

# ENBRIDGE TRANSPORTATION (IL-OK) L.L.C.

## 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.

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**[N]** Filed in compliance with 18 C.F.R. 341.3 (Form of tariff).

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

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## RULES AND REGULATIONS

### 1. DEFINITIONS

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

**“Accepted Nominations”** means a Shipper’s Nomination less any reductions made to that Nomination in accordance with Rules 6 and 15.

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

**“API MPMS”** means the API Manual of Petroleum Measurement Standards.

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

**“Barrels”** means 42 United States gallons at sixty degrees (60°) Fahrenheit.

**“Business Day”** means any day other than Saturday, Sunday, and any other day when banks are closed for business in Texas.

**“Carrier”** means Enbridge Transportation (IL-OK) L.L.C.

**“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.

**“Delivery Points”** means the delivery points provided for in the Rates Tariff.

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

**“Financial Assurances”** has the meaning set forth in Rule 20.

**“Force Majeure”** means any of the following events not reasonably within the control of an entity: acts of God; acts or delays of any Governmental Authority; compliance with rules, regulations or orders of any Governmental Authority; strikes, lockouts or other industrial disturbances; acts of the public enemy, acts of terrorism, wars, blockades, insurrections, riots, and civil disturbances; epidemics; landslides, lightning, earthquakes, fires, extreme temperatures, storms, hurricanes, floods, or other adverse weather conditions; freezing of wells or lines of pipes; washouts; arrests and restraint of rulers and people; explosions, breakage or accident to machinery or lines of pipes; requisitions, directives, diversions, embargoes, priorities or expropriations of Governmental Authorities, legal or de facto, whether purporting to act under some applicable law, rules or regulations or otherwise; failure of pipelines or other carriers to transport or furnish facilities for transportation; failures, disruptions, or breakdowns of machinery or of facilities for production, manufacture, transportation, distribution, processing or consumption (including, but not by way of limitation, the Pipeline); the necessity for making repairs, alterations, enlargements or connections to, or performing maintenance on, machinery or facilities of production, manufacture, transportation, distribution, processing or consumption (including, but not by way of limitation, the Pipeline); inability to secure, or delays in securing, rights of way and permits; transportation embargoes or failures or delays in transportation or poor road conditions; any partial or entire failure of Crude Petroleum supply, and, without limitation by enumeration, any other cause or causes, whether of the kind herein enumerated or otherwise not reasonably within the control of an entity.

**“Governmental Authority”** means any government, any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political

subdivision and any court, tribunal or judicial or arbitral body (federal, state or local or, in the case of an arbitral body, whether governmental, public or private).

**“Minimum Volume”** is defined as a minimum continuous volume of 60,000 Barrels of Crude Petroleum received or delivered at one time.

**“Minimum Nomination Volume”** means two times the Minimum Volume.

**“Nomination” or “Nominate(d)”** 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 the Receipt Point to a Delivery Point.

**“Non-Performance Penalty”** means the charge and cost referred to in Rule 8 (h), (i) and (j)

**“Observed Viscosity”** means the Crude Petroleum property which offers resistance to flow (kinematic viscosity) as determined at the measured Crude Petroleum receipt temperature per ASTM D7042, D445 or any other test approved by the Carrier.

**“Pipeline”** means Carrier’s pipeline system, including any leased capacity, for the transportation of Crude Petroleum from Flanagan, Illinois to Cushing, Oklahoma.

**“Rates Tariff”** means the Carrier’s local rates tariff for the Pipeline, on file and in effect with the FERC, as such rates tariff may be amended or supplemented from time to time.

**“Receipt Point”** means Flanagan, Illinois.

**“Reference Kinematic Viscosity”** means the property which offers resistance to flow as determined at the Carrier’s posted reference temperature at the time of receipt as per ASTM D7042, D445 or any other test approved by Carrier.

**“Reid Vapor Pressure”** means the absolute vapor pressure at one-hundred degrees Fahrenheit (100° F) of volatile Crude Petroleum herein expressed in pounds per square inch, as determined by test method ASTM D-323.

