

COLONIAL PIPELINE COMPANY

RULES AND REGULATIONS TARIFF

GOVERNING THE TRANSPORTATION OF

PETROLEUM PRODUCTS

BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

THIS TARIFF APPLIES ONLY TO TARIFFS MAKING SPECIFIC REFERENCE HERETO BY FERC NUMBER.

THE PROVISIONS PUBLISHED HEREIN WILL, IF EFFECTIVE, NOT RESULT IN AN
EFFECT ON THE QUALITY OF THE HUMAN ENVIRONMENT

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Table of Contents

Subject	Item	Page
Abbreviation, Explanation of		14
API Gravity Defined	5	4
Applicable Tariffs	50	11
ASTM Color, Defined	5	4
Barrel Defined	5	4
Batch Defined	5	4
Batch, Joint	5	4
Batch, Minimum	20	5
Capacity, Pipeline, Proration of	90	13
Capacity Allocation Program	29	8
Carrier Defined	5	4
Change, Diversion or Reconsignment	45	11
Charges, Transportation, Assessment of	55	11
Charges, Transportation, Payment of	55	11
Claims, Time Limitation on	80	13
Commingled Product Defined	5	4
Commingled Product, Disposition of	75	13
Consignee Defined	5	4
Corrections Volume	40	11
Corrosion Inhibitors	85	13
Definitions	5	4
Delivery Adjustments	75	13
Delivery at Destination, Minimum	20	5
Delivery at Destination, Failure to Accept	35	10
Delivery at Intermediate Destination, Restriction on	20	5
Delivery, Final	5	4
Delivery of Commingled Product	75	13
Demurrage	35	10
Destination, Delivery at, Minimum	20	5
Destination, Disposition of Shipment for Failure to Accept	35	10
Destination Facilities	35	10
Disposition of Products on Failure to Accept Delivery	35	10
Diversion of Reconsignment	45	11
Explanation of Abbreviations And Reference Marks		14
Facilities at Destination	35	10
Facilities at Origin	35	10
Final Delivery Defined	5	4
Financial Assurance Agreements Required	105	14
Fungible Batch Defined	5	4
Gravity and Quality, Variations in	30	10
Intent to Ship, Notice of	25	6
Interface of Commingled Product, Disposition of	75	13
Intermediate Points, Rates	110	14
Intra Harbor Transfer	28	8
Liability of Carrier	60	12
Liability of Shipper	65	12
Measuring and Volume Correction	40	11
Minimum Tender, Batch and Delivery	20	5
Minimum Batch	20	5
Nomination Integrity Program	27	7
Notice of Diversion or Reconsignment Required	45	11
Notice of Intent to Ship Required	25	6

Table of Contents

Subject	Item	Page
Origin Facilities	35	10
Payment of Transportation Charges	55	11
Petroleum Products Defined	5	4
Petroleum Products, Specifications	10	5
Proration of Pipeline Capacity	90	13
Quality and Gravity, Variations in	30	10
Quantities	40	11
Rates From or To Intermediate Points	110	14
Reconsignment	45	11
Schedules, Shipping	25	6
Segregation	30	10
Segregated Batch Defined	5	4
Shipment Defined	5	4
Shipper Define	5	4
Specifications	10	5
Suits, Time Limitation on	80	13
Tariffs Applicable	50	11
Time Limitation on Claims	80	13
Title	70	12
Transportation Charges	55	11
ULSD Surcharge	125	14
Variations in Quality and Gravity	30	10
Volume Corrections	40	11

RULES AND REGULATIONS

Item 5 Definitions

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

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-67 or latest revision thereof.

"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 moved through the pipeline as an identifiable unit. A "Batch" shall be classified as segregated, joint or fungible, each classification being described as follows:

- (a) A "Segregated Batch" is a quantity of petroleum product being the product of a single shipper.
- (b) A "Joint Batch" is the combination of two or more quantities of petroleum product commingled by the carrier at the request of the participating shippers.
- (c) A "Fungible Batch" is a quantity of petroleum product meeting carrier's established specification which may be commingled with other quantities of petroleum product meeting the same specification.

"Carrier" means Colonial Pipeline Company and other pipeline companies concurring in tariffs making specific reference hereto by FERC number.

"Change Fee Begin Date" is the date five (5) days prior to the Cycle Begin Date.

"Change Fee Periods" are defined as Fee Period 1 which commences on each Change Fee Begin Date and ends on each Cycle Begin Date and Fee Period 2 which commences on each Cycle Begin Date and ends on each Cycle End Date.

"Closing Date" is defined as the date that is approximately four (4) business days prior to the cycle lifting date at each major origin (Houston, Hebert, Lake Charles, Krotz Springs, Baton Rouge, or Collins). All current shippers are notified of the Closing Dates via the *Date Info* bulletin provided by Transport 4. The Closing Dates can also be obtained by contacting Scheduling at customerrelations@colpipe.com.

