  - (vi) any organic chlorides; or
  - (vii) physical or chemical characteristics that may render such Crude Petroleum not readily transportable by the Carrier or that may materially affect the quality of other commodities transported by the Carrier or that may otherwise cause disadvantage to the Carrier.
- (b) A Shipper shall, as required by the Carrier, provide to the Carrier a certificate with respect to the specifications of Crude Petroleum to be received by the Carrier from such Shipper. If a Shipper fails to provide the Carrier with such certificate, then the Carrier shall not be obligated to accept the Shipper's Crude Petroleum.
- (c) If the Carrier determines that a Shipper does not comply with the provisions of paragraph (a) of this Rule 4, then such Shipper shall remove its Crude Petroleum from the facilities of the Carrier as directed by the Carrier.
- (d) If a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph (c) of this Rule 4, then the Carrier shall have the right to remove and sell such Crude Petroleum in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.

## **5. CHANGES IN QUALITY AND SEGREGATION**

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- (a) The Carrier shall endeavor to deliver substantially the same type of Crude Petroleum as that received from a Shipper; however, the Carrier shall not be obligated to make delivery of the identical Crude Petroleum received by the Carrier.
- (b) Crude Petroleum tendered to the Carrier for transportation will be received by the Carrier on the condition that it shall be subject to such changes, which include but are not limited to, density, quantity, value and quality while in transit as may result from the transportation (and all services and procedures related thereto), commingling or intermixing thereof, including, without limiting the generality of the foregoing, the mixing of a Shipper's Crude Petroleum with other Crude Petroleum in the facilities of the Carrier.

## **6. NOMINATIONS AND QUANTITIES**

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- (a) Nominations shall be submitted to the Carrier in accordance with the notice of shipment format prescribed by the Carrier no later than the time and date set out in the Carrier's monthly nomination schedule. The Carrier shall notify all shippers of the monthly nomination schedule applicable for the calendar year. Notice of any amendment to a monthly nomination date shall be provided by the Carrier to all Shippers at a minimum of 24 hours in advance of the proposed change in nomination date. The Carrier may, subject to the availability of space and the operating conditions of the facilities of the Carrier, accept Nominations or revised Nominations after such time.
- (b) Upon or after receipt of Nominations from Shippers, the Carrier may conduct upstream and downstream verifications of such Nominations with the appropriate connecting carriers or facilities. To the extent that a Shipper's Nomination cannot be fully verified with the connecting carrier or facility, as determined by Carrier in its sole discretion, the Shipper's Nomination may be reduced to reflect the verified volume.
- (c) The Carrier shall not be obligated to accept a Shipper's Crude Petroleum if the volume of such Crude Petroleum is less than the minimum volume of 50,000 barrels or if the receipt flow rate at which such Crude Petroleum is received by the Carrier is less than or greater than the receipt flow rates specified from time to time by the Carrier for each Regular Receiving Point.
- (d) The Carrier shall not be obligated to make a delivery of a Shipper's Crude Petroleum of less than the minimum volume of 50,000 barrels or at a delivery flow rate less than or greater than the delivery flow rates specified from time to time by the Carrier for each Regular Delivery Point.

## **7. APPLICATION OF RATES**

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- (a) The Carrier shall charge a Shipper the Carrier's rate for the transportation of Crude Petroleum that is in effect on the earliest date of receipt of such Crude Petroleum by the Carrier.
- (b) Pursuant to FERC 18 C.F.R. 341.10, the existing rates between points named in the tariff will be applied to transportation movements from existing intermediate receiving points not named in the tariff to Regular Delivery Points, and from Regular Receiving Points to existing intermediate delivery points not named in the tariff.

