



# CCPS TRANSPORTATION, LLC (SPEARHEAD PIPELINE SYSTEM)

## 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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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:

**“2004 TSA”** means a Transportation Services Agreement executed by the Carrier and a Committed Shipper pursuant to the open season ending on November 26, 2004.

**“2019 TSA”** means a Transportation Service Agreement executed by the Carrier and an Expansion Shipper pursuant to the open season ending on December 7, 2018.

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

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

**“Available Capacity”** shall have the meaning set forth in Rule 17.

**“Carrier”** means CCPS Transportation, LLC.

**“Carrier's Cushing Terminal Services”** means terminaling and tankage facilities made available by the Carrier to Shippers to enable Shippers, at their option, to deliver into pipelines or terminals that connect to the outlet of the Enbridge Storage (Cushing) LLC's Terminal at Cushing, Oklahoma.

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

**“Committed Rate”** means the rate charged for the Committed Volume nominated by a Committed Shipper for transportation pursuant to the Carrier's Local Tariff Applying on Crude Petroleum.

**“Committed Shipper”** means a Shipper that has committed to transporting, or paying for the transportation of, certain minimum volumes of Crude Petroleum pursuant to the terms of a 2004 TSA.

**“Committed Volume”** means the Volume Commitment, the Minimum Volume Commitment, the Step-Up Volume Commitment or the Stepped Up Minimum Volume Commitment as the case may be and as determined in accordance with a Term Shipper's 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.

**“Cubic Metre”** means 264.172 0 United States gallons and 6.289811 barrels at a temperature of 15 degrees Celsius.

**“Deficiency Payment”** means payments to be made by a Term Shipper as determined in accordance with a TSA.

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

**“Expansion Term Rate”** means the rate charged for the Committed Volume nominated by an Expansion Shipper for transportation pursuant to the Carrier's Local Tariff Applying on Crude Petroleum.

**“Expansion Shipper”** means a Shipper that has committed to transporting, or paying for the transportation of, certain specified volumes of Crude Petroleum pursuant to the terms of a 2019 TSA.

**“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 23.

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

**“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.

**“Petroleum”** means Crude Petroleum, Natural Gas liquids and Refined Petroleum Products.

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

[C] ~~**“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.~~

**“Regular Delivery Point”** means a location for the delivery of Crude Petroleum as provided for in the Carrier's Local Tariff Applying on Crude Petroleum.

**“Regular Receiving Point”** means a location for the receipt of Crude Petroleum as provided for in the Carrier's Local Tariff Applying on Crude Petroleum.

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

**“Spearhead Pipeline”** means the Spearhead Pipeline, as modified to have an annual average capacity of approximately 190,000 barrels per day.

**“Shipper”** means a party that contracts with the Carrier for the transportation of Crude Petroleum pursuant to the rules, regulations and rates in the Carrier's 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 party that has entered into a TSA with the Carrier and also includes a transferee of a Shipper's rights and obligations, as approved in accordance with Rule 20(c).

**“Tank Bottoms”** means the volume of petroleum required by the Carrier at initiating locations where the Carrier owns tankage, to float tank roofs to working levels and to maintain that level.

**“TSA”** means a 2004 TSA or a 2019 TSA.

**“Term Shipper”** means a Committed Shipper and/or an Expansion Shipper.

**“Uncommitted Rate”** means the rate charged to a Shipper for transportation pursuant to the Carrier's tariff that is not subject to a TSA.

[N] **“Vapor Pressure”** means the vapor pressure at 37.8 degrees Celsius (37.8° C) of volatile Crude Petroleum herein expressed in Kilopascals, as determined by test method ASTM D6377.

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

## 2. COMMODITY

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

[N] (b) **Classification of Petroleum** Where the density of the Petroleum falls within the density range of one Petroleum classification and the viscosity of Petroleum falls within the viscosity range of another

classification, then the Petroleum shall be deemed to be in the classification with the higher transportation rate. Petroleum shall be classified by type as set forth by the density and viscosity ranges as follows:

**LIGHT PETROLEUM** - A commodity having a density from 800 kilograms per cubic metre ( $\text{kg/m}^3$ ) up to but not including  $876 \text{ kg/m}^3$  and a viscosity from 2 square millimetres per second ( $\text{mm}^2/\text{s}$ ) up to but not including  $20 \text{ mm}^2/\text{s}$  will be classified as Light Petroleum.