"Cycle Begin Date" is the published lifting date out of Houston of the first Petroleum Products Shipment within a cycle as defined in Colonial's *Origin Starts* bulletin provided by Transport 4 to all current shippers. The dates in the bulletin represent a close approximation of the targeted lifting date. The targeted lifting dates can also be obtained by contacting Scheduling at customerrelations@colpipe.com.

"Cycle End Date" is the date of the conclusion of the shipper's final Petroleum Product Shipment from any Gulf Coast origin location in each Cycle.

"Consignee" means the party to whom a shipper has ordered the delivery of petroleum product.

"Cycle" means a period of time (approximately 5 days) during which each type of product is pumped for all shippers desiring transportation of such product.

"Final Termination" means complete removal of a batch or the final portion thereof from carrier's main lines.

"Gross Nomination Change Value" is the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

"Interface Mixture" is that mixture occurring in pipeline operations between adjoining batches of petroleum product having either similar or dissimilar physical characteristics.

- (a) "Compatible Interface" is that mixture occurring between adjoining batches of petroleum product having similar physical characteristics which can be absorbed into the adjoining batches.
- (b) "Transmix" is that mixture occurring between adjoining batches of petroleum product having dissimilar physical characteristics which cannot be absorbed into the adjoining batches.

"Petroleum Products" means gasolines and petroleum oil distillates as further described in Item 10.

Pipeline segments within the Colonial Pipeline system are identified in the following manner:

- (a) "Main Lines" are those pipelines in carrier's system being 30 inches or more in diameter.
- (b) "Stub Lines" are carrier's pipelines extending from other main line system to one or more of carrier's custody metering facilities.
- (c) "Delivery Lines" are those pipelines extending from carrier's custody metering facilities to consignee's or connecting carrier's receiving facilities.

"Point of Origin" means the specific location on carrier's system as designated in its tariff where carrier accepts petroleum product for shipment and may be referred to in other items of this tariff as "origin station or origin."

"Shipment" means a volume of petroleum product offered to carrier at a point of origin for transportation through carrier's system to designated delivery locations.

"Shipper" means the party who contracts with carrier for shipment of petroleum products under the rules, regulations and rates of this tariff and other tariffs making specific reference hereto by FERC number.

"Transport 4" is the internet-based shipper information system allowing Colonial customers to access nominations, schedules, tickets, inventories, invoices and bulletins.

Item 10 Specifications

- (a) Carrier may require the shipper to furnish certified laboratory reports indicating the results of the testing of petroleum products offered for transportation. Carrier will also make such tests of the petroleum products as it may deem appropriate. In the event of a variance between shipper's report and carrier's test, carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.
- (b) Carrier shall have no obligation to accept petroleum products for shipment if such products contain water or other impurities; have a color darker than No. 3 ASTM (except that gasolines to which artificial coloring had been added will be accepted for transportation regardless of color); have a vapor pressure of more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity of less than 25 degrees or more than 80 degrees at 60 degrees Fahrenheit; a viscosity of more than 4.3 centistokes at 100 degrees Fahrenheit and a temperature of more than 100 degrees Fahrenheit; or are not in compliance with the Carrier's published Product Quality Assurance specifications established for all shippers. These specifications are published in Section 3 of Carrier's Shipper Manual entitled "Product Codes & Specifications." An electronic copy of this section effective [W] ~~December 9, 2014~~ ~~March 1, 2012~~ can be found on the Carrier's website at [W] <http://www.colpipe.com/pdfs/cplmansec3-120911.pdf> <http://www.colpipe.com/pdfs/cplmansec3-030112.pdf>. Petroleum products accepted will be corrected as to volume in accordance with Item 40 of this tariff.
- (c) Products tendered for transportation shall not contain blending components, which are not pure hydrocarbons, unless carrier has been notified of these components in advance and has agreed to accept such products for shipment. Shipper must report type and percent by volume of all nonhydrocarbon blending components.
- (d) Carrier reserves the right to refuse to accept any shipment of product that is: (1) not in compliance with state and federal regulations, (2) a health hazard, (3) incompatible with its transportation system, method of operation or transportation of other petroleum products.

Item 20 Minimum Tender, Batch, and Delivery

- (a) Minimum Tender - The minimum quantity of petroleum products which will be accepted at one point of origin from a single shipper for inclusion in a joint, segregated or fungible batch shall be 25,000 barrels at all origin stations, except that for points of origin in Linden, New Jersey or New York, that minimum shall be 15,000 barrels.
- (b) Minimum Batch - A segregated, fungible or joint batch shall consist of no less than the quantities of petroleum product indicated below:
 - (1) Main Lines
 - a) Houston - Greensboro (either line) 75,000 bbl.
 - b) Greensboro - Dorsey 25,000 bbl.
 - c) Greensboro - Linden 25,000 bbl.
 - d) Woodbury - Linden 25,000 bbl.
 - (2) All Stub Lines 5,000 bbl.

