

WOOD RIVER PIPE LINES LLC

LOCAL TARIFF

Containing

RULES & REGULATIONS

Governing

TRANSPORTATION OF PETROLEUM PRODUCTS

By

PIPELINE

In Tariffs Making Reference Hereto

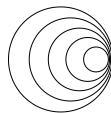
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The provisions published herein, if effective, will not result in an effect on the quality of the human environment

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GENERAL APPLICATION

Rules and regulations published herein apply only in connection with tariffs which make specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof.

Commodities as specified and defined herein will be transported through Carrier's facilities only as provided in this rules and regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

ITEM NO. 5 – DEFINITIONS

- Barrel Means 42 United States gallons at 60 degrees Fahrenheit 3 and zero P.S.I.G.
- Batch Means a quantity of one Commodity moved in a pipeline as an identifiable unit. A Batch shall be designated by the Shipper as Segregated or Fungible, as follows:
- (1) A "Segregated Batch" is a quantity of one Commodity meeting the specifications set forth in Item 15, for which the Shipper desires separate identity and segregation so as to deliver, as nearly as reasonably practicable, the identical Commodity received. Transportation of a Batch as a Segregated Batch is subject to the availability of tankage.
 - (2) A "Fungible Batch" is a quantity of one Commodity which meets Carrier's established specifications and may be commingled with other Batches of Commodities meeting the same specifications for pipeline movement.
- Carrier Means and refers to ☞ Wood River Pipe Lines, L.P.
- Commodity Means and refers to refined petroleum products, intermediate petroleum products, liquefied petroleum gas, **[N]** crude petroleum products, and aviation turbine fuel as specified and defined in Item 15 "Specifications of Commodities."
- Consignee Means the party or Delivery Tanker to whom a Shipper has ordered the delivery of Commodities to a Destination.
- Destination Means the specific location on Carrier's system as designated in its tariff where Carrier delivers Commodities.
- Nomination Means a designation or electronic communication from a Shipper to Carrier of an approximate quantity of Commodities for transportation from a specified Origin(s) to a specified Destination(s) over a period of one calendar month.
- Origin Means the specific location on Carrier's system as designated in its tariff where Carrier accepts Commodities for shipment.
- Shipper Means the party who contracts with the Carrier for transportation under the terms of this tariff.

Supply Source..... Means the connecting facility or Receipt Tanker from whom a Shipper has ordered delivery of Commodities to Carrier's receipt manifold at a specified Origin.

Tanker Means the connecting facility where the Shippers Commodities are being originated from (Receipt Tanker) or delivered to (Delivery Tanker).

Tender An offer by a Shipper to the Carrier of a stated quantity of Commodities for transportation from a specified Origin to a specified Destination or Destinations.

ITEM NO. 10 – COMMODITY

Carrier will transport Commodities as specified and defined in Item 15 exclusively: no other materials qualify for transportation hereunder.

ITEM NO. 15 - SPECIFICATION OF COMMODITIES

(A) General Specifications: Refined Petroleum Products **[N]** Crude Petroleum Products, and Aviation Turbine Fuel

- (1) Refined Petroleum Products and Aviation Turbine Fuel shall have an A.P.I. gravity at 60 Degrees Fahrenheit of not less than 25 Degrees and not more than 80 Degrees; have a viscosity not more than 4.3 centistokes at 100 Degrees Fahrenheit; have a vapor pressure not more than 15 P.S. I. Reid; and have a color not darker than No. 3 A.S.T.M., except that distillates to which artificial coloring has been added will be accepted for transportation regardless of color after addition of dye. In addition, gasolines shall not have a Reid vapor pressure in excess of the "applicable standard" as determined by the United States Environmental Protection Agency or any more stringent state requirement from time to time in effect.

This specification includes the products of petroleum commonly known as gasoline, kerosene, aviation turbine fuel, fuel oil distillate and diesel fuel.

[N] Crude Petroleum Products shall have an API gravity of between twenty-five degrees (25°) and forty-five degrees (45°); a vapor pressure of not more than 15 P.S.I Reid; a viscosity of not greater than one hundred (100) centistokes at anticipated pipeline temperature; basic sediment, water and other impurities of not more than one percent (1.0%) volume; hydrogen sulfide (H₂S) in vapor phase of not more than two thousand (2000) ppm volume; temperature of not more than one hundred degrees (100°) Fahrenheit.