**MEDIUM PETROLEUM** - A commodity having a density from  $876 \text{ kg/m}^3$  up to but not including  $904 \text{ kg/m}^3$  and a viscosity from  $20 \text{ mm}^2/\text{s}$  up to but not including  $100 \text{ mm}^2/\text{s}$  will be classified as Medium Petroleum.

**HEAVY PETROLEUM** - A commodity having a density from  $904 \text{ kg/m}^3$  to  $940 \text{ kg/m}^3$  inclusive and a viscosity from 100 up to and including  $350 \text{ mm}^2/\text{s}$  will be classified as Heavy Petroleum.

### **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 38 degrees Celsius;
  - (ii) a **[C]** Reid Vapor Pressure in excess of **[W]** 15.0 psi (103 Kilopascals) 403-Kilopascals [N] for Light and Medium Petroleum; or a Vapor Pressure in excess of 10.2 psi (70 Kilopascals) for Heavy Petroleum received during the period from May 1<sup>st</sup> through November 30<sup>th</sup> of the year, or a Vapor Pressure in excess of 11.0 psi (76 Kilopascals) for Heavy Petroleum received during the period from December 1<sup>st</sup> through April 30<sup>th</sup> of the year;
  - (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 millimeters per second determined at the Carrier's reference temperature which will be the same as the reference temperature on the connecting pipeline immediately upstream of the Regular Receipt Point on the Carrier's pipeline;
  - (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**

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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 Petroleum in the facilities of the Carrier.

## **6. NOMINATIONS AND QUANTITIES**

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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 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 that Shipper has sufficient volumes accessible to support such Shipper's Nomination. For example, in each month the Carrier will apply the Spearhead Pipeline Batch Supply Verification Procedure, which is available on the Carrier's website at <http://www.enbridge.com/Projects-and-Infrastructure/For-Shippers/Tariffs/CCPS-Transportation-LLC-Spearhead-Tariffs.aspx>. The Carrier may reject a Shipper's Nomination where such verification is, in the sole discretion of the Carrier, unacceptable to the Carrier.
- (c) The Carrier shall not be obligated to accept a Shippers 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.
- (e) The Carrier shall not be obligated to accept any Nomination or make any allocation to a Shipper in relation to a Regular Receiving Point if such Nomination or allocation is for a volume of Crude Petroleum that is less than the minimum volume of 50,000 barrels.

- (f) A Shipper shall supply its share of Retention Stock by types and volumes as determined from time to time by the Carrier.
- (g) All communications relating to a Shipper's Nominations, payment of invoices or other matters pertaining to the Shipper's business with Carrier shall be conducted solely by an officer or employee of the Shipper; provided that the Shipper may, in writing, designate to Carrier an agent to act on the Shipper's behalf provided that the written designation states that:
  - (i) the Shipper acknowledges that all Shippers using the same agent will be deemed to be Affiliates of one another for purposes of Rule 17(c);
  - (ii) the Shipper consents to disclosure of any and all information regarding the Shipper's nominations, payment of invoices, or other business with Carrier to such agent and releases Carrier and holds Carrier harmless from any and all liability relating to such disclosure; and
  - (iii) such designation shall be valid and binding on Shipper until Carrier receives written notice from Shipper expressly terminating such designation.

If Carrier receives a communication from a third party or from a Shipper indicating that such third party is conducting business with the Carrier on behalf of the Shipper, then, notwithstanding anything in Rule 17(a) to the contrary, the Shipper shall be deemed to be an Affiliate of such third party and of any other Shippers on behalf of which such third party is conducting business with the Carrier, for purposes of Rule 17(c).

- (h) Shippers shall identify in their Nominations whether any tankage facilities at Cushing, Oklahoma will be used for nominated volumes of Crude Petroleum and, if so, which tankage facilities.
- (i) As provided in the 2019 TSA's, the Carrier has no obligation to provide terminalling or tankage facilities for the Committed Volumes of Expansion Shippers. To the extent tankage space is available at Cushing, the Carrier may provide all Expansion Shippers with the right to use such tankage space for their Committed Volumes and, if Expansion Shippers use such space, the Expansion Term Rate payable for such Committed Volumes will be increased by the applicable per barrel charge payable for use of Carrier's Cushing Terminal Services for uncommitted volumes.
- (j) In the event that a Term Shipper fails to nominate and/or tender a volume of Crude Petroleum equal to the Monthly Volume, it shall nevertheless pay to the Carrier the Deficiency Payment, which payment shall be equal to the shortfall in the volume nominated and/or tendered multiplied by the Committed Rate or Expansion Term Rate, as applicable, as set forth in the TSAs.
- (k) Whether tenders meet Monthly Volume requirements will be assessed relative to deliveries at the delivery point.

