

OLYMPIC PIPE LINE COMPANY LLC

RULES AND REGULATIONS

Governing

THE TRANSPORTATION OF

PETROLEUM PRODUCTS

BY

Pipeline

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

Issued & Compiled by:
[W] Kimberly Bragg Mitchell D. Jones
[W] Tariff and Regulatory Affairs Manager Manager – Regulatory Affairs & Tariffs
BP Pipelines (North America) Inc.
30 South Wacker Drive
Chicago, IL 60606
[W] (872) 245-3899 (832) 787-3129
[W] Fax (312) 594-2134
[W] kimberly.bragg@bp.com mitch.jones@bp.com

RULES AND REGULATIONS

RULE NO. 1 - DEFINITIONS

As used in these rules and regulations, the following terms have the following meanings:

"Accounting Batch" means a batch identifiable as the property of a single Shipper. It is at least a portion if not all of an operational batch.

"ASTM Color" means color determined by the ASTM standard method of test ASTM Designation D-1500-64 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product of like characteristics moved through the pipeline as an identifiable unit. It is either an accounting batch or operational batch.

"Carrier" means Olympic Pipe Line Company LLC and other pipelines participating herein, if any.

"Consignee" means the party to whom a Shipper has ordered the delivery of petroleum products.

"F.E.R.C." means Federal Energy Regulatory Commission.

"Final Delivery" means a delivery of a batch or the remainder thereof so that the batch is completely removed from the pipeline and held in either Carrier's tankage or consignee's facilities.

"Operational Fungible Batch" means a batch of petroleum product meeting Carrier's specifications that may be commingled with other batches of petroleum product meeting the same specifications.

"Petroleum Products" means gasolines and petroleum oil distillates as further described in Rule 2.

"Segregated Batch" means a batch identifiable as the property of a single Shipper, and moved through the pipeline so as to maintain this singular identity and ownership.

"Shipper" means the party who contracts with the Carrier for transportation of petroleum products under the terms of this tariff.

RULE NO. 2 - SPECIFICATIONS

(a) Petroleum products will not be accepted for transportation hereunder unless such products are free from water and other impurities: have a color not darker than No. 3 ASTM (except that gasolines to which artificial coloring has been added will be accepted for transportation regardless of color); have a vapor pressure not more than 15 pounds absolute at 100 degrees Fahrenheit and have an API gravity at 60 degrees Fahrenheit not less than 29 API degrees and not more than 72 API degrees, and a viscosity not more than 40 Seconds Saybolt Universal at 100 degrees Fahrenheit which is equivalent 4.87 centistokes at 100 degrees Fahrenheit and its equivalent of kinematic viscosity, mm/s.

(b) Carrier requires the Shipper to furnish a certified laboratory report for each tank offered showing the results of each test as defined in the Olympic Pipe Line Specification Manual [W] (www.olympicpipeline.com) (~~www.Olympic-Pipeline.com~~). Carrier may, but shall not be required to, sample and/or test any operational batch prior to acceptance, or during receipt of operational batch, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail.

RULE NO. 3 – SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY

(a) Carrier shall not be liable for variation in gravity or quality of petroleum products occurring while in its custody, resulting from normal pipeline operations, and is under no obligation to deliver the identical petroleum products received, nor will Carrier be obligated to deliver products in time to meet a specific market.

(b) Carrier has the right to recover any and all costs from a Shipper if a product Carrier has lifted does not meet the pipeline specifications in Rule 2 or does not meet quality requirements and has resulted in a pipeline shutdown or complication resulting from the contaminated product.

(c) Subject to the foregoing, Carrier will, on a segregated batch, to the extent permitted by Carrier's facilities, endeavor to make delivery of substantially the same petroleum products at destinations; however, it being impractical to maintain absolute identity of each batch of petroleum products, reasonable substitution of barrelage of substantially the same specification of petroleum product will be permitted.