- (2) For gasoline tendered for transportation, Shipper must inform Carrier of the percentage by volume and kind of any blending components used which are not pure hydrocarbons. The use of methanol and ethanol as blending components is prohibited.
- (3) For Commodities tendered for transportation as a Fungible Batch, Carrier may require the Shipper to furnish certified laboratory reports showing the results of tests of the Commodities offered for transportation. Carrier may also make such tests of the Commodities as it deems desirable, but Carrier shall be under no obligation to make such test. In the event of variance between Carrier's test and Shipper's certificate, Carrier's test shall prevail.

- (B) Carrier shall have no obligation to accept Commodities for transportation if such Commodities contain water or other impurities.
- (C) Commodities shall be accepted for transportation only when such Commodities meet all the required Federal, state and local regulations and the Carrier's published Commodity Specifications as published in the Carrier's Shipping Information Notebook. A copy of the Commodity Specifications may be obtained from the Carrier by writing to: Wood River Pipe Line, Attn: Measurement and Quality Control, Box 368, Emmaus, PA 18049-0368, or by calling 484-232-4000.
- (D) Carrier will require the Shipper to demonstrate that Commodities tendered for transportation meet required specifications as prescribed herein. Such demonstrations will include a data sheet showing key products specifications prior to Carrier's acceptance of Commodities, and a certification of analysis of product quality for each Commodity Batch tendered.

ITEM NO. 20 - ORIGIN AND DESTINATION FACILITIES

- (A) Shipper shall furnish necessary facilities at the Supply Source to deliver Commodities to Carrier's pump suction manifold at a pumping rate equal to Carrier's pipeline pumping rate at such Supply Source (or injection point if applicable) at a minimum pressure of 50 P.S.I.G., unless a lower pumping rate or pressure is designated.

Carrier may agree to accept Commodities at less than the full pipeline pumping rate provided space is available after all other Nominations have been scheduled and under such other terms as the Carrier may specify.

- (B) Shipper or Consignee shall furnish the necessary facilities at Destination capable of receiving Commodities promptly as they arrive at the full pipeline pumping rate and pressure, unless a lower pumping rate or pressure is designated.

ITEM NO. 25 - QUANTITIES TENDERED AT ORIGINS

The minimum quantity of Commodities which will be accepted for transportation from a single Shipper from a single Supply Source for movement as a Segregated or Fungible Batch shall be 10,000 Barrels.

ITEM NO. 30 - MINIMUM DELIVERIES

The minimum quantity of Commodities which shall be delivered to any Destination shall be 5,000 Barrels.

ITEM NO. 35 - BUFFER MATERIAL

In order to protect the quality of Commodities in transit, the Carrier, as a condition of shipment, may require the Shipper to furnish buffer material in kind and quantity satisfactory to the Carrier. Carrier will deliver such buffer material, which may include other Commodities commingled with it, into the facilities which shall be supplied by the Shipper or Consignee at Destination.

Carrier reserves the right to determine the quality and quantities of Commodities commingled and included in deliveries of buffer material to the Shipper or Consignee at Destination, and the Shipper

shall pay charges on such buffer material in accordance with this tariff and/or of tariffs making reference hereto at the same rate as the Commodities transported.

ITEM NO. 40 - IDENTITY OF AND MIXING OF COMMODITIES

It is inherent in the operations of a petroleum pipeline that interface mixtures will occur between Batches of different Commodities. Carrier shall not be liable for variations in gravity or quality of Commodities occurring while in its custody resulting from any cause other than the negligence of the Carrier, and Carrier is under no obligation to deliver the identical Commodities received, but may deliver Commodities of substantially the same specifications. Normal commingling which occurs between Batches shall be divided as equitably as possible among the Shippers by the Carrier.

With respect to Segregated Batches, Carrier will, subject to the foregoing and to the extent permitted by Carrier's facilities, make delivery at Destination of substantially the identical Commodities received at Origin; provided, however, that because it is impractical to maintain absolute identity of each Batch of Commodities, Carrier is permitted to make reasonable substitution of Commodities having substantially the same specifications.