**“Retention Stock”** means Working Stock and/or Tank Bottoms.

**“Services”** means the transportation of Crude Petroleum for a Shipper’s account on the Pipeline from the Receipt Point and the delivery of such Crude Petroleum to a Delivery Point.

**“Shipper”** means a party for whom transportation services are provided under the terms of this tariff.

**“Standard Conditions”** means 60 degrees Fahrenheit and 14.696 psia, and are the standardized temperature and pressure which measured Crude Petroleum volumes are corrected to, as if the Crude Petroleum were at those conditions.

**“Tank Bottoms”** means the volume of Crude Petroleum required by the Carrier where the Carrier owns or leases tankage, to float tank roofs to working levels and to maintain that level.

**“Working Stock”** means the volume of Crude Petroleum required by the Carrier as linefill for operational and scheduling purposes as specified from time to time by the Carrier.

## 2. COMMODITY

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This tariff applies only to the transportation of Crude Petroleum by the Carrier and no commodity other than Crude Petroleum will be transported under this tariff unless the Carrier provides its consent in writing.

## 3. ACCEPTANCE OF CRUDE PETROLEUM

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- (a) Subject to the further provisions of this tariff, the Carrier will only accept Crude Petroleum for transportation on the Pipeline:
  - i. that will originate on the Pipeline at the Receipt Point, and;
  - ii. 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 evidence satisfactory to the Carrier that the Shipper has the necessary facilities to accept delivery of such Crude Petroleum promptly on arrival at the Delivery Point.
- (c) The Carrier reserves the right to reject any and all Crude Petroleum Nominated where the Shipper has failed to comply with all applicable laws, items and regulations made by any Governmental Authorities regulating shipments of Crude Petroleum.

## 4. SPECIFICATIONS AS TO QUALITY

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- (a) Unless the specifications as to quality of a connecting carrier at the Delivery Point are more stringent than those of the Carrier and are imposed upon the Carrier, in which case the limitations of the connecting carrier will be applied to the Shipper, 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;
  - ii. A Reid Vapor Pressure exceeding nine (9.0) psia, or that might result in Carrier's noncompliance with federal, state, or local requirements regarding hydrocarbon emissions;
  - iii. A Reference Kinematic Viscosity that exceeds three hundred and fifty centistokes (350 cSt);
  - iv. An Observed Viscosity exceeding two hundred and eighty centistokes (280 cSt);
  - v. An API gravity that is less than seventeen degrees (17°) or greater than ninety degrees (90°) both at sixty degrees Fahrenheit (60°);
  - vi. Basic or foreign sediment and water and other impurities exceeding five-tenths of one percent (0.5 of 1%) of the volume offered for transportation;
  - vii. Any other excessive metals, chemicals, salts, refinery or chemical plant process or by-product materials, or any other material which may adversely affect the refining process, as determined by Carrier;
  - viii. Any organic chlorides;

- ix. 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; or
  - x. Specifications that do not meet those of connecting carriers.
- (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. The Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during receipt, and in the event of variance between the Shipper's certificate and the Carrier's test, the latter shall prevail.
  - (c) The Carrier reserves the right to refuse to accept any Crude Petroleum (or other product) for transportation which does not meet Carrier's specifications in paragraph (a) of this Rule 4 or which is not good merchantable Crude Petroleum readily acceptable for transportation through the Pipeline.
  - (d) If the Carrier determines that a Shipper does not comply with the provisions of paragraph (a) of Rule 4 of this tariff, then such Shipper shall remove its Crude Petroleum from the facilities of the Carrier as directed by the Carrier and if Shipper fails to do so by the date and time directed by the Carrier, the Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice of liability to return, divert, sell or dispose of such Crude Petroleum. The Shipper shall reimburse the Carrier for all costs and expenses incurred by the Carrier in returning or otherwise disposing of such non-conforming Crude Petroleum.

## **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, including changes 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 Petroleum in the facilities of the Carrier.