RULE NO. 4 - MEASURING AND VOLUME CORRECTION

(a) Quantities at origin and destination shall be determined by custody grade meters or tank gauges using applicable API standards and methods or latest revision thereof. Volume shall be corrected from observed temperature and pressure to a temperature of 60 degrees Fahrenheit and a pressure of 0 (zero) PSIG by use of API Chapter 11.1 or latest revision thereof. Full deductions will be made for all water and other impurities in products received or delivered. Shippers or consignees shall have the privilege of being present or represented at the times of measuring and testing.

(b) Petroleum quantities transported may be adjusted to allow for inherent losses including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. A deduction based on losses will be made to cover evaporation, interface losses, and other normal losses during transportation. The adjustment for losses or gains will be allocated among the Shippers in the proportion that the total number of barrels delivered out of the system for each Shipper bears to the total number of barrels delivered out of the system for all Shippers.

(c) The net quantities as determined under paragraphs (a) and (b) of this item will be the amounts accountable at origin.

RULE NO. 5 – CORROSION INHIBITORS

All grades of gasoline and diesel fuel shipped via Carrier must meet a B+ rating at origin using the NACE TM0172-2001 test method or latest revision. Shipper must obtain Carrier approval of any chemical or inhibitor used to satisfy this standard. Carrier may monitor by testing. Carrier may require Shipper to evaluate Shipper's chemical or inhibitor program if any Carrier rules and regulations are not met.

RULE NO. 6 – MINIMUM BATCH

(a) The minimum quantity of petroleum product which will be accepted, at point of origin by the Carrier from one Shipper as an accounting batch, shall be 10,000 barrels, except that Carrier shall have the option to move smaller batches when, in the opinion of the Carrier, the movement of smaller batches is necessary to achieve maximum utilization of its system between origin and destination.

(b) The minimum quantity of petroleum product which will be accepted, at point of origin by the Carrier from one Shipper, for participation in an operational batch shall be 10,000 barrels; except that Carrier shall have the option to move smaller batches when, in the opinion of the Carrier, the movement of smaller batches is necessary to achieve maximum utilization of its system between origin and destination.

RULE NO. 7 – MINIMUM DELIVERY AT DESTINATION

(a) Deliveries from the main line shall be made in quantities of not less than 4,000 barrels to Vancouver, Linnton and Portland Delivery Facilities. Carrier reserves the right to modify the size of these deliveries in order to accommodate operational needs.

(b) A batch contained in the main line shall not be reduced in quantity below 4,000 barrels prior to final delivery. Requests to make final delivery of batches at main line terminals intermediate to Portland shall be granted provided the Carrier can make such final delivery without adversely affecting the reasonable operation of Carrier's facilities.

RULE NO. 8 - NOTICE OF INTENT TO SHIP; SHIPPING SCHEDULES

(a) Carrier shall furnish guidelines to each Shipper indicating when the Shipper must give written notice to the Carrier of intent to ship petroleum products within the cycle periods assigned to specific calendar dates. Unless such notification is made, the Carrier shall be under no obligation to accept petroleum products from a Shipper.

(b) Carrier will prepare and furnish to each Shipper schedules showing the estimated time that each shipment will be received for transportation at origin points and the estimated time of arrival at destinations. Such schedules may be modified from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of Carrier's facilities and to reasonably accommodate Shipper's needs for transportation. Carrier will furnish such revised schedules when issued to Shipper as appropriate.

(c) Shipper shall have each operational batch available in tankage connected to Carrier's origin stations at least eight hours before the scheduled time for receipt by Carrier. When a product is not available in tankage within the time

limits as aforesaid, acceptance of said product will be at the discretion of the Carrier; however, the Carrier will endeavor to accept same so long as such acceptance does not adversely impact operation of Carrier's facilities.

RULE NO 9 - ORIGIN AND DESTINATION FACILITIES AND DISPOSITION OF PRODUCTS ON FAILURE TO ACCEPT DELIVERY

(a) Shipper shall furnish facilities to deliver petroleum products to the Carrier's manifold at origin stations at a pumping rate equal to Carrier's full line pumping rate, or injection rate if applicable, and at a minimum pressure of 30 psi gauge. Carrier will provide current information regarding maximum full line pumping rates upon request. Since full line pumping rate is subject to change, Carrier will provide notification to shippers in the event that planned system modifications cause increased full line pumping rate revisions. Any Shipper that is inactive to the Carrier for at least six months must provide the Carrier (30) thirty days written notice before an accounting batch can be made.