ITEM NO. 45 - GAUGING, METERING, TESTING AND DEDUCTIONS

- (A) When received, Commodities will be gauged or metered and may be tested by a representative of the Carrier, and the Shipper or Consignee shall have the privilege of being present or represented at the gauging, metering and/or testing. Should Shipper or Consignee not avail themselves of the right to be present at the time or times of measuring and testing pursuant to the terms of this Item, then, and in that event, it shall be presumed that Carrier's records of quantities of Commodities received or delivered by Carrier are correct. If tank gauges are used, quantities will be computed from regularly compiled tank tables showing 100% of the full capacity of the tanks.
- (1) Commodities shall be received and delivered on the basis of volume corrected for temperature from observed degrees Fahrenheit to the basis of 60 Degrees Fahrenheit and pressure from observed values to zero P.S.I.G.
 - (2) The net balance at 60 Degrees Fahrenheit will be the quantity deliverable by the Carrier, except as otherwise provided in Item 80.
- (B) Products losses due to evaporation, interface mixtures and other routine shrinkage factors are inherent in products pipeline operations. The total overage or shortage resulting from Carrier's operation will be allocated to each Shipper's account on an accrual basis calculated by the proportion of the Shipper's total delivered volumes to the total volumes delivered by the Carrier during the same period. Carrier will account to each Shipper for all Petroleum Products received and will settle for net products gains and losses from normal operations based on prevailing prices in the Carrier's area of operations.
- (C) Full volume deductions will be made for all water in Commodities received or delivered as determined by recognized means.

ITEM NO. 50 - TRANSPORTATION CHARGES

- (A) Transportation charges will be assessed and collected on the basis of the number of Barrels actually delivered at Destination, subject to temperature and/or compressibility corrections and deductions as provided for in Item 45.
- (B) Transportation charges and other lawful charges accruing on Commodities accepted for transportation, based on the rates applicable from Origin to Destination to which Commodities are delivered, shall be paid by the Shipper on demand and prior to the release of Commodities from custody of the Carrier unless arrangements satisfactory to Carrier are made prior to acceptance of Commodities. If required by the Carrier, charges shall be prepaid by the Shipper prior to acceptance of Commodities by the Carrier. No prior course of dealing between the parties shall constitute a waiver of Carrier's right to require payment on demand or prepayment of charges. Carrier shall have a lien and security interest to the fullest extent permitted by law on all Commodities in its possession to secure all unpaid transportation and other lawful charges due from the Shipper and Carrier may withhold all or a portion of Commodities from delivery until all charges have been paid. Carrier's rights under this Item are not exclusive but shall be in addition to any other rights or remedies available hereunder or under applicable law.
- (C) In the event that an invoice for transportation or other lawful charges is not paid to Carrier in full when due, the Shipper will pay to Carrier interest on the outstanding amount from original invoice date until paid at an annual rate equal to the lower of four percent (4%) over the prime interest rate published by *The Wall Street Journal* as of the invoice date or the highest lawful rate permitted.

ITEM NO. 55 - APPLICATION OF RATES

Commodities transported shall be subject to rates, rules and regulations governing the transportation of such Commodities which are in effect on the date such Commodities are received by the Carrier at their Origin regardless of the date of Tender.

ITEM NO. 60 - APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

- (A) Carrier will receive Commodities for transportation only from and to established Origins and Destinations.
- (B) Commodities received from an established Origin on Carrier's lines which is not named in tariff making reference hereto, but which is intermediate to an Origin from which rates are published in said tariffs, through such unnamed Origin, will be assessed the rate in effect from the next more distant Origin, published in the tariff.
- (C) Commodities delivered to an established Destination on the Carrier's lines which is not named in tariff making reference hereto, but which is intermediate to a Destination to which rates are published in said tariffs, through such unnamed Destination, will be assessed the rate in effect to the next more distant Destination published in the tariff.

ITEM NO. 65 - DIVERSION OR RECONSIGNMENT

Diversion or reconsignment of Destination may be made if requested by the Shipper prior to delivery at original Destination, subject to the rate, rules and regulations applicable from point of Origin to point of final Destination, except that no backhaul movement will be made.

ITEM NO. 70 - SEPARATE PIPELINE AGREEMENTS

Separate agreements in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff may be required of any Shipper or Consignee before any obligation to provide transportation shall arise.

ITEM NO. 75 - TITLE

Unless arrangements satisfactory to Carrier are made prior to acceptance of Commodities, Carrier shall have no obligation to accept any Commodity which is in litigation, or as to which a dispute of title may exist or which may be subject to any lien or other encumbrance. Tenders submitted by Shipper shall be considered as a warranty of title and absence of encumbrance, and Carrier shall have no obligation to make inquiry with respect thereto. No acceptance of such Commodities by Carrier shall constitute a waiver or subordination of Carrier's lien under Item 50 or any other rights hereunder.

