

BP PIPELINES (NORTH AMERICA) INC.

~~[C]CIRCULAR NO. 1-AO~~

LOCAL TARIFF
Containing
RULES AND REGULATIONS
Governing
THE TRANSPORTATION
and
DIVERSION AND RECONSIGNMENT
of
CRUDE PETROLEUM
By Pipeline

The rules and regulations published herein apply only under tariffs making specific reference by F.E.R.C. number to this circular, such reference will include supplements hereto and successive issues hereof.

[C] Cancel
[N] New
[U] Unchanged rate
[W] Change in wording only

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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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GENERAL APPLICATION

Rules and regulations published herein apply only under tariffs which make specific reference by F.E.R.C. number to this circular; such reference will include supplements hereto and successive issues hereof.

RULES AND REGULATIONS

Crude petroleum will be transported through Carrier's facilities only as provided in these rules and regulations circular, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

ITEM NO. 5 ABBREVIATIONS AND DEFINITIONS

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

"a.m." means a time of day after midnight and before noon

"Barrel" means forty-two United States gallons.

"Carrier" means and refers to BP Pipelines (North America) Inc.

"Crude petroleum" means either the direct liquid products of oil wells, or a mixture of all direct liquid products of oil wells with the indirect liquid products of oil or gas wells, including gasoline and liquefied petroleum gases, as provided in Item 15.

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

"No." means number.

"p.m." means a time of day after noon and before midnight.

"Nomination" means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.

"Tender" means delivery of Crude Petroleum to Carrier for Shipment.

ITEM NO. 10 COMMODITY

The Carrier is engaged in the transportation of crude petroleum by pipeline and will not accept any other commodity for transportation.

ITEM NO. 15 MIXTURES

(a) The indirect liquid products of oil or gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as indirect products, will be accepted and transported as a mixture with the direct liquid products of oil wells, hereinafter referred to as direct products, provided the vapor pressure of the resulting mixture does not exceed that permitted by Carrier's facilities and operating conditions.

(b) The indirect products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct products portion of the same mixture is received, provided that the consignee and destination are the same, and that operating conditions and the Carrier's facilities permit the indirect products portion to be mixed with the direct products of the same consignee. The rate to be assessed on each portion of the mixture shall be the rate applicable from the point at which each is received.

(c) The direct and indirect products will be measured and tested separately and must be shown separately on the nomination form.

(d) Mixtures will be transported and delivered as crude petroleum. Nothing in this item is to be construed to waive provisions of Item 30 of this tariff or to require the Carrier to receive, transport and

deliver unmixed indirect products, except that unmixed indirect products will be gathered for subsequent mixing with direct products in accordance with this rule where facilities exist for performing a gathering service for such products.

ITEM NO. 20 NOMINATIONS

(a) Crude petroleum will be transported only under a nomination accepted by the Carrier, from origins to destinations when a tariff covering the movement is lawfully in effect and on file with the Federal Energy Regulatory Commission.

(b) Any Shipper desiring to nominate crude petroleum for transportation shall make such nomination to the Carrier in writing on or before the twenty-fifth day of the month preceding the month during which the transportation under the tender is to begin. Unless such notification is made, the Carrier will be under no obligation to accept crude petroleum for transportation. However, if operating conditions permit and at the sole discretion of the Carrier, nominations for crude petroleum may be accepted for transportation after the 25th day of the month preceding the month during which the transportation under the tender is to begin.

ITEM NO. 25 QUANTITIES

(a) A tender will be accepted only when the total quantity covered by such tender will be made available for transportation within the month when the tender is to begin.

(b) Any quantity of crude petroleum will be accepted from lease tanks or other facilities to which the Carrier is connected, if such quantity can be so consolidated with other crude petroleum that Carrier can make a single delivery of not less than five thousand barrels, and Carrier will not be obligated to make any single delivery of less than five thousand (5,000) barrels. The term "single delivery" as used herein means a delivery of crude petroleum in one continuous operation to one or more consignees into a single facility, furnished by such consignee or consignees, to which Carrier is connected.

ITEM NO. 30 SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY

The following rules and regulations covering crude petroleum quality apply to Carrier's crude petroleum system as a whole.