(b) Shipper or Consignee shall furnish adequate tankage at delivery points to handle scheduled volumes at specified delivery rates and adequate sized tanks so that the maximum back pressure at the terminus of Carrier's facilities shall not exceed 50 PSIG at the point of ownership change from the pipeline to the terminal. Carrier will provide current information regarding maximum full line pumping rates upon request. Since full line pumping rate is subject to change, Carrier will provide notification to shippers and terminals in the event that planned system modifications cause increased full line pumping rates. Any terminal that is inactive to the pipeline for at least six months must provide the pipeline thirty days written notice before a shipment can be received.

(c) Terminal's facilities at terminus shall permit tank changes by terminal operator without interfering with operation of pipeline.

(d) No duty to transport will arise until evidence has been furnished satisfactory to the Carrier that Shipper has provided necessary facilities to which Carrier is connected capable of receiving such shipments without delay at pressures and at pumping rates required by Carrier, and has made necessary arrangements for accepting delivery of shipments promptly on arrival at destination.

(e) In the event Carrier has accepted petroleum products for transportation in reliance upon Shipper's representations as to acceptance at destination, and there is failure to take such petroleum products at destination as provided in paragraph (d) hereof, then and in such event Carrier shall have the right, to divert, reassign, or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline, including the right to sell the petroleum products at private sale for the best price obtainable. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation charges and other necessary expenses for caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.

RULE NO. 10 - DIVERSION OR RECONSIGNMENT

Diversions, additions or deletions, and reassignment of batches may be made subject to the rates, rules, and regulations applicable from point of origin to point of final destination, and made in accordance with Carrier's Specification Manual [W] (www.olympicpipeline.com) (~~www.olympic-pipeline.com~~), upon condition that no out-of-line or back-haul movement will be made.

RULE NO. 11 – DELIVERY ADJUSTMENTS

(a) It is inherent in the operation of a products pipeline that a commingled interface will occur between operational batches of different products. Carrier will make reasonable effort to hold such commingled interfaces to a minimum.

Interfaces will be disposed of in the following manner:

(1) Compatible Interfaces. The interface occurring between products having similar basic physical characteristics (compatible interface) shall be divided equally between the shipments that precede and follow the interface. Carrier shall determine compatibility of interfaces. Carrier may divide the interface in unequal amounts in order to accommodate delivery or quality concerns.

(2) Incompatible Interfaces. The interface occurring between products having dissimilar basic physical characteristics, which cannot readily be absorbed into the shipments immediately preceding and following the interface (incompatible interface) shall be delivered into pipeline utility tanks located at various main line stations when there is sufficient tank space available. When the Carrier is not able to deliver the interface to the utility tanks, the interface will be delivered to the customers terminal. Interface material so accumulated shall be injected into any Shipper's regular unleaded gasoline stream at a variable percentage by volume. Carrier's transmix oversight program ensures regulatory compliance of the product subsequent to transmix blending. The injection amount is subject to change given, regulatory requirements. In the event of regulatory changes which prohibit the Carrier from injecting

transmix, the Carrier may require Shipper to accept the interface or transmix and reserves the right to allocate the cost associated with managing and disposing of the transmix among Shippers.

(3) When a Shipper ships a product which can neither be blended, nor can absorb a blend of at least 5 percent of other conventional gasolines or distillates, that Shipper shall be required to accept delivery of the additional interface between two products. If the Shipper cannot accept delivery of interface with the accounting batch, then the Shipper must provide space in an interface tank for the interface.

The provisions of Rule 7 with reference to minimum delivery at destination will not apply to deliveries of product interfaces as provided in this item.