(c) Minimum Delivery

- (1) The quantity of petroleum product in a segregated, fungible or joint batch shipped through a tank farm must be no less than the amounts indicated below.

Greensboro Junction, NC	25,000 bbl.
Atlanta Junction, GA	25,000 bbl.
Pelham Junction, AL	10,000 bbl.
Mitchell Junction, VA	10,000 bbl.
Aberdeen Junction, MD	10,000 bbl.
Woodbury Junction, NJ	10,000 bbl.
Pennsauken Junction, NJ	10,000 bbl.
Other tank farms	5,000 bbl.

- (2) The termination of a segregated, fungible or joint batch will only be allowed at the following locations and in no less than the amounts indicated below:

a) Main Line Locations	
Collins- Plantation, MS	25,000 bbl.
Atlanta Junction, GA	25,000 bbl.
Greensboro Junction, GA	25,000 bbl.
Mitchell Junction, VA	25,000 bbl.
Fairfax Del. Fac., VA	25,000 bbl.
Dorsey Junction, MD	25,000 bbl.
Aberdeen Junction, MD	25,000 bbl.
Booth Del. Fac., PA	25,000 bbl.
Woodbury Junction, NJ	25,000 bbl.
Linden Junction, NJ	25,000 bbl.
b) All Stub Line Locations	5,000 bbl.

- (3) Deliveries from a batch, other than the final termination of the batch, will be made to connecting facilities designated by shipper in no less than the amounts indicated below, except as provided in paragraph (f) hereof.

a) All Main Line Locations	5,000 bbl.
b) All Stub Line Locations	2,500 bbl.
c) Deliveries directly from carrier's tank farm	2,500 bbl.
d) Carrier reserves the right to allow smaller volumes as necessary to achieve optimum utilization of its pipeline system.	
e) There is no minimum batch size requirement for aviation kerosene moving on the delivery lines serving airports.	
f) Deliveries from a batch that originated in New Jersey or New York will be made to connecting facilities designated by shipper in no less than the amount of 5,000 barrels.	

Item 25 Notice of Intent to Ship: Shipping Schedules

- (a) At least 30 days in advance of effective date, carrier shall furnish each current shipper a copy of carrier's annual schedule calendar and all revisions thereto, which will specify calendar dates on or before which the shipper must notify carrier via electronic information networks of intent to ship Petroleum Products (also referred to herein as nominations) within the cycle periods assigned to said calendar dates.

Shippers shall be required to submit nominations to carrier at least 30 days prior to cycle lifting date. This requirement provides carrier with information to review and analyze to determine the requirements necessary to handle all shippers' Petroleum Products. Unless such nominations are made, the carrier shall be under no obligation to accept Petroleum Products from such shipper.

- (b) Carrier shall prepare and make available, via electronic information networks, origin, nomination due dates for fungible gasoline and distillate products. Shippers shall be required to have their Batches nominated and confirmed by any third parties involved in the Batch by the nomination due dates. Unless such nominations and confirmations are received, the carrier shall be under no obligation to accept Petroleum Products from such shipper.

- (c) Carrier will prepare and make available, via electronic information networks, schedules showing the estimated time each shipment will be received for transportation at points of origin and the estimated time of arrival at destination. 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 shippers' needs for transportation.
- (d) Shipper shall have each shipment available in tankage connected to carrier's origin stations to allow reasonable time for product sampling and testing prior to the scheduled time for receipt by carrier; carrier's experience indicates that eight (8) hours prior to the scheduled time for receipt is sufficient. When a product is not available for carrier sampling and testing, acceptance of said product will be at the discretion of the carrier. The carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.

Item 27 Nomination Integrity Program

To improve ratability of petroleum product originations and deliveries, fees will be assessed on a per shipper basis to discourage major changes in nominations. Such fees shall be assessed in conformity with the terms and conditions set forth below.

- (a) Nomination change fees per shipper shall be applicable to changes in the sum of the volumes nominated per shipper for all gasoline products at all Gulf Coast origin locations, and likewise to changes in the sum of volumes nominated for all distillate products at all Gulf Coast origin locations.

Gulf Coast origin locations include Houston and Hebert, Texas, Lake Charles, Krotz Springs, Baton Rouge and Baton Rouge Dock Facility, Louisiana, Collins, Mississippi, and Moundville, Alabama.
- (b) Fees shall be calculated on the basis of the Change Fee Begin Date, Cycle Begin Date and Cycle End Date. The Cycle Begin Date, represents a close approximation of the first Houston origin start of any Petroleum Products Shipment within a Cycle. Cycle Begin Dates occurring otherwise shall be published via carrier's electronic information network.
- (c) There shall be two (2) Change Fee Periods during which nomination change fees shall be assessed:
 - (1) Change Fee Period 1 shall commence on each Change Fee Begin Date and shall end on each Cycle Begin Date.
 - (2) Change Fee Period 2 shall commence on each Cycle Begin Date and shall end on each Cycle End Date.
- (d) For each Change Fee Period, the Gross Nomination Change Value shall be the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