(a) As part of its common stream transportation, Carrier will not accept any crude petroleum which does not meet the quality criteria of the common stream. Carrier will monitor the quality of its common streams and shall investigate suspected abuses of common stream criteria violations. Monitoring of common streams will include gravity and sulfur testing and could include simulated distillation and other testing to determine quality.

(b) If abuses of the common stream quality are determined, the Shipper causing such abuses shall be advised to cease and desist all such actions. Failure to desist or failure to cooperate in ending such practices shall result in that Shipper being barred from shipping in the common stream where such abuses occurred. Before such Shipper is allowed to regain its Shipper status in the common stream where the abuses occurred, the Shipper will be required to provide Carrier with assurances that such abuses will not recur.

(c) Carrier will work with connecting carriers regarding Carrier's quality issues and will advise such connecting carriers that any crude petroleum found to be a detriment to Carrier's common stream will be rejected for further transportation on Carrier's system.

(d) Since variations in gravity and/or quality of common stream crude petroleum are inherent in common stream operations, Carrier will not be liable for such variations occurring while crude petroleum is in its custody, nor is Carrier under any obligation to deliver the identical crude petroleum received but will make delivery out of such common stream.

(e) When requested by the Shipper and if operationally feasible, Carrier will endeavor to segregate crude petroleum of a kind and/or quality not currently transported through Carrier's facilities. Carrier will, to the

best of its abilities, make delivery of such crude petroleum at destination which is substantially the same crude petroleum as that received by Carrier at origin. For such segregated batches, Shipper must provide crude petroleum in such quantities (see Note 1) and at such specified times as may be necessary to permit such segregated movements via Carrier's existing facilities. Further, Carrier will not be liable for failure to deliver the identical crude petroleum or for any variations in the gravity and/or quality of crude petroleum occurring while such segregated crude is in Carrier's custody.

(f) No crude petroleum will be accepted for transportation except merchantable crude petroleum which is properly settled and contains not more than one half of a percent (0.5%) of basic sediment, water and other impurities. Carrier will reject crude petroleum with a Reid Vapor Pressure in excess of eleven (11) pounds per square inch or any other characteristics such that it will not be readily susceptible for transportation through Carrier's existing facilities.

Note 1 - The quantity to be accepted and transported under the provisions of this paragraph will be determined by Carrier in accordance with current operations through its existing facilities involved in the segregated movements, but in no event shall the quantity for a single delivery be less than the minimum quantity provided in Item 25.

ITEM NO. 35 DESTINATION FACILITIES

No duty to transport will arise until evidence satisfactory to the Carrier has been furnished that consignee has provided necessary facilities to which Carrier is connected and has made necessary arrangements for accepting delivery of shipments promptly on arrival at destination, as provided in these rules and regulations.

ITEM NO. 40 GAUGING, DEDUCTIONS AND ADJUSTMENTS

(a) Quantities for receiving, delivering, assessing charges and all other purposes will be corrected to a temperature of sixty degrees Fahrenheit, after deduction of impurities shown by tests made by the Carrier prior to receipt and upon delivery. Quantities may be computed from tank tables compiled or accepted by the Carrier.

(b) Pursuant to Item 70, crude 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 of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

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

ITEM NO. 45 DIVERSION OR RECONSIGNMENT

Crude petroleum in transport may be diverted without an additional charge to a destination other than originally specified on the nomination, or crude petroleum in transport may be reconsigned without an additional charge to another Shipper at point of destination only, provided such diversion or reconsignment is made in writing by the tendered Shipper prior to delivery at original destination. This will be allowed subject to the rates, rules and regulations applicable from point of origin to point of final destination, upon condition that no out-of-line or backhaul movement will be made.

ITEM NO. 50 LINE FILL AND WORKING INVENTORY REQUIREMENTS

Each Shipper will be required to furnish crude oil into inventory for their proportionate share of the line fill in such amount as deemed necessary by Carrier.

ITEM NO. 55 DELIVERY AND DEMURRAGE

(a) Carrier will transport and deliver crude petroleum with reasonable diligence and dispatch but will accept no crude petroleum to be transported in time for any particular market.