ITEM NO. 80 - LIABILITY OF CARRIER

While in the possession of any Commodity herein described, Carrier shall not be liable for any loss, damage or delay caused by an act of God, public enemy, accident, government regulation, strikes or other labor dispute, riots, fire, floods, or act or default of Shipper or Consignee, or from any other cause outside of the reasonable control of the Carrier whether similar or dissimilar to the causes herein enumerated. In such cases, the Shipper shall bear the loss in the same proportion as the amount accepted for transportation and actually in the Carrier's custody bears to the whole of the property of all Shippers in the Carrier's custody at the time of such loss and shall be entitled to receive only such portion of its shipment as is left after deducting its due proportion of the loss. Statements of quantities ascertained and computed from the records in the usual manner by the Carrier shall be accepted as prima facie correct in the distribution of such losses under this Item.

Carrier shall not be liable for discoloration, commingling, contamination, or deterioration of Commodities transported unless same is caused by the negligence of Carrier. Carrier's liability to Shipper or Consignee for any claim of negligence or other loss shall be limited to the value of the Commodities transported and related transportation charges. In no event shall Carrier be liable for any indirect, special, incidental or consequential damages, lost profit or other economic loss.

ITEM NO. 85 - CLAIMS, SUITS, TIME FOR FILING

As a condition precedent to recovery, claims must be filed in writing with Carrier within nine months after delivery of the Commodities or in case of failure to make delivery, then within nine months after a reasonable time for delivery has elapsed, and suit shall be instituted against Carrier only within two years and one day from the day that notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed with Carrier or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable thereon.

ITEM NO. 90 - PRORATION OF PIPE LINE CAPACITY

(A) Application

This proration rule will be applied separately to each line segment or facility when, during any period, the total volume of Commodities nominated for shipment through any segment or facility of the Carrier's pipelines is in excess of the capacity of said segment or facility.

(B) Definitions

For the purposes of this Item, the following terms are defined as:

Allocation means the pipeline capacity, expressed either in average barrels per day or total barrels, which the Carrier apportions to a given Shipper during the period of proration.

Base Period means that period within which actual deliveries made for the account of a Shipper to terminals, connecting carriers and refineries at particular locations moved through the line segment or facility being prorated are taken into account for purposes of prorating pipeline capacity. It will consist of a continuous moving base of 12 consecutive calendar months beginning 14 months prior to the period of proration and ending 2 months preceding the period of proration. Such base period may include intervals when no proration is in effect.

Binding Nomination means the final Nomination tendered by a Shipper for a prorated line segment or facility after being advised that said line segment or facility is over nominated and subject to proration.

New Shipper means (1) a Shipper which does not qualify as a Regular Shipper but does satisfy the shipping requirements of the Carrier's Rules and Regulations Tariff. At the end of 14 consecutive calendar months from the beginning of the first month in which a New Shipper begins using any segment or facility of the Carrier's pipeline system (whether prorated or not), it will become a Regular Shipper and the actual volumes delivered for its account over the pipeline segment or facility being prorated will become the basis for pipeline capacity allocation in the same manner as for other Regular Shippers.

Or (2) a Shipper who has not shipped any volumes in the prorated segment or facility during any non-prorated month during the base period

Regular Shipper means a Shipper which: (1) has used the pipeline segment subject to allocation during at least one month of the base period, and (2) does not meet the definition of "New Shipper", and (3) has volumes nominated for its account on the prorated segment or facility during the period of proration. If a Shipper, that would otherwise be classified as a New Shipper, has a volume history in the prorated segment or facility such that calculating Shippers Allocation classifying the Shipper as a Regular Shipper results in a larger allocation than if that Shipper were classified as a New Shipper, said Shipper will be classified as a Regular Shipper.

(C) Use of Standard Base

Where appropriate, Carrier will, at its option, convert Commodities of differing flow rate characteristics to a standard base.

(D) Allocations for Regular Shippers

Carrier may, without liability, allocate available pipeline capacity for any period in which Nominations exceed available capacity in accordance with the following procedures, proceeding to each succeeding step only if the Nominations continue to exceed available pipeline capacity.