Nomination change fees shall be applied to Gross Nomination Change Values less the greater of twenty five thousand (25,000) barrels or twenty (20) percent of the nomination volume recorded on the first day of each Change Fee Period. Nomination change fees shall be assessed as follows:
 - (1) [U] One and a half (1.5) cents per barrel for Change Fee Period 1; and
 - (2) [U] Three (3) cents per barrel for Change Fee Period 2.
- (e) All nomination change fees that would otherwise be assessed within an affected cycle shall not be assessed in the event that carrier:
 - (1) Allocated Shipments on Line 1 or Line 2; or
 - (2) Disrupts shipping schedules to accommodate unplanned system maintenance; or
 - (3) Disrupts shipping schedules in response to delays caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, or floods.

- (f) Volume credits shall be awarded to shippers who, pursuant to Carrier's request, agree to change their scheduled batches for the purposes of maintaining or improving Colonial's system ratability. Qualified changes shall be defined as Carrier requested adjustments a shipper makes to the volume or lifting start-time of a scheduled batch. The amount of volume credits awarded for qualified changes shall be on a barrel for barrel basis equal to the volume of the specific batch that is changed. Volume credits accrued shall be applied to subsequent barrels that would otherwise be subject to the nomination change fees until they are exhausted. All unused credits shall terminate after 180 days from accrual. There will be no monies exchanged for volume credits.
- (g) Volume credits will be awarded for nomination changes arising from qualified trades of like product movements between shippers. Qualified trades of like product movements will consist of offsetting nomination changes involving the same product type if the movement is during the same cycle and from the same origin location. The amount of volume credits awarded for qualified trades shall be on a barrel for barrel basis equal to the volume of the offsetting nominations. All shippers participating in the trade must notify carrier in writing to be eligible for volume credits by no later than the date corresponding to the end of the cycle in which the trade occurs. There will be no monies exchanged for volume credits.

Item 28 Intra Harbor Transfer (IHT) Reservation Program

To improve ratability of petroleum product origination and deliveries for short haul movements originating in Richmond County, New York and Middlesex County, New Jersey (Intra Harbor Transfer), fees will be assessed on a per shipper basis to discourage major changes or cancellations in nominations for Intra Harbor Transfers. As part of this Program, an IHT Reservation Fee will be assessed on shippers who make major changes or cancel their nomination to make an Intra Harbor transfer within 3 days (72 hours) of the scheduled pump date and time. This program, and any associated fees, will be determined and assessed as follows:

- (a) There will be no fee assessed for changes in, or cancellations of, IHT nominations greater than 3 days (72 hours) before the scheduled pump date and time.
- (b) The charge for a shipper will be determined and applied by subtracting each IHT actual ticketed volume from 95% of the nominated volume for that movement. If the resulting volume is greater than zero then this volume will be multiplied by the IHT Reservation Fee to determine the assessment under the IHT Reservation Program. This charge will be assessed during the Fourth Invoice Period.
- (c) The IHT Reservation Fee will be [U] 38.00 cents per barrel.

Item 29 Capacity Allocation Program

During periods of anticipated segment capacity constraint, carrier will equitably allocate capacity (consistent with carrier's existing Proration of Pipeline Capacity policy, Item 90), to shippers based on the shippers' Committed Nomination. A Capacity Allocation Fee will be assessed on shippers whose actual shipments do not utilize their Threshold Volume on lines 1 & 2 only. The allocated volume and fee will be determined and assessed as follows:

- (a) Definitions

For the purpose of this item, the following terms are defined as:

Available System Capacity - A calculated volume determined by summing, for all shippers, the lesser of each individual shippers' (1) Binding Requests or (2) Calculated Cycle Historical Allocation and subtracting this sum from the total segment capacity.

Adjusted Binding Request - Binding Request plus any adjustments required.

Binding Request - For lines 1, 2, 3 and 4 the nominated volume in the system as of 23:59 on the 2nd business day following the Notice of Allocation or the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice. For all other lines the nominated volume in the system as of 23:59 on the 1st business day following the Notice of Allocation or the nominated volume in the system as of 23:59 on the 1st business day following the Freeze Notice.

Committed Nomination - Adjusted Binding Request accepted by carrier.

Calculated Cycle Historical Allocation (CCHA) - Minimum capacity available to a shipper based on carrier's existing Proration of Pipeline Capacity policy, Item 90.

Calculated Minimum Nomination - A calculated percentage (80%) of the Initial Nomination or the Initial Nomination less 25,000 barrels whichever is less.

Cycle Closing Date - Defined for each line as the first Closing Date scheduled for a given cycle.

Fourth Invoice Period - The last monthly transportation invoicing period for a calendar month. The 22nd through the last day of the month.