## **8. PAYMENT OF RATES AND LIEN FOR UNPAID CHARGES**

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- (a) A Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation or other handling of the Shipper's Crude Petroleum by the Carrier. The Shipper shall pay such charges and costs upon receipt of the Carrier's invoice respecting such charges and costs. If required by the Carrier, the Shipper shall pay such charges and costs before delivery, or before acceptance of a transfer, of the Shipper's Crude Petroleum by the Carrier.
- (b) The Carrier shall have a general lien on all of a Shipper's Crude Petroleum that is in the possession of the Carrier to secure the payment of all charges and costs, including interest on unpaid obligations, accruing or due relating to the transportation or other handling of the Shipper's Petroleum by the Carrier. At Carrier's request a Shipper shall execute all such agreements and do all such things as the Carrier reasonably requests with respect to the creation or perfection of such lien. The general lien provided herein shall be in addition to any lien or security interest otherwise provided by law or contract. The Carrier may withhold the Shipper's Crude Petroleum from delivery and may exercise any other rights and remedies provided at law or by contract, until all such charges and costs have been paid.
- (c) If charges for the transportation of a Shipper's Petroleum remain unpaid for ten days after notice of demand for payment of such charges is made to such Shipper by the Carrier, then the Carrier shall have the right to remove and sell any or all of such Shipper's Crude Petroleum that is in the possession of the Carrier in such lawful manner as deemed appropriate by the Carrier.
- (d) The Carrier shall pay from the proceeds of such sale all charges and costs accruing or due relating to the transportation of such Shipper's Petroleum by the Carrier and all costs incurred by the Carrier with respect to the storage, removal and sale of such Shipper's Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.
- (e) When required, the Carrier shall, with or without notice to the Shipper, appoint agent(s) to retain possession of the Shipper's Crude Petroleum on behalf of the Carrier for the purpose of enforcing the general lien described in this Rule 8. The Carrier hereby advises that it has appointed Enbridge Pipelines Inc. and Enbridge Energy, Limited Partnership as two agents to hold possession of the Shipper's Crude Petroleum for the purpose of enforcing its general lien.

## **9. MEASURING, TESTING AND DEDUCTIONS**

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- (a) The Carrier shall gauge or meter, or cause to be gauged or metered, a Shipper's Crude Petroleum upon receipt and delivery by the Carrier. The Shipper or the designate of the Shipper may be present at such gauging or metering. If tank gauges are used, the volume of Crude Petroleum shall be computed from tank tables on a 100% volume basis. The Carrier shall not be obligated to receive or deliver a Shipper's Crude Petroleum unless the Carrier is given the right to enter the premises where Crude Petroleum is received or delivered by the Carrier and shall be granted access to all facilities for the purpose of gauging or metering and to make any examination, inspection, measurement or test as required by the Carrier to verify the accuracy of such facilities and the quality of such Shipper's Crude Petroleum.
- (b) The Carrier shall correct, or correct and convert, the measured volume of Crude Petroleum received and delivered by the Carrier from the recorded or observed temperatures and pressures of such Crude Petroleum to barrels at 60 degrees Fahrenheit and atmospheric pressure by use of the applicable API Manual of Petroleum Measurement Standards.

- (c) The Carrier shall determine the percentage of sediment and water in Crude Petroleum by the use of a centrifuge or other method agreed to by the Carrier and the Shipper. The Carrier shall deduct the amount of sediment and water from the corrected volume of such Crude Petroleum.
- (d) The Carrier shall, as deemed necessary by the Carrier, adjust the measured volume of Crude Petroleum for shrinkage in accordance with API Bulletin 2509 C or the latest revision to such Bulletin.
- (e) The Carrier shall, as deemed necessary by the Carrier, determine the kinematic viscosity of Crude Petroleum received by the Carrier in accordance with ASTM D 445 or the latest revision to such Standard or such other test as may be agreed to by the Carrier and the Shipper.
- (f) The results of all such gauging, metering and testing by the Carrier shall be final.
- (g) The Carrier shall deduct, as allowance oil, 1/10 of 1% of the volume of Crude Petroleum delivered to the Shipper to cover losses inherent in the transportation of Crude Petroleum by the pipeline.

## **10. EVIDENCE OF RECEIPTS AND DELIVERIES**

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The Carrier shall evidence the receipt and delivery of Crude Petroleum by tickets showing the volume, type, temperature, density, sediment and water and any other data with respect to such Crude Petroleum as may be specified from time to time by the Carrier. The ticket shall be conclusive evidence of the information set forth therein.