## **6. NOMINATIONS AND QUANTITIES ACCEPTED**

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- (a) Nominations shall be submitted to the Carrier or its designated agent, acting for the Carrier for such purpose, 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 12 consecutive months in advance through the Carrier's shipper information portal website. Notice of any amendment to a monthly Nomination date shall be provided by the Carrier to all Shippers at minimum 24 hours in advance of the 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. The Carrier shall not be obligated to accept Nominations below the Minimum Nomination Volume.

- (b) Upon receipt of Nominations from Shippers, the Carrier shall conduct upstream and downstream verifications in accordance with the terms of the Enbridge Transportation (IL-OK) L.L.C. Nomination Verification Procedure, set forth in (c) below. To the extent that a Shipper's Nomination cannot be fully verified in accordance with the Verification Procedure, as determined by Carrier in its sole discretion, the Shipper's Nomination will be reduced by the Carrier in accordance with the Enbridge Transportation (IL-OK) L.L.C. Nomination Verification Procedure set forth in (c) below. **This verification process will be performed prior to the apportionment of volumes under Rule 15.**
- (c) Enbridge Transportation (IL-OK) L.L.C. Nomination Verification Procedure: Upon receipt of each month's Nominations, Carrier will verify with each Receipt Point and Delivery Point a volume based on the lower of: volumes Nominated to it, or its maximum allowable volume as determined in accordance with the current Enbridge Transportation (IL-OK) L.L.C. Nomination Verification Procedure (the "Verified Volume").
1. Carrier shall request that upstream connecting carriers or facilities verify the Shipper's Nomination of volume to Carrier.
  2. With respect to Nominations for delivery to a specific connecting carrier or facilities, Carrier will contact the downstream carrier and request verification of each shipper's volume nominated for delivery to its facility. Downstream connecting carriers will follow their own procedure for verifying volumes to Carrier.

Upon receipt of a request from the upstream carrier to verify Nominations for deliveries to Carrier, Carrier will verify a shipper's volume based on the Nominations received 2 months prior to the injection month.

- (d) 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 or if the rate at which such Crude Petroleum is received by the Carrier is less than or greater than the rates specified from time to time by the Carrier for each Receipt Point.
- (e) The Carrier shall not be obligated to make a delivery of a Shipper's Crude Petroleum of less than the Minimum Volume or at a delivery flow rate less than or greater than the delivery flow rates specified from time to time by the Carrier for the Delivery Point.
- (f) A Shipper shall, upon notice from the Carrier, provide written third party verification as required by the Carrier that Shipper has sufficient volumes accessible to support such Shipper's Nomination. For example, the Carrier will apply the Enbridge Transportation (IL-OK) L.L.C. Pipeline Batch Supply Verification Procedures, which are available from the Carrier upon request. The Carrier shall not be obligated to accept a Shipper's Crude Petroleum where such verification is, in the sole discretion of the Carrier, unacceptable to the Carrier.

## **7. APPLICATION OF RATES**

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Crude Petroleum transported on the Pipeline shall be subject to the rates in effect on the date such Crude Petroleum volumes are received at the Receipt Point.