## **8. MAKE UP RIGHTS**

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Committed Shippers who fail to meet their Monthly Volume requirements in a month will be subject to uniform provisions for Committed Shippers with respect to their ability to make up those volumes in subsequent months and their corresponding payment obligations all as set forth in the 2004 TSAs. Expansion Shippers who fail to meet their Monthly Volume requirements in a month will be subject to uniform provisions for Expansion Shippers with respect to their ability to make up those volumes in subsequent months and their corresponding payment obligations all as set forth in the 2019 TSAs.

## **9. APPLICATION OF RATES**

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- (a) The Carrier shall charge a Shipper the applicable Carrier's rate for the transportation of Crude Petroleum that is in effect on the date of receipt of such Crude Petroleum by the Carrier.

(b) As per 18 C.F.R. § 341.10(2), the rate for service provided from a published origin point to a destination point not specifically named in the tariff, but located intermediate to published origin and destination points, will be the same as the published rate to the next more distant destination point. If the intermediate point is to be used on a continuous basis for more than 30 days, Carrier shall file a tariff publication applicable to the transportation movements within 30 days of the start of service.

## **10. MECHANICAL BATCH SEPARATION**

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In order to endeavor to provide substantially the same quality of crude petroleum in certain separate batches, the Carrier will provide mechanical batch separation/batch pigging in accordance with the Spearhead Batch Pigging Procedures (refer to Rule 25), which are available from the Carrier upon request. To the extent mechanical batch separation/batch pigging is implemented in any month, the Carrier will charge each Shipper its pro rata share of the monthly surcharge listed in the Carrier's rate tariff (refer to applicable rate tariff for mechanical batch separation rates).

Carrier shall be responsible for determining in accordance with the Spearhead Batch Pigging Procedures, when pigging will be required in order for Carrier to endeavor to provide substantially the same quality of crude petroleum in certain separate batches.

## **11. PAYMENTS 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 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 Shippers Crude Petroleum that is in the possession of the Carrier to secure the payment of 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 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. The Carrier hereby advises that it has appointed Enbridge Energy Limited Partnership as one agent appointed to hold possession of the Shipper's Crude Petroleum for the purpose of enforcing its general lien.



## **12. 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. 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) The results of all such gauging, metering and testing by the Carrier shall be final.
- (h) The Carrier shall deduct, as allowance oil, 1/10 of 1 percent of the volume of Crude Petroleum delivered to the Shipper to cover losses inherent in the transportation of Crude Petroleum by pipeline.

## **13. 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.

## **14. DELIVERY AND ACCEPTANCE**

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- (a) 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 14 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.

## **15. 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 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.

## 16. 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 excluding any damage, loss, costs or consequential loss caused by the direct negligence of the Carrier.

## 17. PRORATIONING

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- (a) For the purposes of this Rule, the following definitions shall apply:

**"Actual Shipments"** means volumes of Crude Petroleum that are physically delivered at a Regular Delivery Point during a month. For greater certainty volumes re-entering at intermediate points will not be considered to be Actual Shipments.

**"Affiliate"** means any entity that directly or indirectly:

1. controls a Shipper; is controlled by another Shipper; or
2. is controlled by the same entity that controls a Shipper.

For purposes of this definition the terms "controls" and "controlled by" shall mean:

- the use of shared mailing or business addresses;
- the use of shared business telephone numbers;
- the use of common bank account(s) in relation to Carrier's requirements set forth in Rule 23;
- one Shipper directing or conducting business on behalf of another Shipper as detailed in Rule 6(h);
- the power to direct or cause the direction of the management and policies of another entity whether through the ownership of voting securities, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation, limited liability company or partnership, the ownership of interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly.

