

## Practice Governing In-Line Transfers

Effective January 1, 2004

1. This Practice is subject to the Crude Petroleum Tariff Rules and Regulations. In the event of any conflict or inconsistency, the Tariff Rules and Regulations will prevail.
2. Capitalized words in this Practice have the same meaning as those words in the Tariff Rules and Regulations unless otherwise specified.
3. Shippers may carry out in-line transfers of Crude Petroleum batches under the following conditions:
  - a) If the transfer involves financial settlement between the parties pursuant to a written agreement then:
    - i) the transfer may involve different commodity types;
    - ii) the transfer may be one way or it may be an exchange; and
    - iii) where the transfer is an exchange, there is no limit on the difference in batch sizes,  
(“Reported In-line Transfers”).
  - b) For all other in-line transfers:
    - i) the transfer must be an exchange;
    - ii) the transfer must involve the same commodity types;
    - iii) unless the criteria set out in paragraph iv) are met, the difference in batch sizes involved in any given exchange must not exceed 1,000 m<sup>3</sup>;
    - iv) where the crude type involved in an exchange is also a Crude Type identified in Schedule A to the Automatic Balancing Practice, then for a period of 6 months from the implementation of the Automatic Balancing Practice and subject to the provisions of the Automatic Balancing Practice, there will be no limit on the difference in batch size for those crude types,
    - v) a review by the Carrier will take place, including a Shipper ballot, to determine if the removal of the batch size difference as described in (iv) is working as expected and if it will be maintained.  
(“Non-Reported In-line Transfers”).
4. This Practice is subject to review and revision from time to time.