## **8. PAYMENT OF RATES, LIEN FOR UNPAID CHARGES AND NON-PERFORMANCE PENALTY**

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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 (and all services and procedures related thereto) 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 lien on all of Shipper's Crude Petroleum that is in the custody of the Carrier to secure the payment of all charges and costs as provided for or referenced in this tariff due to the Carrier relating to the transportation (and all services and procedures related thereto) or storage of the Shipper's Crude Petroleum by the Carrier. The Carrier may withhold the Shipper's Crude Petroleum from delivery and 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 (or services and procedures related thereto) of a Shipper's Petroleum remain unpaid for five (5) Business Days after notice of demand for payment of such charges is made to such Shipper by the Carrier, then in addition to Carrier's right to enforce the Financial Assurances in Rule 20 (including exercising and enforcing its rights and remedies under any guaranty and calling on any letter of credit), the Carrier shall have the right to (i) assess a late charge at an annual interest rate equivalent to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A. of New York, New York (the maximum on ninety (90) day loans to substantial and responsible commercial borrowers or any lesser maximum interest rate permitted under applicable law) as of the due date; provided that Shipper may withhold payment of disputed amounts subject to: (1) the incurrence of carrying charges thereon as specified above; and (2) Carrier's right to demand reasonable surety for such payment, (ii) 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, and/or (iii) suspend the provision of services to Shipper.
- (d) The Carrier shall pay from the proceeds of any sale pursuant to Rule 8(c)(2) all charges and costs accruing or due relating to the transportation (and all services and procedures related thereto) of such Shipper's Crude 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) Carrier may require that all payments to Carrier for services pertaining to the transportation of Crude Petroleum be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.
- (f) 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 lien described in this Rule.
- (g) Two tenths of one percent (2/10ths of 1%) of the volumes of Crude Petroleum received into the Carrier's facilities to be settled financially at Cushing, Oklahoma pricing shall be deducted from such volumes to cover loss due to shrinkage and evaporation incident to transportation on the Carrier's facilities.
- (h) The Non-Performance Penalty will be applied to the shortfall in receipts of each Shipper's Accepted Nominations.
- (i) The Non-Performance Penalty shall be the posted tariff rate.
- (j) For the purpose of calculating the Non-Performance Penalty owed, the Carrier will deduct from a Shipper's Accepted Nomination the Shipper's volumes that were not delivered to Flanagan, Illinois directly and solely as a result of apportionment on the Enbridge mainline

system operated in Canada by Enbridge Pipelines Inc. and in the United States by Enbridge Energy, Limited Partnership.

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

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- (a) All Crude Petroleum accepted at custody transfer points into the Carrier’s facilities shall be tested for basic or foreign sediment and water and other impurities and gauged or metered by the Carrier’s representative. Shipper shall have the right to witness all proving of meters used in such measurement. The Carrier reserves the right to test and measure and/or witness the testing and measurement of all deliveries from its facilities.
- (b) Where the measurement is determined by tank gauge, such measurement shall be based upon tanks strapped and tables compiled in accordance with Chapter 2, “Tank Calibration”, API Manual of Petroleum Measurement Standards, Latest Edition, indicating one hundred percent (100%) full capacity. Volume measurements by temperature compensated meters shall be further corrected for meter factor and pressure in accordance with the API Manual of Petroleum Liquid Hydrocarbons by Pipeline Displacement Meters.
- (c) Where the tank or meter of the Shipper is used for volume determination for deliveries into or from the Carrier’s facilities, the Carrier reserves the right to require restrapping or check-strapping of any such tank, the recalculation of any tank table utilized by Shipper in relation to any such tank and the proving or check-proving of any such meter.
- (d) The Carrier shall deduct from the volume of Crude Petroleum received into the Carrier’s facilities the actual amount of suspended basic or foreign sediment, water and other impurities as ascertained by centrifuge or other tests agreed upon.
- (e) The net calculated quantity at sixty degrees Fahrenheit (60° F) less sediment and water and other impurities volume percentage shall be the quantity received or delivered by the Carrier.
- (f) All Crude Petroleum Tendered for shipment at fifty five degrees (55°) API gravity at sixty degrees Fahrenheit (60° F) or above shall be subject to a volume shrinkage deduction as set forth below:

API GRAVITY	% DEDUCTION
55 degrees through 74.9 degrees	1%
75 degrees through 89.9 degrees	2%

- (g) The Carrier will not accept any material for shipment above ninety degrees (90°) API gravity at sixty degrees Fahrenheit (60° F).
- (h) Except for arithmetic errors, all measurement and testing by the Carrier shall be conclusive if a representative of the Shipper was not present during such measuring and testing.

**10. EVIDENCE OF RECEIPTS AND DELIVERIES**

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The Carrier or designated agent shall evidence the receipt and delivery of Crude Petroleum by tickets showing the volume, crude type, temperature, gravity, sediment and water and any other data with respect to such Crude Petroleum as may be specified from time to time by the Carrier. Unless otherwise agreed in writing by the Carrier, Shipper and/or its consignee, such tickets shall be signed by a representative of the Carrier. The signed tickets shall be conclusive evidence of the information set forth therein.