**"Allocation Limit"** means, for any month, the maximum aggregate volume of Crude Petroleum that Carrier will allocate for receipt at a Regular Receiving Point. The Allocation Limit for a Regular Receiving Point shall initially be calculated as the *quotient* of the Nominations to that Regular Receiving Point divided by total Nominations to the Spearhead Pipeline *times* the Available Capacity; and shall then be adjusted such that (1) no Allocation Limit of a Regular Receiving Point exceeds the Effective Receipt Capacity of that Regular Receiving Point and (2) if the Allocation Limit

of one Regular Receiving Point is decreased to its Effective Receipt Capacity then the Allocation Limit of the other Regular Receiving Point will be increased by an amount equal to such decrease such that the sum of the Allocation Limits for all Regular Receiving Points is equal to the Available Capacity.

**“Allocation Ratio”** means, for each Regular Shipper, the ratio that such Regular Shipper's Average Daily Volume for the Base Period bears to the sum of all Regular Shippers Average Daily Volumes over the same Base Period.

**“Available Capacity”** means the total capacity of the Spearhead Pipeline usable to transport crude petroleum in a given month, given operating conditions in that month.

**“Average Daily Volume”** means the average of a Regular Shipper's daily volumes of crude petroleum transported during the Base Period through the Spearhead Pipeline .

**“Base Period”** means a period of twelve consecutive calendar months immediately preceding the first day of the Nomination Month.

**“Effective Receipt Capacity”** means the volume of Crude Petroleum that can be received by the Carrier at a Regular Receiving Point given the physical and operational constraints of the interconnected facilities at that Regular Receiving Point.

**“Flanagan Binding Nomination”** means the Available Capacity allocated to a Regular Shipper or a New Shipper for movements originating at Flanagan, Illinois in accordance with Rule 17.

**“Key Binding Nomination”** means the Available Capacity allocated to a Regular Shipper or a New Shipper for movements originating at Key Station, Missouri in accordance with Rule 17.

**“Key Shipment”** means a volume of Crude Petroleum that is allocated capacity at Key Station, Missouri and received by Carrier at either Key Station or Flanagan, Illinois. Receipts at Flanagan will only be considered a Key Shipment to the extent that such receipts are in excess of the Flanagan Binding Nomination requirement. A volume of Crude Petroleum may be used to satisfy either a Key Binding Nomination or a Flanagan Binding Nomination but not both.

**“New Shipper”** means a Shipper that is not a Regular Shipper. Consistent with Rule 18 (b), an Expansion Shipper will not be a New Shipper to the extent of its Committed Volume but will be a New Shipper with respect to any volume it nominates in a Nomination Month that exceeds its Committed Volume to the extent such Expansion Shipper is not a Regular Shipper with respect to such excess nomination.

**“Nomination Month”** means any month in which a Nomination is submitted to the Carrier. By way of example, if nominations are received in January for transportation in March and those nominations exceed Available Capacity in March, then January would be the Nomination Month.

**“Nominated Volume”** means for any Nomination Month, a Regular Shipper's nomination of Crude Petroleum for transportation by the Carrier.

**“Percentage Allocation”** means for each Regular Shipper the volume in barrels per day produced by multiplying its Allocation Ratio by the volume of remaining Available Capacity described in subsection (c)(iii) below, or by the volume of remaining Effective Capacity of the Regular Receiving Point described in subsection (d)(ii) below, as applicable.

**“Regular Shipper”** means a shipper that has Actual Shipments in at least nine (9) months in the Base Period. A New Shipper becomes a Regular Shipper as soon as it has met the nine out of twelve month Actual Shipment standard. The Average Daily Volume of a Regular Shipper will be calculated over the entire twelve-month Base Period including any months for which no movements are credited. A Regular Shipper ceases to be a Regular Shipper if it has no Actual Shipments for four or more months out of the Base Period. Thereafter, that shipper will be treated as a New Shipper unless and until it meets Regular Shipper criteria. Consistent with Rule 18 (b), an Expansion Shipper will not be a Regular Shipper to the extent of its Committed Volume, but will be a Regular Shipper with respect to its Average Daily Volume of Actual Shipments that exceed its Committed Volume in at least nine (9) months in the Base Period.

- (b) No individual Nomination will be considered to the extent it exceeds the physical capacity of the Spearhead Pipeline or Effective Receipt Capacity of the applicable Regular Receiving Point. In addition, if, for any month, more Crude Petroleum is nominated to the Carrier than can be transported by the Carrier, then:
- (i) no individual Nomination by a New Shipper will be considered to the extent it exceeds 10% of the Available Capacity; and
  - (ii) no individual Nomination by a Regular Shipper will be considered to the extent it exceeds the Available Capacity, minus the 30,000 barrels per day allocated to Expansion Shippers and the 10% of Available Capacity allocated to New Shippers.