(b) After any shipment has had time to arrive at destination, and on twenty-four hours' notice to consignee, Carrier may begin delivery at its current rate of pumping.

(c) Commencing after the first seven o'clock a.m. after expiration of said notice, a demurrage charge of [U] one cent (0.01) per barrel per day of twenty-four hours shall accrue on any part of said shipment offered for delivery and not taken as prescribed in paragraph (b) of this item. After expiration of said notice, Carrier's liability for loss, damage, or delay shall be that of warehouseman only.

ITEM NO. 60 RATES APPLICABLE

Crude Petroleum accepted for transportation shall be subject to the [C]~~rates, charges,~~ rules and regulations in effect on the date of receipt of such Crude Petroleum by the Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered [N] at the rates in effect at the time of delivery. All net quantities will be determined in the manner provided in Item 40.

ITEM NO. 65 PAYMENT OF CHARGES

[N] (a) Transportation charges will be computed and collected at the rates provided herein, on the basis of the number of barrels of Crude Petroleum delivered at destinations, after volume corrections as provided for in Item No. 40.

(b) All payments are due within 10 days of receipt of the invoice, unless the Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to do so, in which case the payment due date shall be that specified in a written notice to the Shipper.

(c) If any charge remains unpaid after the due date specified in Carrier's invoice, then such amount due may accrue an interest penalty from the day after the due date until paid, calculated at a rate per annum equal to the U.S. prime rate as published in the Wall Street Journal plus two percent (2%) per annum, or, if less, the maximum interest rate permitted by Applicable Law. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including but not limited to reasonable attorney fees.

(d) In the event Shipper fails to pay any such charges when due, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to Carrier's tariff until such time as payment is received by Carrier and Shipper meets the requirements of the following paragraph. In addition, in the event Shipper fails to pay any such charges when due, Carrier shall have the right to setoff such amounts owed, and future amounts owed against those amounts Carrier owes Shipper.

(e) In the event Carrier determines in a manner not unreasonably discriminatory that the financial condition of Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines in a manner not unreasonably discriminatory it is necessary to obtain security from Shipper, Carrier, upon notice to Shipper, may require any of the following prior to Carrier's delivery of Shipper's Crude Petroleum in Carrier's possession or prior to Carrier's acceptance of Shipper's Crude Petroleum: (1) prepayment of all charges, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution, acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges and in a form, and from a third party, acceptable to Carrier. In the event, Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

(f) Carrier shall have a lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all transportation or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by statute or applicable law. Carrier may withhold delivery to Shipper of any of Shipper's Crude Petroleum in its possession and exercise any other rights and remedies granted under this tariff or existing under applicable law until all such charges have been

paid as provided above.

(g) If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable law, Carrier shall have the right, either directly or through an agent, to sell at a private sale any and all Crude Petroleum of such Shipper in its custody at fair market value at the time of sale. The proceeds of any sale shall be applied in the following order: (A) To the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by law, reasonable attorney's fees and legal expenses incurred by Carrier; and (B) To the satisfaction of the Shipper's indebtedness including interest herein provided from the date of payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto.

~~[C]The Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and if required, shall prepay such charges or furnish guaranty of payment satisfactory to the Carrier. The Carrier will have a lien on all crude petroleum accepted for transportation to secure the payment of all charges, including demurrage charges, and may refuse to deliver crude petroleum until all charges have been paid. If said charges or any part thereof shall remain unpaid five days, computed from the first seven o'clock a.m. after written notice is mailed to Shipper of intention to enforce Carrier's lien as herein provided, or when there shall be failure to take the crude petroleum at the point of destination as provided in Item 55 within five days, computed from the first seven o'clock a.m. after expiration of the notice therein provided, the Carrier shall have the right through an agent, to sell said crude petroleum at public auction for cash, between 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 crude petroleum 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 to Shipper. The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale Carrier may pay itself all transportation, demurrage, and other lawful charges, expense of notice, advertisement, sale, and other necessary expense, and of caring for and maintaining the crude petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto.~~

ITEM NO. 70 LIABILITY OF CARRIER

(a) The Carrier, while in possession of any crude petroleum, 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 consignee, or for any other cause not due to the negligence of the Carrier.