**11. RETENTION STOCK**

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- (a) Each Shipper shall supply its quantity of Retention Stock as determined from time to time by the Carrier.
- (b) In the event Shipper fails to supply the Retention Stock volumes as requested by the Carrier in Rule 11(a), the Carrier will obtain the deficient Retention Stock volumes on such Shipper's behalf, and such Shipper shall pay for all charges incurred by the Carrier to obtain the deficient Retention Stock volumes upon receipt of the Carrier's invoice therefor.

**12. DELIVERY AND ACCEPTANCE**

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- (a) The Carrier shall transport and deliver Crude Petroleum with reasonable diligence and dispatch, but shall not be required to transport Crude Petroleum in time for any particular market.
- (b) A Shipper or the designee of the Shipper shall accept such Shipper's Crude Petroleum upon arrival at the Delivery Point.
- (c) If a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph (b) of Rule 12 of this tariff, 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.
- (d) If a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph (b) of Rule 12 in this tariff, Shipper shall be solely responsible for all costs or losses to Carrier associated with such failure, including loss of revenue resulting there from, unless the non-removal of such Crude Petroleum is due to the direct negligence of Carrier.

**13. LIABILITY OF 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 delay, 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 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 Petroleum in the possession of the Carrier on the date of such loss. The Carrier will be obligated to deliver only that portion of the Crude Petroleum remaining after such deduction.

- (c) If Crude Petroleum is lost in transit while in the custody of Carrier due to the direct negligence of the Carrier, the Carrier, shall, as full compensation therefor, either obtain and deliver to the Shipper thereof other Crude Petroleum of the same quantity and grades as that which was lost, or compensate Shipper for such loss in money.

#### **14. INDEMNIFICATION BY 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, excluding any damage, loss, costs or consequential loss caused by the direct negligence of the Carrier.

#### **15. APPORTIONMENT**

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- (a) If more Crude Petroleum is nominated than can be transported by the Carrier, then the Carrier shall apportion such Nominations on a pro rata basis among all Shippers on the basis of such current Nominations and the current operating conditions of the facilities of the Carrier applicable to the transportation of Crude Petroleum. In the event this process results in no Shipper being allocated the Minimum Volume, the Carrier will allocate capacity to Shippers using the lottery process described in Rule 21.

#### **16. REQUESTED CHANGE BY THE SHIPPER**

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- (a) Subject to the operating conditions of the facilities of the Carrier, the Carrier may, upon request of a Shipper, in the form prescribed by the Carrier, allow a Shipper to change:
  - i. the designated volume and type of its Crude Petroleum that will originate on the Pipeline at the Receipt Point; or
  - ii. the designated volume and type of its Crude Petroleum to be delivered to the Delivery Point.

#### **17. INLINE CHANGE IN OWNERSHIP**

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- (a) Notice of change in ownership of Crude Petroleum shall be recognized and recorded only where such Crude Petroleum entered the Carrier's system and only on a monthly basis. Statements denoting ownership transactions shall be provided to the applicable transferors and transferees. The Carrier shall not provide any information as to the quality of the Crude Petroleum subject to changes in ownership except for gravity on current receipts when requested. Each transferor shall be charged a  $\frac{3}{4}$  of a cent per Barrel fee for recognizing and recording the change in ownership and, if required, shall pay said charge prior to the recognizing and recording of such change. The transferor, at the Carrier's option, shall provide an irrevocable letter of credit satisfactory to the Carrier prior to such recognizing and recording. The recognition by the Carrier of a change in ownership of Crude Petroleum requires the recording thereof, and the Carrier is entitled to a lien for all such charges and fees.
- (b) When the quantity of the Crude Petroleum received during the operating month is not equivalent to the quantity of the Crude Petroleum subject to the notice of change in ownership, the Carrier shall not be required to recognize and record the change in ownership beyond the extent of the quantity received.
- (c) A notice of change in ownership of Crude Petroleum shall be deemed: (1) a warranty that the transferor has unencumbered title to the Crude Petroleum identified in its notice at the time of change in ownership, and (2) a representation that the change in ownership is

effective as of 7:00 o'clock a.m. (Mountain Standard Time) on the first day of the operating month.