The portion of a Nomination that does not exceed these limits will be considered by the Carrier.

- (c) If for any month, more Crude Petroleum is nominated to the Carrier than can be transported by the Carrier, then the Carrier shall prorate the Nominations received among Shippers as follows, provided that allocations relating to a Regular Receiving Point will not exceed the Allocation Limit applicable to that Regular Receiving Point:
- (i) Expansion Shippers will be allocated their aggregate Committed Volumes up to 30,000 barrels per day, subject to the provisions of Rule 19;
  - (ii) up to 10% of Available Capacity will be allocated among all New Shippers, if any, on a pro rata basis. If the pro rata allocation in a given month results in no New Shipper being allocated the minimum volume set forth in Rule 6(e), then the Carrier will administer a lottery using a software-generated random process for the total number of monthly minimum volume allocations available to New Shippers. A New Shipper will not be allocated capacity through the lottery process if it is: (i) an Affiliate of a Regular Shipper; or (ii) an Affiliate of another Shipper who received an allocation through the lottery process. Detailed procedures regarding the Carrier's lottery process are outlined in Rule 24;
  - (iii) remaining Available Capacity not allocated through the application of steps (i) and (ii) will be allocated among all Regular Shippers based on the lesser of each Regular Shipper's Percentage Allocation or its nominated Volume;
  - (iv) any remaining Available Capacity not allocated through the application of steps (i), (ii) and (iii) will be allocated equally among all Shippers having remaining Nominations. If the allocation to any Shipper pursuant to this clause (iv) exceeds its remaining Nomination, the excess will be allocated among all other remaining Nominations until the remaining Available Capacity is fully allocated or all of the remaining Nominations have been fulfilled.
- (d) If for any month, Nominations to the Carrier are less than the Available Capacity and the Nominations relating to any Regular Receiving Point are greater than the Effective Receipt Capacity of that Regular Receiving Point, then the Carrier shall prorate the Nominations relating to that Regular Receiving Point as follows:
- (i) up to 10% of the Effective Capacity of the Regular Receiving Point will be allocated among New Shippers, if any, on a pro rata basis. If the pro rata allocation in a given month results in no New Shipper being allocated the minimum volume set forth in Rule 6(e), then the Carrier will administer a lottery using a software-generated random process for the total number of monthly minimum volume allocations available to New Shippers. A New Shipper will not be allocated capacity through the lottery process if it is: (i) an Affiliate of a Regular Shipper; or (ii) an Affiliate of another Shipper who received an allocation through the lottery process. Detailed procedures regarding the Carrier's lottery process are outlined in Rule 24;
  - (ii) any remaining Effective Capacity of the Regular Receiving Point not allocated through the application of step (i) will be allocated among the Regular Shippers based on the lesser of each Regular Shipper's Nominations to that Regular Receiving Point and its Percentage

Allocation for that Regular Receiving Point.

- (iii) any remaining Effective Capacity of the Regular Receiving Point not allocated through the application of steps (i) and (ii) will be allocated equally among all Shippers having remaining Nominations to that Regular Receiving Point; provided that if the sum of a Shipper's allocations in steps (i), (ii) and (iii) is less than the minimum volume set forth in Rule 6(e), such Shipper will not receive an allocation of capacity under this Rule 17(d). If the allocation to any Shipper pursuant to this clause (iii) exceeds its remaining Nomination to that Regular Receiving Point, the excess will be allocated among all other remaining Nominations to that Regular Receiving Point until the remaining Effective Capacity of the Regular Receiving Point is fully allocated or all of the remaining Nominations to that Regular Receiving Point have been fulfilled.
  - (iv) any remaining Effective Capacity of the Regular Receiving Point not allocated through the application of steps (i), (ii) and (iii) will be allocated by way of the lottery process in step (i) above.
- (e) Once Carrier has determined the capacity allocated to each Shipper at the Flanagan, Illinois Receipt Point for a given month under this Rule 17, it shall provide notice to each Shipper of its Flanagan Binding Nomination, for the month. If a Regular Shipper or a New Shipper fails to ship its Flanagan Binding Nomination from the Flanagan, Illinois Receipt Point within the month of prorating, then the Carrier shall limit the volume of Crude Petroleum accepted by the Carrier from such Shipper at the Flanagan, Illinois Receipt Point in each of the next three months in which prorating of Crude Petroleum occurs to not more than the volume of Crude Petroleum received by the Carrier from such Shipper in the month of prorating.

