

# ENBRIDGE PIPELINES (TOLEDO) INC.

## 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. Specific rules and regulations published in individual tariffs will take precedence over Rules and Regulations published herein.

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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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**ISSUED: July 12, 2013**

**EFFECTIVE: August 12, 2013**

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**ISSUED BY**

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## RULES AND REGULATIONS

### 1. DEFINITIONS

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.

"**Actual Shipments**" means volumes of Crude Petroleum that are physically delivered at a Regular Delivery Point during a month.

"**Available Capacity**" means the total capacity of the pipeline segment or segments thereof, available to transport Crude Petroleum.

"**Average Monthly Volume**" means the average of a Regular Shipper's Actual Shipments of Crude Petroleum transported during the Base Period through the line segment or segments subject to prorationing.

"**Barrels**" means 42 United States gallons at [W] ~~fifty-nine~~ sixty degrees [W] (~~59~~ 60°) Fahrenheit

"**Base Period**" means:

- (i) in October 2013, the period from April 2013 to August 2013;
- (ii) in November 2013, the period from April 2013 to September 2013;
- (iii) in December 2013, the period from April 2013 to October 2013;
- (iv) in January 2014, the period from April 2013 to November 2013;
- (v) in February 2014, the period from April 2013 to December 2013;
- (vi) in March 2014, the period from April 2013 to January 2014;
- (vii) in April 2014, the period from April 2013 to February 2014; and
- (viii) in May 2014, and each successive month thereafter, a cumulative rolling period of 12 months ending one month prior to the month of prorationing.

"**Carrier**" means Enbridge Pipelines (Toledo) Inc.

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

"**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.

"**Cubic Meter**" means [W] ~~264.172~~ 1 ~~264.172~~ 0 United States gallons [W] ~~or~~ and 6.289 811 Barrels at a temperature of 15 degrees Celsius.

"**Density**" means mass per unit volume at 15 degrees Celsius expressed in kilograms per Cubic Meter.

"**FERC**" means the Federal Energy Regulatory Commission.

"**Financial Assurances**" means the financial assurances provided by the Shipper and accepted by the Carrier in accordance with Rule 19.

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

"**New Shipper**" means a Shipper that is not a Regular Shipper. From April 1, 2013 to September 30, 2013 all Shippers will be New Shippers.

"**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.

"**Petroleum**" means Crude Petroleum.

"**Regular Delivery Point**" means a location for the delivery of Crude Petroleum as provided for in the Carrier's Local and Proportional Tariff Applying To The Transportation Of Crude Petroleum.

"**Regular Receiving Point**" means a location for the receipt of Crude Petroleum as provided for in the Carrier's Local and Proportional Tariff Applying To The Transportation Of Crude Petroleum.

"**Regular Shipper**" means:

- (i) in October 2013, a Shipper that has Actual Shipments with respect to any line segment(s) in at least four (4) months in the Base Period;
- (ii) in November 2013, a Shipper that has Actual Shipments with respect to any line segment(s) in at least five (5) months in the Base Period;
- (iii) in December 2013, a Shipper that has Actual Shipments with respect to any line segment(s) in at least six (6) months in the Base Period;
- (iv) in January 2014, a Shipper that has Actual Shipments with respect to any line segment(s) in at least seven (7) months in the Base Period;
- (v) in February 2014, a Shipper that has Actual Shipments with respect to any line segment(s) in at least eight (8) months in the Base Period; and
- (vi) in March 2014 and each successive month thereafter, a Shipper that has Actual Shipments with respect to any line segment(s) in at least nine (9) months in the Base Period.

A New Shipper becomes a Regular Shipper as soon as it has met the applicable criteria in (i) through (vi) of this definition. The Average Monthly Volume of a Regular Shipper will be calculated over the entire Base Period

including any months for which no movements are credited. A Regular Shipper ceases to be a Regular Shipper if: (i) from October 2013 to March 2014 it has no Actual Shipments for two (2) or more months out of the Base Period; (ii) in April 2014 it has no Actual Shipments for three (3) or more months out of the Base Period; and (iii) from May 2014 onward it has no Actual Shipments for four (4) or more months out of the Base Period. If in any month a Shipper fails to meet the Regular Shipper criteria, that Shipper will be treated as a New Shipper unless and until it meets Regular Shipper criteria.