Initial Nomination - The nomination submitted by a shipper that contributes to a line being allocated or frozen. It is the nomination recorded at the time the Notice of Allocation or Freeze Notice is issued.

New Shipper - Any shipper who has satisfied the applicable requirements of the tariff rules. The allocated shipments of each new shipper will be no less than minimum batch size.

Notice of Allocation (Bulletin) - Bulletin issued by carrier informing shippers that the system may be allocated.

Freeze Notice (Bulletin) - Bulletin issued by carrier informing shippers that the nominations in the system may be frozen.

Capacity Allocation Fee - A fee of [U] 44 cents per barrel charged to shippers under the Capacity Allocation Program where the Threshold Volume is not shipped (for Lines 1 & 2 only). The charge is determined by subtracting the Threshold Volume from the ticketed final volume and multiplying any resulting positive value by [U] 44 cents per barrel.

Threshold Volume - A calculated percentage (95%) of the Committed Nomination.

- (b) If it is determined that carrier's system may be allocated, carrier will issue a Notice of Allocation to shippers four business days prior to the Cycle Closing Date for Lines 1, 2, 3 & 4, two business days prior to the Cycle Closing Date for all stublines upstream of Greensboro, NC, and 3 business days prior to the cycle arriving in Greensboro, NC for all lines downstream of Greensboro, NC. At this time, carrier will record each shippers' Initial Nomination, Calculated Minimum Nomination and Calculated Cycle Historical Allocation (CCHA). Each shipper will have two business days for Lines 1, 2, 3, & 4 and one business day for all other lines to confirm or resubmit their Initial Nominations. This confirmation or resubmission will be considered the shipper's Binding Request.
- (c) Following the receipt of the Binding Request, if it is determined that there is no remaining Available System Capacity, then the lesser of each individual shippers', both existing and New Shippers, (1) Binding Request or (2) Calculated Cycle Historical Allocation (CCHA) will be recorded as an Adjusted Binding Request.
- (d) Following the receipt of the Binding Request, if it is determined that there is Available System Capacity, then the Available System Capacity will be divided proportionately among those shippers, both existing and New Shippers, whose Binding Requests are in excess of their CCHA until such requests are fully satisfied or all Available System Capacity has been equitably allocated. The resulting adjustments will be added to each shippers' Binding Requests and will be recorded as an Adjusted Binding Request.
- (e) If Available System Capacity remains after all shippers, both existing and New Shippers, Binding Requests in excess of the CCHA have been satisfied, carrier will proportionately allocate the remaining Available System Capacity to shippers whose Binding Requests are less than their Calculated Minimum Nomination. The resulting adjustments will be added to each shippers' Binding Request and will be recorded as an Adjusted Binding Request.
- (f) Each Adjusted Binding Request will be reviewed by carrier and accepted as a Committed Nomination. Following the acceptance of Committed Nominations, carrier will publish for each shipper their Committed Nomination and Threshold Volume.
- (g) In the event Initial Nominations rise to levels that indicate that carrier's system may be allocated prior to the Cycle Closing Date, but less than the time outlined in (b) above carrier may find it necessary to close and lock the Initial Nominations for that cycle. This closing and locking process is called a Freeze. Should a Freeze be required, carrier will immediately issue a Freeze Notice to shippers. At this time, carrier will record each shipper's Initial Nomination and a Calculated Minimum Nomination. Each shipper will have one business day after the Freeze Notice to confirm or resubmit their Initial Nominations. This confirmation or resubmission will be considered the shippers' Binding Request.
- (h) In the event of a *Freeze Notice*, no *Binding Request* nomination can be greater than the level of the Initial Nomination. Further, no Binding Requests will be allowed that are less than the Calculated Minimum Nomination. Any Binding Request submitted at a level that is less than the Calculated Minimum Nomination will be adjusted up to the Calculated Minimum Nomination level and become an Adjusted Binding Request. The Adjusted Binding Requests will be reviewed by carrier and accepted as a Committed Nomination. Following the acceptance of Committed Nominations, carrier will publish for each shipper their Committed Nomination and Threshold Volume.
- (i) A charge for a shipper will be determined and applied by subtracting each cycle's actual ticketed volume from the Threshold Volume. If the resulting volume is greater than zero, this volume will be multiplied by the Capacity Allocation Fee. This charge will be assessed during the Fourth Invoice Period.

Item 30 Segregation and Variations in Quality and Gravity

- (a) It is inherent in the operations of a products pipeline that interface mixtures will occur between batches. Therefore, carrier shall not be liable for variation in gravity or quality of petroleum products 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 petroleum products received and may deliver petroleum products of substantially the same specifications.
- (b) Subject to the foregoing, carrier will, on segregated batches and to the extent permitted by carrier's facilities, make delivery of substantially the identical petroleum products at destinations; however, it being impractical to maintain absolute identity of each total shipment of petroleum products, reasonable substitution of petroleum product having substantially the same specifications will be permitted.