Once Carrier has determined the capacity allocated to each Shipper for a given month at the Key Station, Missouri Receipt Point under this Rule 17, it shall provide notice to each Shipper of its Key Binding Nomination for the month. If any Regular Shipper or New Shipper that is not a Committed Shipper fails to make Key Shipments within the month of prorating equal to at least ninety-five percent (95%) of its Key Binding Nomination for that month, then that Shipper will incur a financial charge equal to the difference between its Key Binding Nomination and its Key Shipments for that month multiplied by the uncommitted Key to Cushing transportation rate then in effect. If any Committed Shipper fails to ship its Key Binding Nomination from the Key Station Receipt Point within the month of prorating, then the Carrier shall limit the volume of Crude Petroleum accepted by the Carrier from such Shipper at the Key Station Receipt Point in each of the next three months in which prorating of Crude Petroleum occurs to not more than the volume of Crude Petroleum received by the Carrier from such Shipper in the month of prorating.

## **18. EXPANSION SHIPPERS**

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- (a) As provided in Rule 17, a Nomination of Crude Petroleum to the Spearhead Pipeline by an Expansion Shipper that does not exceed such Expansion Shipper's Committed Volume shall not be subject to prorating except as set forth in Rule 19.
- (b) As provided in Rule 17, if an Expansion Shipper nominates Crude Petroleum in excess of its Committed Volume, the excess incremental volume shall be subject to prorating in accordance with the prorating rules as set out in Rule 17.

## **19. FORCE MAJEURE**

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In the event Carrier is rendered unable to transport approximately 190,000 barrels per day of annual average capacity on the Spearhead Pipeline because of an event of force majeure, there shall be allocated to the Expansion Shippers a portion of the Available Capacity of the Spearhead Pipeline equal

to the lesser of the ratio that the Committed Volume of the Expansion Shippers bears to the aggregate of the Committed Volumes of all Committed Shippers and Expansion Shippers, or 30,000 barrels per day, and the remaining Available Capacity shall be allocated in accordance with Rule 17.

## **20. 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 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 20 (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 a 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 23 of this tariff.

## **21. 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 involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.

## **22. 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 Rule 22 of this tariff, then such Shipper waives all rights it has to bring an action against the Carrier with respect to such claim.

### **23. 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 from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including the payment of transportation charges, equalization obligations, the value of the allowance oil, negative Shipper's balance positions and Deficiency Payments. The Carrier shall not be obligated to accept Crude Petroleum for transportation from and 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, the reasonably determined value of the allowance oil, negative Shipper's balance positions, and Deficiency Payments.
- (b) Subject to the provisions of Rule 23(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 favor 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 damages 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 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, the allowance oil, and Deficiency Payments. 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.

## 24. LOTTERY PROCESS

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Carrier will administer a lottery process in order to allocate capacity to New Shippers pursuant to Rule 17(c)(ii) and Rule 17(d)(i), as follows:

- (a) Carrier will use a random number generating software to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (i.e. if there are thirty New Shippers, numbers one through thirty will be assigned).
- (b) The New Shipper assigned number one will receive the first monthly minimum volume allocation. Thereafter, monthly minimum volume allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until the 10% of Available Capacity referenced in Rule 17(c)(ii) is fully allocated.
- (c) Following the lottery, Carrier will notify Shippers as to whether or not they were allocated capacity in that month.

## 25. INCORPORATION OF PRACTICES

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In addition to these Rules and Regulations, CCPS Transportation, LLC's Crude Petroleum Tariff incorporates the following practices:

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| (a) Practice Applicable to Automatic Balancing | Effective Date: April 1, 2019  |
| (b) Practice Applicable to In-Line Transfers   | Effective Date: March 1, 2006  |
| (c) Batch Pigging Procedure                    | Effective Date: March 31, 2009 |
| (d) Batch Supply Verification Procedure        | Effective Date: June 1, 2018   |

Copies of Carrier's Practice and Procedures are available through the Carrier's Shipper Services Group, telephone number: (403) 231-5721.

### SYMBOLS:

**[C]** – Cancel

**[N]** – New

**[W]** – Change in wording only