## **11. REMOVAL, DELIVERY AND ACCEPTANCE**

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- (a) A Shipper or the designate of the Shipper shall accept and remove such Shipper's Crude Petroleum upon arrival at the designated Regular Delivery Point for such Crude Petroleum, or as otherwise directed by the Carrier.
- (b) If a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph (a) of this Rule 11, and a disruption of Carrier's operations results, Shipper shall be solely responsible for all costs or losses to Carrier associated with such disruption, including loss of revenue resulting therefrom, unless the non-removal of such Crude Petroleum is due to the direct negligence of Carrier.
- (c) If the Crude Petroleum is not removed from Carrier's facilities and the Carrier determines, in its sole discretion, that a disruption of Carrier's operations may result, Carrier shall provide Shipper with 24 hours' notice to remove specified Crude Petroleum of the Shipper from the Carrier's facilities. Should Shipper not remove the specified Crude Petroleum from the Carrier's facilities within said notice period, then the Carrier shall have the right to remove and sell any or all of such Shipper's Crude Petroleum that is in the possession of the Carrier in such lawful manner as deemed appropriate by the Carrier.
- (d) The Carrier shall pay from the proceeds of such sale all charges and costs accruing or due relating to the disruption of the Carrier's operations and all costs incurred by the Carrier with respect to the storage, removal and sale of such Shipper's Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.
- (e) When required, the Carrier shall, with or without notice to the Shipper, appoint agent(s) to retain possession of the Shipper's Crude Petroleum on behalf of the Carrier for the purpose of enforcing this Rule 11. The Carrier hereby advises that it has appointed Enbridge Pipelines Inc. and Enbridge Energy, Limited Partnership as two agents to hold possession of the Shipper's Crude Petroleum for the purpose of enforcing this Rule 11.

## **12. LIABILITY OF THE CARRIER**

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- (a) Except where caused by the direct negligence of the Carrier, the Carrier shall not be liable to a Shipper for any delays, damages, or losses experienced as a result of the Carrier's transportation (and all services and procedures related thereto), commingling, or intermixing of such Crude Petroleum in the facilities of the Carrier. Notwithstanding anything to the contrary contained in this tariff, unless caused by the gross negligence or willful misconduct of the Carrier, the Carrier's liability, if any, shall not extend to any indirect, consequential, incidental, or punitive damages, or to any loss of profits or revenues incurred by such Shipper that may result from the transportation (and all services and procedures related thereto), commingling or

intermixing of Crude Petroleum with other Petroleum under this tariff, regardless of whether such claim arises under or results from contract, tort, or strict liability. In no event shall this tariff create any liability for damages on behalf of any third party (whether or not affiliated with the Shipper).

- (b) If damage or loss to Crude Petroleum results from any cause other than the direct negligence of the Carrier while the Carrier is in possession or control of such Crude Petroleum, then the Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by the Carrier based on the proportion of the volume of the Shipper's Crude Petroleum in the possession of the Carrier on the date of such loss to the total volume of Crude Petroleum in the possession of the Carrier on the date of such loss. Carrier shall be obligated to deliver only that portion of the Crude Petroleum remaining after such deduction.

### **13. INDEMNIFICATION BY THE SHIPPER**

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A Shipper shall indemnify the Carrier for any damage, loss, costs or consequential loss incurred by the Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff.