- (1) Nominations not submitted using the Carrier's electronic commerce and communications system or submitted after the deadline established in Item 100 will be rejected, unless the Carrier has specifically instructed the Shipper to submit Nominations by another means or by a later date.
- (2) When, it is determined that insufficient capacity is available to accommodate all valid timely, and properly submitted Nominations, Carrier will notify via electronic mail, telephone, facsimile, electronic bulletin posting or other appropriate method as selected by the Carrier, each Shipper that has tendered a Nomination for the affected line segment or facility. Each affected Shipper will then have a period of two business days to reduce its Nomination. In the event that the Carrier has determined that more than one line segment or facility of the same pipeline system will be prorated, affected shippers may resubmit or adjust nominations on all of the prorated segments on the same pipeline system so long as the shippers total adjusted nominated volumes on all of the affected segments do not exceed the original total nominated volumes on all of the affected segments. Each affected Shipper may adjust its Nomination using the Carrier's electronic commerce and communications system (unless otherwise instructed by the Carrier) to edit or change its Nominations during this period. At 12:01am on the third business day following the day notification was made to Shippers, this adjusted Nomination shall be considered a Binding Nomination, or if a Shipper does not change or submit a reduced Nomination, then its initial Nomination shall be considered its Binding Nomination.
- (3) If Nominations continue to exceed available capacity, Carrier will review all receiving and delivery facilities to determine if any are incapable of injecting or receiving at Carrier's existing flow rates or throughput rates, and if there are such restricted facilities, Shippers using them will be subject to reduction of up to 100 percent of the quantity nominated from or to the restricted facility, as necessary to equate total Nominations to available pipeline capacity. If more than one receipt or delivery facility is restricted from injecting into or receiving from Carrier at less than Carrier's existing flow rates or throughput rates, Nominations from or to such facilities will be allocated in order of their actual capability, with the facility able to inject or receive at higher rates taking priority over those capable of lesser rates. Nominations from or to facilities that can inject or receive at carrier's existing flow rates or throughput rates, or greater will all be given equal priority. Carrier reserves right to adjust allocations at restricted facilities in order to maximize total available pipeline capacity and throughput. Shippers will be notified of the proration of Nominations made from or to the restricted facility and will be permitted to re-nominate those volumes to another unrestricted facility prior to further allocation.
- (4) If Nominations continue to exceed available pipeline capacity, the percentage of pipeline capacity to be allocated to each Regular Shipper will be calculated by using data from the applicable base period and dividing the shipments made for the account of each Regular Shipper by the total shipments made for all Shippers during the base period. The resulting percentages will then be applied to the line segment or facility capacity to determine capacity allocation for each Regular Shipper. Each Regular Shipper will receive the lesser of its actual Nominations and its allocation resulting from the above calculation. In the event any Shipper(s) is (are) allocated more

capacity than its (their) nominated requirements, the excess of its (their) allocation(s) over its (their) Nominations will be reallocated among all other Shippers in proportion to their base period history. Allocations for Regular Shippers will be subject to reduction if required to accommodate New Shippers.

(E) Allocations for New Shippers

Unless more capacity is required for Regular Shippers in Section (F), up to two and one-half percent (2.5%) of available capacity will be made to each new shipper subject to a total of ten percent (10%) of available capacity for all new Shippers. Commodities nominated by a New Shipper during periods of proration not caused by unusual market conditions will be allocated pipeline capacity as follows:

If less than four (4) new shippers have submitted nominations for the affected facility or segment, each shipper will be allocated the lesser of either two and one-half percent (2.5%) of available capacity or their nominated volume. In the event that more the four (4) new shippers have submitted nominations for the affected facility or segment, the nominated volumes for each New Shipper shall be totaled and divided into ten percent (10%) of the available pipeline capacity. The resulting percentage shall be the initial New Shipper Proration factor. Each New Shipper will be allocated pipeline segment or facility capacity equal to the lesser of:

- (a) (2.5%) of available capacity,
- (b) its nominated volumes,
- (c) its nominated volumes multiplied by the initial New Shipper proration factor.

Any remaining pipeline segment or facility capacity will be allocated to Regular Shippers as set forth in Section (D). If there remains available pipeline capacity after New Shippers have been allocated capacity in accordance with the preceding paragraphs of this Section, and after Regular Shippers have received allocations equal to one-hundred per cent (100%) of their nominated volumes, the remaining available pipeline capacity shall be allocated to New Shippers using the same process as used for Regular Shippers in Section (D).

(F) Unusual Market Conditions

If the Carrier, in its sole discretion, should determine that Nominations exceed capacity as the results of unusual petroleum product market conditions that are expected to be of a temporary nature, capacity will be allocated as follows: Each Regular Shipper who has utilized the pipeline segment subject to allocation during each of the 12 months during the Base Period will be allocated capacity equal to their average actual deliveries during the Base Period. Any unsatisfied Nominations of the Shippers who have utilized the pipeline segment or facility subject to allocation during each of the 12 months during the Base Period, and the nominated volumes for other Regular Shipper(s) and any New Shipper(s) shall be allocated according to the procedures outlined in Sections (D) and (E).