Item 35 Origin and Destination Facilities -- Duties of Shippers and Consignees -- Disposition of Product on Failure to Accept Delivery -- Demurrage Charges At Carrier Tankage

- (a) Shipper shall furnish facilities to deliver petroleum products to carrier's booster pump suction at origin stations at any requested rate which is within carrier's minimum and maximum operating rates and at a minimum of 5 psi gauge pressure for any applicable pumping rate.
- (b) No duty to transport shall arise until shipper has provided necessary facilities, to which carrier is connected at destination points, capable of receiving shipments without delay at maximum operating pressures and pumping rates of carrier. These facilities must: 1) meet a minimum rating of 275 psi Maximum Operating Pressure, 2) be capable of receiving deliveries of products with a reasonable margin of safety to provide for unplanned changes in operating conditions, i.e., line blockage at the receiving terminal manifold, and 3) incorporate two-stage high-level alarms [e.g., a) a liquid level alarm that is activated from the gauging system, and a separate liquid level alarm which is activated by a float or b) a non-intrusive unit that continuously monitors liquid levels and sends two separate alarms] in good working condition, for all receiving tanks that are part of the facility, with monitoring capability at carrier's facilities, including the activation of the alarm when the system is not functioning in its normal manner.

If, in carrier's reasonable opinion, the facilities provided by shipper fail to meet any or all of the above requirements, carrier may discontinue deliveries to such facility. Carrier may, however, at its sole option, make or continue deliveries to a facility not in compliance with this Item (b) to avoid disruption of its pipeline system or to avoid any other unsafe condition. Any decision to make or continue a delivery shall neither be construed as a waiver by carrier of the shipper's breach of this tariff item nor in any other way affect shipper's obligations under Item 65 of this tariff. Furthermore, carrier's acceptance and delivery of product to any facility provided by shipper shall not evidence carrier's approval of the adequacy of such facilities or the competency of its personnel and responsibility for such facilities and its personnel shall be exclusively that of the shipper.

- (c) Not less than 24 hours before arrival of petroleum products at the shipper's designated delivery location, carrier shall notify shipper's designated consignee of the expected time and volume of the pending delivery. It shall be the duty of the shipper and consignee, after notification as hereinbefore stated, to make the necessary arrangement for the safe receipt of the petroleum product in consignee's tankage and to confirm to carrier their readiness to receive such delivery. At least sixty (60) minutes prior to the estimated time of arrival of the delivery, the terminal operator shall notify carrier that the receiving tank, manifold and alarm system are ready and in a safe condition to receive product. When carrier elects or agrees to deliver product into a consignee's receiving tank(s) which has malfunctioning high-level alarms, consignee shall establish a safe operating procedure that is satisfactory to carrier prior to start of delivery, shall monitor and periodically report status of delivery conditions to carrier during delivery, and within thirty (30) minutes after completion of a delivery, notify carrier that the delivery of product has been concluded and that consignee's facilities are in a safe operating condition.
- (d) 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 promptly accept such petroleum products at destination as provided in paragraph (b) hereof, then and in such event carrier shall have the right to divert, reconsign or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline facilities including the right to sell, for the account of the shipper, the petroleum products at private or public sale, and to charge the shipper demurrage as provided in paragraph (e) hereof. Out of the proceeds of said sale, carrier may pay itself all transportation charges and other necessary expense for caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.
- (e) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes remaining in carrier tankage beyond the end of the cycle and such demurrage shall be charged to the shipper of that batch. For product movements the shipper must designate a valid destination not later than 8:00 am Eastern Standard Time three business days prior to the day of that batch delivering into carrier tankage.

Item 40 Measuring and Volume Correction

- a) Quantities of petroleum product received at origin and delivered at destination shall be determined by meters or tank gauges. Volumes shall be corrected by recognized means from observed temperature and pressure to a temperature of 60 degrees Fahrenheit and a pressure of zero psi gauge. Full volume deductions will be made for all water and other impurities in products received or delivered as determined by recognized means.
- b) Shippers or consignees shall have the right to be present or represented at the times of measuring and testing. Should shippers or consignees 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 petroleum product received or delivered by carrier are correct and that carrier's determination of water and other impurities contained in said petroleum products are correct.
- c) At any time during normal operations, shippers may observe and verify the methods and procedures used for measurement and testing of products by carrier to insure that such are proper and recognized means of measurement.

Item 45 Change, Diversion or Reconsignment

A change in designated origin point, delivery point, or reconsignment will be permitted provided such change or reconsignment does not adversely affect the operation on the carrier's pipeline system. Carrier shall have no obligation to honor any change in origin point unless the change is received by carrier before 8:00 a.m. Eastern Standard Time on the carrier's second business day prior to the date the batch is to be pumped. Carrier shall have no obligation to honor any change in delivery point or diversion unless the change is received by the carrier before 8:00 a.m. Eastern Standard Time on the carrier's first business day before a batch is to be diverted or delivered. No back haul movement will be permitted.