- (d) The Carrier may, in the absence of adequate security, decline to recognize and record any change in ownership of Crude Petroleum.
- (e) A transfer of a Shipper's rights and obligations under Rule 17 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 20 of this tariff.

#### **18. 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 twenty (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. If the Shipper fails to provide such bond or other form of indemnity acceptable to the Carrier, the Carrier will not be obligated to accept such Shipper's Crude Petroleum for transportation.

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

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- (a) As a condition precedent to recovery for loss, damage, injury or delay, a Shipper shall advise the Carrier in writing of any claim for delay, damage, injury or loss resulting from the transportation of such Shipper's Crude Petroleum by the Carrier within nine (9) months of delivery of such Crude Petroleum by the Carrier or, in the case of a failure to make delivery, then within nine (9) 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 (2) 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 Rule 19 of this tariff, then such Shipper waives all rights it has to bring an action against the Carrier with respect to such claim.

**20. FINANCIAL ASSURANCES**

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- (a) At any time, upon the request of the Carrier, any prospective or existing Shipper shall provide information to the Carrier that will allow the Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise under the terms of this tariff, including the payment of transportation charges, Shortfall Payments, charges for deficient Retention Stock and negative Shipper's balance positions. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if Shipper or prospective Shipper fails to provide the requested information to the Carrier within five (5) Business Days of the Carrier's written request, or if the Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise under the terms of this tariff, including the payment of transportation charges, Shortfall Payments, charges for deficient Retention Stock, and the reasonably determined value of negative Shipper's balance positions.
- (b) Subject to the provisions of Rule 20(c), the Carrier, upon notice to Shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier, to be provided at the expense of Shipper:
- i. a letter of credit in favor of the Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to the Carrier, in a form and from a financial institution acceptable to the Carrier;
  - ii. a guaranty in an amount sufficient to ensure payment of all such costs and charges that could reasonably accrue due to the Carrier, in a form and from a third party acceptable to the Carrier; or
  - iii. other enforceable collateral security, including security agreements over assets of Shipper, in form and substance acceptable to the Carrier
- ("the Financial Assurances").
- (c) In the event the Carrier reasonably determines that:
- i. the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory;
  - ii. any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of Shipper's obligations that could arise under the terms of this tariff; or
  - iii. the Carrier otherwise determines that it is necessary to obtain additional Financial Assurances from Shipper,

then Shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of Shipper's Crude Petroleum by the Carrier. For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to the Carrier under this tariff, those charges and costs shall include transportation charges, Shortfall Payments, charges for deficient Retention Stock, and negative Shipper's balance positions. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if Shipper or prospective Shipper fails to deliver the Financial Assurances to the Carrier within ten (10) days of Shipper's receipt of the Carrier's written request for such Financial Assurances.

## 21. LOTTERY PROCESS

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Carrier will administer a lottery process in order to allocate capacity to Shippers pursuant to Rule 15(a) as follows:

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

## 22. DUTY OF CARRIER

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

## 23. INTERPRETATION

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- (a) Unless otherwise expressly specified herein, (i) defined terms in the singular will also include the plural and vice versa, (ii) the words “hereof”, “herein”, “hereunder” and other similar words refer to this tariff as a whole, and (iii) references to Rules are to the Rules in this tariff.
- (b) The captions in this tariff are for convenience only and will not in any way affect the meaning or construction of any provision of this tariff.
- (c) Unless the context otherwise requires, “including” means “including without limitation”.

## 24. INCORPORATION OF PRACTICES

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In addition to these Rules and Regulations, Enbridge Transportation (IL-OK) L.L.C.'s Crude Petroleum Tariff incorporates the following practices:

- (a) Practice applicable to Automatic Balancing (Effective **[W]** April 1, 2019 ~~March 1, 2018~~)
- (b) Enbridge Transportation (IL-OK) L.L.C. Batch Supply Verification Procedure (Effective February 9, 2015)

### SYMBOL(S):

**[N]** – New

**[W]** – Change in wording only