(G) Penalties for Failure to Utilize Allocated Space

4 If a Shipper tenders a volume greater or equal to eighty-five percent (85%) of its Prorated Binding Nomination, then such a Shipper shall be invoiced based on its delivered volumes. If a Shipper tenders less than eighty-five percent (85%) of its Binding Nomination, then Shipper shall be invoiced for its delivered volumes for that period, plus a charge equal to:

ITEM NO. 95 - CHARGE FOR SPILL COMPENSATION ACTS AND REGULATIONS

In addition to the transportation charges and all other charges accruing on Commodities accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, levy or other charge against the Carrier in connection with such Commodity, pursuant to any federal, state, or local law or regulation which imposes a tax, fee, levy or other charge, on the receipt, delivery, transfer or transportation of such Commodities for the purpose of creating a fund for the prevention, containment, clean up and/or removal of spills, the reimbursement of persons sustaining loss therefrom or any other lawful purpose. Carrier shall be under no obligation to contest or protest on behalf of the Shipper or Consignee the legality of such tax, fee, levy or other charges.

ITEM NO. 100 - TIME AND METHOD FOR SUBMITTING NOMINATIONS

Carrier is under no obligation to accept a tender of Commodities for transportation for any month unless the Shipper submits a Nomination on or before the fifteenth calendar day of the preceding calendar month. Any new Nomination, or request to increase a Nomination for a given facility or line segment made after this deadline will be rejected by the Carrier in the event that nominations received prior to this deadline exceed facility or segment capacity.

In the event that a pipeline segment or facility is operating under allocations as established in Item 90, Carrier may at its option require Nominations for the prorated segment or facility to be submitted on or before the tenth calendar day of the preceding calendar month. Carrier will announce any such earlier deadline for Nomination submission by publishing notice of the change on the Carrier's electronic commerce and communications system at least 5 calendar days prior to the revised deadline.

A Nomination must indicate, for each Batch, The Shipper, Product, System, Receipt Location, Receipt Volume, receipt requested date, Delivery Location(s), Delivery Volume(s), and Delivery Tanker. Nominations must be submitted using the Carrier's electronic commerce and communications system unless otherwise instructed by the Carrier.

ITEM NO. 105 - CONFIRMATION OF SUPPLY SOURCE

For all Commodities it is the responsibility of the Shipper to confirm the Supply Source (Receipt Tanker) a minimum of three working days prior to delivering the Commodity to Carrier's receipt manifold. Any Commodity that does not have a confirmed Supply Source will be removed from Nomination. It will be the Shipper's responsibility to renominate for a later date.

ITEM NO. 110 - WARRANTIES

Shipper warrants that all Commodities tendered to Carrier will conform with Carrier's specifications set forth in Item 15 for Segregated Batches or Carrier's established specifications for Fungible Batches, including applicable standards for gasoline Reid vapor pressure; are owned by the Shipper and are free from disputes as to title, liens, or other encumbrances as set forth in Item 75; will be merchantable; and will not be contaminated with water or other impurities. Shipper will be liable to and will indemnify Carrier, other Shippers and Consignees for damage, loss, liability, claim, cost or expense arising from a breach of this warranty. The transportation of the Commodity may be refused or cancelled if Carrier determines or is advised that the Commodity does not meet the requirements of Carrier's rules and regulations, but Carrier has no obligation to make such determination or to make inquiry with respect thereto.

Carrier does not make any warranties expressed or implied, including, but not limited to, fitness for a particular purpose and merchantability, concerning the quality of the Commodities delivered.

ITEM NO. 115 - DISPOSITION OF COMMODITIES ON FAILURE TO ACCEPT DELIVERY

(A) In the event Carrier has accepted Commodities for transportation in reliance upon Shipper's representations as to acceptance at Destination, and there is failure to promptly accept such Commodities at Destination, then and in such event Carrier shall have the right to divert, reassign, or make whatever arrangements for disposition of the Commodities it deems appropriate to clear its pipeline facilities, including the right to sell the Commodities at private or public sale. Carrier may be a purchaser at such public sale. From the proceeds of any such sale, Carrier may pay itself all transportation and other charges and expenses in caring for and maintaining the Commodities and the costs of sale, and the balance shall be held for whomsoever may be lawfully entitled thereto.