Item 50 Tariffs Applicable

Petroleum products accepted by carrier shall be subject to and governed by the rates, rules and regulations contained in tariffs issued by carrier and in effect at 12:00 midnight Eastern Standard Time on the date petroleum products are received by carrier.

Item 55 Transportation Charges

- (a) Transportation charges will be computed and collected, in United States currency, at the applicable tariff rate on the basis of the number of barrels of petroleum products delivered at destination, after volume corrections, as provided for in Item 40.
- (b) In the event that an invoice for the charges described in (a) above, or for delivery adjustments under Item 75, is not paid to and received by carrier in full within fifteen (15) days of its date, the balance due on such invoice shall bear interest from that 15th day at an annual rate equal to the prime rate, as posted in the Wall Street Journal, plus 3%, but not to exceed the rate permitted on such invoices by applicable state law. The interest rate for each month will be determined the first business day of each month.
- (c) The shipper shall be responsible for all charges applicable to the particular shipment and if required by carrier, shall prepay all charges or furnish guaranty of payment satisfactory to carrier.
- (d) Carrier shall have a security interest in all petroleum products accepted from a shipper under this tariff. This security interest shall secure:
 - (1) All transportation, delivery adjustment, interest charges and any other amounts due or to become due from a shipper, and
 - (2) All costs and expenses of carrier in exercising any of its rights detailed in (e) below, including, but not limited to, reasonable attorney fees, storage charges and settlement of conflicting liens.

- (e) The security interest provided herein shall be in addition to any lien provided by statute or common law. In the event shipper fails to satisfy when due any obligation to carrier, carrier shall have all the rights and remedies accorded to a secured party under applicable state law and in addition may in its sole discretion and without notice take any or all of the following actions:
- (1) Refuse to deliver petroleum products in its possession until all such obligations have been paid.
 - (2) Proceed to sell any such products, in accordance with the applicable provisions of state law, and apply the proceeds to such obligations.
 - (3) Store such products or contract for storage of such products pending sale or other disposition.
 - (4) Take any other action it deems necessary for the proper protection and sale of such products.

Item 60 Liability of Carrier

While in custody of any petroleum product, carrier shall not be liable for loss thereof, or damage thereto, or delay caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, floods, or act of default of the shipper or consignee or any other cause whether similar or dissimilar to the causes herein enumerated, not due to the negligence of the carrier. Losses not due to the negligence of carrier will be allocated to the shippers as provided in Item 75 of this tariff. Losses due to the negligence of carrier shall be the obligation of carrier and settled by carrier for carrier's account.

Statements of the losses, ascertained and computed by carriers standard accounting procedure, are to be accepted by shipper as prima facie correct in the distribution of such losses under this Item and Item 75.

Carrier shall not be liable for discoloration, contamination or deterioration of petroleum products transported, unless such discoloration, contamination or deterioration results from the negligence of the carrier.

The carrier will be obligated to deliver only that portion of such petroleum products remaining after deducting for all shrinkage, evaporation, other physical product loss and transmix contemplated under this tariff. All such product losses shall be accounted for as provided under this Item and Item 75.

Carrier recognizes and accepts custody of all petroleum product accepted for shipment while such petroleum product is in pipeline facilities owned and operated by carrier.

Item 65 Liability of Shipper

As a condition to carrier's acceptance of petroleum products under this tariff, each shipper (for purposes of this item the term "shipper" shall include users of tank space) agrees to protect and indemnify carrier against claims or actions for injury to and/or death of any and all persons whomever and for damage to property of carrier, shipper, consignee and/or third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by the shipper, his consignee, his agents, employees or representatives and 2) the negligent act or acts or failure to act of the shipper, his consignee, his agents, employees or representatives in connection with the delivery or receipt of such petroleum product and 3) liability arising from the chemical characteristics of product(s), except to the extent such liability arises from carrier's negligence.

Item 70 Title

An offer of petroleum products for shipment 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 are encumbered by a lien. Delivery of petroleum products to the consignee designated by the shipper shall relieve carrier of all liability as to custody or title.