**"Retention Stock"** means the volume of Crude Petroleum required by Carrier for operational and scheduling purposes as specified from time to time by Carrier, including working stock, tank bottoms and idle loopfill.

**"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 could 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).

## 2. COMMODITY

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

## 3. ORIGIN AND DESTINATION

- (a) Subject to the further provisions of this tariff, the Carrier will only accept Crude Petroleum for transportation:
  - (i) at the Regular Receiving Point;
  - (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) 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

- (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 38 degrees Celsius;
  - (ii) a Reid vapor pressure in excess of 103 kilopascals;
  - (iii) sediment and water in excess of 0.5 percent by volume;
  - (iv) a density in excess of 940 kilograms per Cubic Meter 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 Rule 4 of this tariff, 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 Rule 4 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.

## 5. CHANGES IN QUALITY AND SEGREGATION

- (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) If Crude Petroleum tendered to the Carrier is of a kind or quality that is not currently being transported by the Carrier, then the Carrier shall, at the request of the Shipper of such Crude Petroleum and subject to the operating conditions of the facilities of the Carrier, endeavor to segregate such Crude Petroleum during transportation by the Carrier. In such circumstances, the Shipper shall, at the request of the Carrier, make such Crude Petroleum available in such quantities and at such times as may be necessary to permit such segregated movements.
- (c) Subject to paragraph (a) of Rule 12 of this tariff, the Carrier shall not be liable for any damage, loss or consequential loss resulting from a change in the density or other quality of a Shipper's Crude Petroleum as a result of the Carrier's transportation of such Crude Petroleum, including without limitation the mixing of Crude Petroleum with other Petroleum in the facilities of the Carrier.

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

- (a) Nominations shall be submitted to the Carrier or Enbridge Pipelines Inc., 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 applicable for the calendar year. 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 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) A Shipper shall, upon notice from the Carrier, provide written third party verification as required by the Carrier in support of such Shipper's Nomination. The Carrier shall not be obligated to accept a Shipper's Crude Petroleum where such verification is unacceptable to the Carrier.
- (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**

- (a) The Carrier shall charge a Shipper the Carrier's rate for the transportation of Crude Petroleum that is in effect on the earlier of the date of receipt of such Crude Petroleum by the Carrier, Enbridge Pipelines Inc., or Enbridge Energy, Limited Partnership.
- (b) Pursuant to FERC 18 CFR 341.10, the existing rates between points named in the tariff will be applied to transportation movements from an existing intermediate receiving point not named in the tariff to Regular Delivery Points, and from the Regular Receiving Point to existing intermediate delivery points not named in the tariff.

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

- (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 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 accruing or due relating to the transportation of the Shipper's Petroleum by the Carrier. 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.

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

- (i) 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 percent volume basis. The Carrier shall have 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.
- (ii) The Carrier shall correct the density and volume of Crude Petroleum received and delivered by the Carrier from the actual temperature of such Crude Petroleum to 15 degrees Celsius by use of API 2540 Petroleum Measurement Standards or the latest revision to such Standards.
- (iii) The Carrier shall correct the metered volume of Crude Petroleum for compressibility by the use of API Manual of Petroleum Measurement Standards, Chapters 11.2.1 M or 11.2.1 or the latest revision to such Chapters.
- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) The results of all such gauging, metering and testing by the Carrier shall be final.
- (viii) The Carrier shall deduct, as allowance oil, 1/20 of 1 percent 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**

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. Such tickets shall be signed by the Shipper, or the designate of the Shipper, and the Carrier.

#### **11. DELIVERY AND ACCEPTANCE**

- (a) Shipper or the designate of the Shipper shall accept such Shipper's Crude Petroleum upon arrival at the designated Regular Delivery Point for such Crude Petroleum.
- (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 Rule 11 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.

## 12. LIABILITY OF THE CARRIER

- (a) Except where caused by the sole negligence of the Carrier, the Carrier shall not be liable to a Shipper for any delay, damage, loss or consequential loss resulting from any cause while the Carrier is in possession or control of such Shipper's Crude Petroleum, including without limitation the breakdown of the facilities of the Carrier.
- (b) If damage or loss to Petroleum results from any cause other than the direct negligence of the Carrier while the Carrier is in possession or control of such 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.