RULE NO. 12 – TERMINAL AND PRIVILEGE RULES

Accounting Batches transported under this tariff are entitled to such privileges and subject to such charges as are or shall be published by Carrier and as are lawfully in effect on date of shipment and lawfully on file with the Federal Energy Regulatory Commission, providing for reconsignment, storage, transit privileges, or any other privileges, charges or rules which in any way increase or decrease the amounts to be paid on any Accounting Batches transported under this tariff, or which increase or decrease the value of the service to the Shipper.

RULE NO. 13 – TRANSPORTATION CHARGES

(a) Transportation charges will be computed and collected at the rates provided herein, on the basis of the number of barrels of petroleum products delivered at destination, after volume corrections as provided for in Rule 4.

(b) Shipper shall be responsible for payment of transportation and all other charges applicable to the Accounting Batch, and at the discretion of Carrier, may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Petroleum products accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of the tender. Carrier will have a lien on all petroleum products accepted for transportation to secure the payment of all charges, including demurrage charges, and may refuse to make delivery of the petroleum products until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days as computed from the first seven o'clock a.m. after written notice is mailed to Shipper of Carrier's intention to enforce its lien as herein provided, Carrier shall have the right through an agent to sell said petroleum products at public auction for cash, between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after notice of the time and place of such sale and the quantity, general description, and location of the petroleum products to be sold has been published in a daily newspaper of general circulation published in the town or city where the sale is to be held, and sent by overnight mail (or other comparable means) to Shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the petroleum products, and the balance shall be held for whomsoever may be lawfully entitled thereto; if the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or consignee are liable to Carrier for any deficiency.

(c) Carrier will generate transportation invoices two times per month. The invoice periods will be the 1st thru the 15th and the 16th thru the last day of the month. Carrier's invoices will be sent to the Shipper of record and are DUE & PAYABLE UPON RECEIPT. Invoices that are not paid within 15 days from the date of the invoice will bear interest from the last day of the invoice period and at the monthly rate of one percent (1%).

RULE NO. 14 - LIABILITY OF CARRIER

(a) The Carrier, while in possession of any petroleum products, will not be liable for any loss thereof, or damage thereto, or delay, caused by an act of God, the public enemy, quarantine, the authority of law, or of public authority, strikes, riots, insurrection, inherent nature of the goods, or the act or default of the Shipper or Consignee.

(b) Any losses of petroleum products will be charged proportionately to each Shipper in the ratio that his petroleum products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of petroleum products then in the custody of the Carrier for transportation via the lines or other facilities in which the loss occurs; and the Carrier will be obligated to deliver only that portion of such petroleum products remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.

(c) Carrier will not be liable for discoloration, commingling, contamination, or deterioration of petroleum products resulting from the normal operation of a products pipe line system in batching various kinds of products, and the products so commingled or contaminated will be equitably apportioned among and delivered to the Shippers participating in the products cycle or cycles in which the commingling or contamination occurs.

RULE NO. 15 – TITLE

An offer of petroleum products for an Accounting Batch shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the Carrier as to title. The Carrier may, in the absence of adequate security, decline to receive any petroleum products which are in litigation, or as to which a dispute over title may exist, or which is encumbered by any lien. Adequate security is considered to be Shipper’s proof of perfect and unencumbered title or a satisfactory indemnity bond.

RULE NO. 16 – RESERVED FOR FUTURE USE

RULE NO. 17 - TIME LIMITATION ON CLAIMS

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

RULE NO. 18 – PRORATION OF PIPELINE CAPACITY

When the total volume offered for shipment in accordance with Rule 8 is greater than that which can be transported within the period covered by such offers, petroleum products offered by each Shipper for transportation will be transported in such quantities and at such times to the limit of Carrier's capacity according to then current proration policy as published online in the Olympic Pipe Line Company Specification Manual. The proration policy intent is to avoid discrimination among Shippers. [C] ~~A copy of the Proration Policy can be obtained from Olympic Pipe Line by contacting the Oil Movement Supervisor at 425-235-7732, or online at the Olympic Shipper's website - www.Olympic-Pipeline.com.~~

EXPLANATION OF ABBREVIATIONS

API American Petroleum Institute
ASTM American Society of Testing and Materials
No Number
PSIG Pounds square inch gauge

[C] Cancel
[W] Change in wording only