Item 75 Delivery Adjustments

- (a) Carrier shall account to each shipper for all petroleum products received. Any overage or shortage not due to the negligence of the carrier (Item 60 of this tariff), including losses resulting from shrinkage, evaporation, other physical product loss and interface mixture in any calendar month, will be allocated on a monthly accrual basis among the shippers in the proportion that the total number of barrels delivered from the entire system for each shipper bears to the total number of barrels delivered from the entire system for all shippers, provided that deliveries which originated in New Jersey or New York will be excluded from this calculation. Any such overage or shortage incurred on deliveries which originated in New Jersey or New York will be allocated among shippers from these origins based on estimates of actual losses.
- (b) It is inherent in the operation of a products pipeline that interface mixtures will occur between batches. Carrier will dispose of accumulated interface mixture in the following manner:
- (1) Compatible interface mixture occurring in carrier's system will be delivered with compatible products moving in adjoining batches. Carrier reserves the right to dispose of accumulated compatible interface, including the right to sell such compatible interface on a bid or contractual basis for the account of its shippers at private or public sale. Carrier will settle with each shipper for its share of the net proceeds of the sale less transportation charges as provided for in paragraph (a) of this item.
 - (2) Transmix occurring in carrier's system shall be retained in carrier's custody for disposal for the account of the shippers. The total carrier inventory of transmix occurring in carrier's system in any calendar month will be allocated among the shippers in the proportion that the total number of barrels of petroleum product delivered from carrier's system for each shipper bears to the total number of barrels delivered from carrier's system for all shippers during that calendar month. Transmix disposed of will be sold on a bid or contractual basis for the account of shippers, each shipper being credited with its proportionate share of the net proceeds of the sale, less transportation charges. Carrier will settle with shippers as provided in paragraph (a) of this item.
 - (3) When a shipper tenders a product which by his quality requirements cannot be blended into another product or accept a blend of at least 5 percent, that shipper shall be required to accept delivery of the additional interface mixture created or pay the costs incurred in its disposition by the carrier.
 - (4) The provisions of Item 20 with reference to minimum delivery at destination will not apply to deliveries of transmix as provided for in this item.

Item 80 Time Limitation On Claims

As a condition precedent to recovery for loss, damage, or delay of 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.

Item 85 Corrosion Inhibitors

Shipper may be required by carrier to inject oil soluble corrosion inhibitors acceptable to carrier, in the petroleum products to be transported.

Item 90 Proration of Pipeline Capacity

When the total volume offered for shipment by all shippers in accordance with Item 25 is greater than can be transported within the period and between the locations specified by such offers, petroleum products offered by each shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of carrier's operating capacity so as to avoid discrimination (unreasonable preference or prejudice) among shippers, and so as not to adversely affect the reasonable operation of carrier's facilities.

Item 105 Financial Assurance Agreements Required

In the event a shipper or consignee desires new or additional pipeline service which necessitates additions or modifications to carrier's pipeline system, a separate financial assurance agreement may be required before any obligation to provide the new or additional service under this tariff shall arise.

Item 110 Application of Rates from or to Intermediate Points

- (a) For shipment of petroleum products from any point or origin from which a rate on a given shipment to a given destination and via a given route is not named in this tariff, which point is intermediate to a point from which a rate on said shipment is published in this tariff via a route through the intermediate point over which such rate applies to the same destination, apply from such intermediate point to such destination and via such route the rate in this tariff on said shipment from the next point beyond from which a rate is published herein on that shipment to the same destination via the same route.
- (b) For shipment of petroleum products to any point of destination to which a rate on a given shipment from a given point of origin and via a given route is not named in this tariff, which point is intermediate to a point to which a rate on said shipment is published in this tariff via a route through the intermediate point over which such rate applies from the same point of origin, apply to such intermediate point to the next point beyond to which a rate is published herein on that shipment from the same point of origin via the same route.

Item 125 ULSD Surcharge

Colonial Pipeline Company has established a "ULSD Surcharge" mechanism which will be assessed on each delivered barrel of diesel product from Colonial Pipeline to destinations south of our Booth delivery location effective February 1, 2007. This surcharge is to recover prudently incurred costs of complying with the Environmental Protection Agency's regulation of 40 CFR Part 80 Subpart I.

The surcharge will be in effect for a period of 10 years unless terminated by carrier at the end of the calendar month in which all the accumulated ULSD costs are recovered. At the end of the surcharge period, carrier will complete a true-up of accumulated costs to accumulated surcharge revenues during the period and will make a subsequent settlement with all shippers for any over-recovery determined during the final month of the recovery period. If the settlement is greater than 1% of the total capital and expense expenditures, then Carrier shall reimburse Shippers, that have shipped in the last 12 months, the over recovery amount in proportion to the diesel barrels shipped to the total diesel barrels shipped.

The ULSD surcharge is [U] 4.50 cents per delivered diesel barrel. Carrier will perform true-ups of the ULSD Surcharge rate annually commencing July 1, 2008, to ensure that the recovery period is no longer than 10 full years. The true up will be calculated based on actual volumes and costs. Carrier will then propose an adjustment to the ULSD Surcharge rate and file the change with the FERC if it appears that the existing surcharge will result in any over/under recovery.

Explanation of Abbreviations and Reference Marks

API	American Petroleum Institute
ASTM	American Society of Testing and Materials
CCHA	Calculated Cycle Historical Allocation
FERC	Federal Energy Regulatory Commission
IHT	Intra Harbor Transfer
No	Number
Psi	Pounds per square inch
ULSD	Ultra Low Sulfur Diesel

[U]	Unchanged rate
[W]	Change in wording only
[C] [D]	Decrease