### **14. PRORATIONING**

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- (a) No individual Shipper Nomination shall be considered beyond the physical capacity of the Pipeline. Nominations in excess of these limits will be reduced accordingly.
- (b) If more Crude Petroleum is nominated than can be transported by the Carrier, then Carrier shall allocate Available Monthly Capacity in the following manner:
  - (i) Each Committed Shipper shall be allocated an amount equal to 100% of its Committed Volume, subject to steps (ii), (iii), (iv) and (v).
  - (ii) If a Committed Shipper's Nomination for a month is less than its Committed Volume, the Committed Shipper will be allocated only the amount of its Nomination. If the total of all Committed Shippers' aggregate nominations is less than the Committed Capacity, then a Committed Shipper's Make-up Volumes will be accepted up to the remaining Committed Capacity during the term of such Committed Shipper's TSA, provided that, in the event that the total nominations of Make-up Volumes exceed the remaining Committed Capacity, Carrier will adjust the nominations of Make-Up Volumes on a pro rata basis.
  - (iii) During any period when the Available Monthly Capacity is reduced below the annual average capacity, the allocation of such Available Monthly Capacity to Committed Shippers pursuant to step (i) shall be reduced by the same percentage as the reduction in the Available Monthly Capacity.
  - (iv) The Available Monthly Capacity remaining after the completion of steps (i) through (iii) above, which will be no less than 10% of the total Available Monthly Capacity, shall be allocated to all Shippers (excluding Shippers described in step (v)) with unsatisfied Nominations, pro rata, on the basis of the original Nominations. If the pro rata allocation in a given month results in no Uncommitted Shipper being allocated the minimum volume set forth in Rule 6(c) then the Carrier will administer a lottery using a software-generated random process for the total number of monthly minimum volume allocations available to Uncommitted Shippers. Detailed procedures regarding the Carrier's lottery process are outlined in Rule 20.
  - (v) Any Available Monthly Capacity remaining after completion of steps (i) through (iv) shall be allocated to the volumes nominated by Committed Shippers to whom notice has been given pursuant to Section 12.02.2 of the TSA.
- (c) In months of prorating, and provided that more than one shipper is allocated capacity pursuant to Rule 14(b)(iv) or Rule 14(b)(v), if an Uncommitted Shipper fails to tender a volume of Crude Petroleum equal to at least 95% of its accepted Nomination, the Uncommitted Shipper shall pay to the Carrier the Non-Performance Penalty, in addition to the transportation charge for volumes actually transported. However, the Non-Performance Penalty will not be payable on that portion of any shortfalls caused by Force Majeure events, Carrier-imposed restrictions on feeder pipeline deliveries into the Carrier, any volume that Shipper

demonstrates, directly and solely as a result of apportionment on Enbridge Energy, Limited Partnership or Enbridge Pipelines Inc, was not delivered to Flanagan, Illinois, or any carry over volumes.

- (d) Each Shipper shall provide the Carrier with written notice of a Force Majeure event within four business days of the event. Such notice shall state the nature of the event, the estimated duration of the event, and the volume affected. The Shipper shall use reasonable diligence to remedy the Force Majeure event as quickly as reasonably practicable and shall keep Carrier informed as to the progress in the efforts to remedy the event; provided the Shipper shall not be required to settle strikes, lockouts or other labor disruptions contrary to its wishes.
- (e) At any time up to 30 calendar days following the receipt of the notice referred to in Rule 14(d), the Carrier will issue written notice to the Shipper informing the Shipper in the event that the Carrier disputes all or a portion of the Shipper's claim of Force Majeure. The Carrier shall invoice the Shipper for the amount of the Non-Performance Penalty calculated in accordance with Rule 14(c) and the Shipper shall be obligated to make payment of the invoiced amount.
- (f) Carrier reserves the right to enter into transportation services agreements pursuant to future open seasons, which agreements provide that the committed shippers thereunder have the right to prorationing under steps (i), (ii) and (iii) of Rule 14(b), provided that the total committed volumes entitled to prorationing under such steps (i), (ii) and (iii) do not exceed 90% of the capacity of the pipeline. After the date upon which any such additional rights of such future committed shippers take effect, the allocation of Available Monthly Capacity to Uncommitted Shippers shall be subject to such rights even if such Uncommitted Shippers were allocated more than 10% of the Available Monthly Capacity prior to such date.

## **15. REQUESTED CHANGES BY THE SHIPPER**

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- (a) Subject to the operating conditions of the facilities of the Carrier, the Carrier may, upon the written request of a Shipper, allow a Shipper to change:
  - (i) the designated volume and type of its Crude Petroleum to be received at a designated Regular Receiving Point;
  - (ii) the designated volume and type of its Crude Petroleum to be delivered to a designated Regular Delivery Point;
  - (iii) the party designated to take delivery of its Crude Petroleum.
- (b) The Carrier may allow a Shipper to transfer, in such a manner as may be specified by the Carrier from time to time, such Shipper's rights and obligations under this tariff respecting its Crude Petroleum to another Shipper.
- (c) A transfer of a Shipper's rights and obligations under Rule 15(b) of this tariff respecting its Crude Petroleum will not be binding or effective on the Carrier until the Carrier has provided a notice of acceptance to the transferor and transferee. The Carrier will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied the Carrier of its capacity to undertake the transferor's obligations and has provided any Financial Assurances requested by the Carrier in accordance with Rule 21 of this tariff.