[C] ITEM NO. 120 – SECURITY SURCHARGE

~~As a result of the events of September 11, 2001, and pursuant to Docket PL01-6-000 under FERC's statement of Policy issued September 14, 2001, the Carrier has established a security surcharge to recover prudently incurred costs necessary to safeguard the reliability and security of the pipeline.~~

~~Security surcharge rates are concurrently published in Carrier's local pipeline tariffs. These rates were calculated as follows:~~

~~For the first Recovery Period, Carrier has collected and identified all security costs incurred from September 11, 2001 through December 31, 2003. The security surcharge amount has been calculated by dividing Carrier's total annual revenues as reported in Carrier's FERC Form 6 into the total security costs incurred on jurisdiction facilities during the Expenditure Period for the pipeline system. This calculation establishes the percentage factor. Carrier has then applied this percentage rate for each corresponding route in the first Recovery Period.~~

~~For volume incentive or discount rates that are on file, Carrier applied the percentage factor to each volume incentive or discount rate on file and in effect as of April 1, 2004. The resulting security surcharge rates were then averaged in order to establish one security surcharge that would be applied to each corresponding route.~~

~~On an ongoing basis, Carrier will continue to identify and track security expenses incurred during the applicable Expenditure Period. Based on the most recent FERC Form 6 Information, Carrier will calculate the applicable percentage factor that will be applied to each rate on file during each corresponding Recovery Period. The resulting number will be the security surcharge rate that will be applied to the corresponding route in each subsequent Recovery Period.~~

~~Interest costs incurred as of February 1, 2004, will be included in the surcharge recovery amount using the applicable Commission interest rates accumulated from the effective date of the surcharge. Those interest rates are posted on the FERC website: <http://ferc.gov/legal-regs/acct-matts/interest-rates.asp>.~~

~~The projected surcharge Expenditure and Recovery Periods are shown in the Table set forth below. The Expenditure Periods, which are shown in the table that follows, will recover costs incurred from September 11, 2001 through June 30, 2006. The first Recovery Period will begin with the effective date of the first surcharge and the last Recovery Period will end on June 30, 2007.~~

Expenditure Period	Recovery Period
---------------------------	------------------------

September 11, 2001 – December 31, 2003	April 1, 2004 through March 31, 2005
January 1, 2004 through December 31, 2004	April 1, 2005 through March 31, 2006
January 1, 2005 through June 30, 2005	April 1, 2006 through September 30, 2006
July 1, 2006 through June 30, 2006	October 1, 2006 through June 30, 2007

~~At the end of each surcharge Recovery Period any under/over-collected amount will carry forward to the next Recovery Period. Within 60 days of the end of the final surcharge Recovery Period, the Carrier will perform a reconciliation and true-up of the surcharge amounts collected and actual expenditures. Shippers will be refunded/invoiced on a pro-rata basis of barrels shipped during the last Recovery Period. If the true-up amount is within 1% of the costs incurred, no additional collection or refund of the amount will be made.~~

ITEM NO. 130 – ULTRA-LOW SULFUR DIESEL SURCHARGE

A surcharge of **[U]** two and four-tenths cents (2.40¢) will be assessed on each barrel of ultra-low sulfur diesel fuel delivered by the Carrier. For the purposes of this surcharge, ultra-low sulfur diesel (ULSD) is defined as any grade of distillate with a product specification requiring a sulfur content of less than fifteen parts-per-million (15 ppm). The surcharge will not apply to local transfer movements in which barrels only move between tankage at a single facility using the Carrier's pipeline manifold at that location. This surcharge is necessary to recover the prudent capital and operating expenses incurred by the Carrier to protect the low sulfur content and product quality of ULSD during pipeline transportation, and to thereby minimize the economic cost to shippers of product downgrades incident to normal transportation and product handling functions.

The Carrier will use its established accounting mechanisms to track the actual capital expense costs for projects identified and authorized as being undertaken specifically for the transportation and testing of ULSD in its pipeline systems. The Carrier will also separately account for all operating expenses directly related to the maintenance and repair of the authorized ULSD capital equipment, and the direct operating expenses for ULSD product testing and tracking incurred by the Carrier to ensure compliance with the ULSD regulations promulgated by the United States Environmental Protection Agency. The accumulation of operating expenses will be limited to those costs incurred in the period beginning May 1, 2006 and ending June 30, 2011. The accumulation of capital expenses will be limited to those costs incurred in the period beginning January 1, 2005 and ending December 31, 2011.

The Carrier will prepare a report for each calendar year during the recovery period showing the monthly capital and operating ULSD expenses incurred, the volume of ULSD barrels transported, and the corresponding ULSD surcharge revenue credited against the accumulated ULSD expenses. The report will tabulate a running monthly balance of unrecovered expenses, and beginning July 1, 2006, a capital carrying charge of 1.0% will be applied each month to the unrecovered expense balance at the end of the prior calendar month.