(b) Any losses of crude petroleum will be charged proportionately to each Shipper in the ratio that said petroleum products, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all crude petroleum 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 crude petroleum remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.

ITEM NO. 75 TITLE

A tender of crude petroleum shall be deemed a warranty of title by the party tendering, 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 crude petroleum which is in litigation as dispute over title may exist, or which is encumbered by any lien of which the Carrier has notice. Adequate security is considered to be Shipper's proof of perfect and unencumbered title or a satisfactory indemnity bond.

ITEM NO. 80 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 property, 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, no Carrier hereunder will be liable, and such claims will not be paid.

ITEM NO. 105 COMMON STREAM PETROLEUM CONNECTING CARRIERS

When both receipts from and deliveries to a connecting Carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, the Carrier reserves the right, with the cooperation of the connecting Carrier, to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. The Carrier will apply to such offsetting of volumes the applicable tariff rate. When this rate is exercised, the Carrier will make the further deliveries for the Shipper involved from its common stream Crude Petroleum.

ITEM NO. 110 PRORATION PROCEDURES

In the event Carrier receives Shipper Nominations for Crude Petroleum for a particular month which in total exceeds the capacity of the System or any line segment thereof, then Carrier shall accept and deliver only that portion of each good faith Shipper Nomination which Carrier determines according to the BP Pipelines (North America) Inc. Crude Proration Policy dated October 16, 2017. The policy utilizes a 12-month historical base period.

ITEM NO. 120 INVENTORY RETENTION FOR NON-SHIPPIERS

Carrier will issue a written notification via certified mail to companies who are no longer shipping (*) on Carrier's system that Shipper's crude oil and/or petroleum products being recorded in an inventory account must be removed by Shipper within the time period and in the manner specified below.

(* "A company who is no longer shipping" is being described as: a) a company who has issued a formal notification to Carrier that it will no longer be a Shipper on Carrier's system; or b) a company who is considered "no longer shipping" based on a lack of nominations in the name of the Shipper over a continuous 6-month time period.)

The procedure to notify a Shipper who has been designated as "no longer shipping" is as follows.

1. Carrier will issue a letter to the Shipper that according to the Carrier's books, Carrier is holding a certain volume of crude oil and/or petroleum products on its books in Shipper's name. Shipper will be advised in such letter that Shipper will have 30 days effective with the date of the letter to provide direction regarding the disposal of Shipper's crude oil and/or petroleum products. If at the end of this 30-day period, Carrier has not been contacted by Shipper, Carrier will assume title to the crude oil and/or petroleum products being held on its books in Shipper's name.

2. If Carrier has been contacted by Shipper within the initial 30-day period, Carrier will grant Shipper an additional 30 days without charge to facilitate the disposal of Shipper's inventory crude oil and/or petroleum products. If at the end of this 60-day period, Carrier continues to retain control of this crude oil and/or petroleum products, Carrier retains the right to initiate a penalty fee of [U] \$.10 (ten cents) per barrel, per month plus any other fees as allowed in accordance with the published tariff; such fees will be required to be paid before the crude oil and/or petroleum products will be released. If, however, Shipper has not disposed of such crude oil and/or petroleum products at the end of a 90-day period, Carrier will assume title to such crude oil and/or petroleum products. If Shipper provides a written request to Carrier after title to crude oil and/or petroleum products has been assumed by Carrier but before Carrier has otherwise disposed of crude oil and/or petroleum products, Carrier agrees to transfer title back to Shipper for a fee of [U] \$5 (five dollars) per barrel. Such fees will be required to be paid before the crude oil and/or petroleum products will be released. Upon transfer of title back to Shipper, Shipper will then be responsible for disposing of crude oil and/or petroleum products within 60 days. Failure of Shipper to dispose of said crude oil and/or petroleum products within 60 days of the transfer of title back to Shipper will result in title being vested back in Carrier without recourse.

ITEM NO. 125 APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

For Crude Petroleum accepted for transportation from any point on Carrier's lines not named in this tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Crude Petroleum

accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply. This is in accordance with 18 C.F.R. § 341.10.