## **16. ADVERSE CLAIMS AGAINST CRUDE PETROLEUM**

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- (a) A Shipper shall not nominate or deliver to the Carrier Crude Petroleum which is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind unless the Shipper provides written notification to the Carrier of such litigation, dispute, lien or charge not less than 20 days before such Nomination is made to the Carrier.
- (b) The Carrier shall not be obligated to accept Crude Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.
- (c) A Shipper shall advise the Carrier in writing if, at any time while the Shipper's Crude Petroleum is in the possession of the Carrier, such Crude Petroleum becomes involved in litigation, the ownership of such Crude Petroleum becomes in dispute or such Crude Petroleum becomes encumbered by a lien or charge of any kind.

- (d) A Shipper shall, upon demand from the Carrier, provide a bond or other form of indemnity satisfactory to the Carrier protecting the Carrier against any liability or loss that may arise as a result of such Shipper's Crude Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.

### **17. CLAIMS, SUITS AND TIME FOR FILING**

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- (a) A Shipper shall advise the Carrier in writing of any claim for delay, damage or loss resulting from the transportation of such Shipper's Crude Petroleum by the Carrier within nine months of delivery of such Crude Petroleum by the Carrier or, in the case of a failure to make delivery, then within nine months after a reasonable time for delivery has elapsed.
- (b) A Shipper shall institute any action arising out of any claim against the Carrier within two years from the date that written notice is given by the Carrier to such Shipper that the Carrier has disallowed such claim or any part of such claim.
- (c) If a Shipper fails to comply with the provisions of paragraph (a) or paragraph (b) of this Rule 17, then such Shipper waives all rights it has to bring an action against the Carrier with respect to such claim.

### **18. LINEFILL AND STORAGE**

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- (a) Each Shipper shall supply its quantity of Linefill as determined from time to time by the Carrier.
- (b) In the event a Shipper fails to supply Linefill as determined by the Carrier in Rule 18(a), the Carrier may obtain the deficient Linefill on such Shipper's behalf and such Shipper shall pay for all charges incurred by the Carrier to obtain the deficient Linefill upon receipt of the Carrier's invoice therefor.
- (c) The Carrier has working tanks as may be required in the process of transporting Crude Petroleum, but has no other tankage and, therefore, does not have facilities for rendering, nor does it offer a storage service.

### **19. SHIP OR PAY OBLIGATION**

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- (a) In the event that a Committed Shipper fails to nominate and/or tender a volume of Crude Petroleum equal to the Monthly Volume in any month, it shall pay to Carrier the Monthly Deficiency Payment in accordance with the TSA.
- (b) Whether Nominations and tenders by Committed Shippers meet their Monthly Volume requirements will be assessed relative to receipts at the Regular Receiving Point.
- (c) Committed Shippers who fail to meet their Committed Volume requirement in a month will be subject to uniform provisions as set out in the TSA and Rule 14 with respect to their ability to ship Make-up Volumes in subsequent months. A Committed Shipper's ability to ship Make-up Volumes may be terminated pursuant to its TSA.

### **20. LOTTERY PROCESS**

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Carrier will administer a lottery process in order to allocate capacity to Uncommitted Shippers pursuant to Rule 14(b)(iv), as follows:

- (a) Carrier will use a random number generating software to randomly assign each Uncommitted Shipper a number from one to the number representing the total number of Uncommitted Shippers participating in the lottery (i.e., if there are 30 Uncommitted Shippers, numbers one through 30 will be assigned).
- (b) The Uncommitted Shipper assigned number one will receive the first monthly minimum volume allocation. Thereafter, monthly minimum volume allocations will be assigned to Uncommitted Shippers sequentially, from lowest assigned number to highest assigned number, until the total number of monthly minimum volume allocations available to Uncommitted Shippers referenced in Rule 14(b)(iv) is fully allocated.
- (c) Following the lottery, Carrier will notify Shippers as to whether or not they were allocated capacity in that month.



**Symbols:**

[W] – Change in wording only