This ULSD surcharge recovery period will begin June 1, 2006, and will terminate at the end of the calendar month in which all the accumulated ULSD costs are fully recovered by the total accumulated ULSD surcharge revenues. The Carrier will settle with all Shippers for any over-recovery made during the final month of the recovery period if the grand total of all accumulated surcharge revenues during the recovery period exceeds the grand total of all accumulated ULSD expenses by more than one percent (1.0%).

[C] ITEM CROSS-REFERENCE

The following table is provided to assist referencing items in this tariff with items in the tariff which it cancels.

CROSS REFERENCE FROM PREDECESSOR TARIFF				
Current Item Number / Rule From Shell Tariff S-3		New Item Number and Rule		
-	General Application	55	Application of Rates	— Minor wording changes
5	Definitions	5	Definitions	— Adds definitions for Batch, Commodity, Consignee, Destination, Nomination, Origin, Shipper, Supply Source, Tanker, Tender — Wording of some definitions changed — Cancel definition of Petroleum Products
10	Tender, Minimum Quantity	25 30	Quantities Tendered at Origins Minimum Deliveries	— Original rule 10 split into 2 parts and renumbered as 25 and 30 — Reduction in minimum quantities
15	Line Fill and Tank Bottom Inventory Requirements		No Equivalent Item	— Requirement cancelled
20	Title	75 110	Title Warranties	— Original rule 20 split into 2 parts and reworded and numbered as 75 and 110 — No change in essential requirements
25	Specifications as to Quality Received	15	Specification of Commodities	— Change in name and number and wording — No change in essential requirements
30	Shipment, Maintenance of Identity	40	Identity of And Mixing of Commodities	— Change in name and number and wording — No change in essential requirements
35	Additives		No Equivalent Item	— Requirement cancelled
40	Origin and Destination Facilities	20	Origin and Destination Facilities	— Change in name and number and wording — No change in essential

				requirements
45	Notice of Delivery, Demurrage	115	Disposition of Commodities on Failure to Accept Delivery	<ul style="list-style-type: none"> — Change in name and number and wording — Language added to clarify how carrier may dispose of undeliverable products
50	Gauging, Testing and Volume Corrections	45	Gauging, Metering, Testing and Deductions	<ul style="list-style-type: none"> — Change in name and number and wording — Deduction options not applicable to systems being purchased are cancelled — No change in basic methodology
55	Apportionment When Tenders Are in Excess of Facilities	90	Proration of Pipe Line Capacity	<ul style="list-style-type: none"> — Change in name and number and wording — Addition of penalty for failure to use allocated space — Specific allocation methodology detailed in tariff — No change in basic methodology
60	Application of Rate From and To Intermediate Points	60	Application of Rates From and To Intermediate Points	<ul style="list-style-type: none"> — Minor wording changes
65	Charge for Compensation Fund Fees Incurred By Company	95	Charge for Spill Compensation Acts and Regulations	<ul style="list-style-type: none"> — Change in name and number and wording — No change in essential requirements
70	Payment of Transportation and Other Charges	50	Transportation Charges	<ul style="list-style-type: none"> — Change in name and number and wording — No change in essential requirements
75	Liability of Carrier	80	Liability of Carrier	<ul style="list-style-type: none"> — Change in item number and wording — No change in essential requirements
80	Tanker and Barge Loading and Unloading		No Equivalent Item	<ul style="list-style-type: none"> — Requirement cancelled
85	Claims, Suits and Time For Filing	85	Claims, Suits, Time for Filing	<ul style="list-style-type: none"> — Change in item wording — No change in essential requirements

90	Diversion	65	Diversion or Reconsignment	— Change in name and number and wording — No change in essential requirements
95	Pipeage or Other Contracts	70	Separate Pipeline Agreements	— Change in name and number and wording — No change in essential requirements
100	Security Surcharge	120	Security Surcharge	— Change in item number — Change in dates or 3 rd and 4 th recovery and expenditure period to allow completion of 4 th expenditure period before recovery begins.
No equivalent item		10	Commodity	— Established as new numbered item, but requirement is unchanged from statement on cover page of current tariff
		35	Buffer Material	— New item
		100	Time and Method for Submitting Nominations.	— New item
		105	Confirmation of Supply Source	— New item

EXPLANATION OF ABBREVIATIONS

ABBREVIATIONS.....	EXPLANATION
%	Per Cent
A.P.I.	American Petroleum Institute
A.S.T.M.	American Society for Testing Materials
F.E.R.C.	Federal Energy Regulatory Commission
No.	Number
P.S.I.G	Pounds per Square Inch Gauge
US	United States

EXPLANATION OF REFERENCE MARKS

- [C] Cancel
- [N] New
- [U] Unchanged Rate
- [W] Change in Wording Only