## 13. INDEMNIFICATION BY THE SHIPPER

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. APPORTIONMENT

- (a) When there is more Crude Petroleum Nominated to the Carrier for transportation than can be immediately transported on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments will be prorated separately.
- (b) No individual Shipper Nomination shall be considered beyond the physical capacity of the pipeline segment(s) that the Nominated Crude Petroleum will be transported on. Nominations in excess of these limits will be reduced accordingly.
- (c) Space in each line segment will be allocated among Regular Shippers and any New Shippers as follows:
  - (i) Each Regular Shipper shall be allocated an amount equal to one hundred (100) percent of its Average Monthly Volume for the line segment being prorated, with the total of all Regular Shipper's allocations not exceeding ninety (90) percent of the total Available Capacity for such line segment. If a Regular Shipper's Nomination for a month is less than its Average Monthly Volume, the Regular Shipper will be allocated only the amount of its Nomination. Should the total of all Regular Shippers' allocations be greater than ninety (90) percent of Available Capacity for such line segment, all Regular Shipper's allocations will be adjusted on a pro rata basis.
  - (ii) New Shippers, if any, shall be allocated up to ten (10) percent of the total Available Capacity for the line segment being prorated on a pro rata basis.
  - (iii) Any remaining Available Capacity for such line segment not allocated through the application of steps (i) and (ii) will be allocated pro rata among all remaining unallocated Nominations.
- (d) If a Shipper fails, without reasonable cause, to ship or pay for its apportioned volume of Crude Petroleum within the month of apportionment, then the Carrier shall limit the volume of Crude Petroleum accepted by the Carrier from such Shipper in each of the next three months in which apportionment of Crude Petroleum occurs to not more than the volume of Crude Petroleum received by the Carrier from such Shipper in the month of non-performance.
- (e) Allotment of capacity under these principles is for purposes of apportionment only and does not create any rights or entitlements apart from the operation of that process.

## 15. REQUESTED CHANGES BY THE SHIPPER

- (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 Regular Receiving Point for its Crude Petroleum;
  - (ii) the designated volume and type of its Crude Petroleum to be received at a designated Regular Receiving Point;
  - (iii) the designated Regular Delivery Point for its Crude Petroleum;
  - (iv) the designated volume and type of its Crude Petroleum to be delivered to a designated Regular Delivery Point;
  - and
  - (v) 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 19 of this tariff.

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

- (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. RETENTION STOCK**

- (a) Each Shipper shall supply its quantity of Retention Stock as determined from time to time by Carrier.
- (b) In the event Shipper fails to supply the Retention Stock volumes as requested by Carrier pursuant to Rule 17(a), Carrier may obtain the deficient Retention Stock volumes on such Shipper's behalf, and such Shipper shall pay for, all charges incurred by Carrier to obtain the deficient Retention Stock volumes upon receipt of Carrier's invoice therefor.

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

- (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 Rule 18 of this tariff, then such Shipper waives all rights it has to bring an action against the Carrier with respect to such claim.

#### **19. FINANCIAL ASSURANCES**

- (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 from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations and the value of the allowance oil 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 the Shipper or prospective Shipper fails to provide the requested information to the Carrier within ten (10) 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 from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations and the reasonably determined value of the allowance oil and negative Shipper's balance positions.

- (b) Subject to the provisions of Rule 19 (c), the Carrier, upon notice to the Shipper, may only 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 the Shipper:
- (i) prepayment;
  - (ii) a letter of credit in favour of 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 an institution acceptable to Carrier;
  - (iii) 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 Carrier; or
  - (iv) such other enforceable collateral security, including but not limited to security agreements over assets of the Shipper, in a form acceptable to the Carrier.  
("the Financial Assurances")
- (c) In the event that 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 the Shipper's obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff; or
  - (iii) the Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Shipper,
- then the 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 the 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 relating to the transportation of the Shipper's Crude Petroleum, those charges and costs shall include transportation charges, equalization obligations, negative Shipper's balance positions and the allowance oil. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver the Financial Assurances to Carrier within ten (10) days of Shipper's receipt of Carrier's written request for such Financial Assurances.

**Symbols:**

[W] – Change in wording only