

Colonial Pipeline Company

Section Seven Invoicing Information

Colonial Pipeline Company

REVENUE ACCOUNTING

The Revenue Accounting Section of Colonial Pipeline Company is responsible for the creation, distribution and collection of payment for all invoices pertaining to Transportation Charges and Settlement for Product Gain or Loss. In addition, Revenue Accounting distributes to the shippers on a monthly basis the Statement in Barrels of Inventory in Carrier Custody and a copy of the State Report.

Colonial's invoices are sent to the shippers by the use of electronic mail and are DUE AND PAYABLE UPON RECEIPT.

Invoices will bear interest at a rate of the Prime Interest Rate (posted by the Wall Street Journal on the first day of any given month) plus three percent (3%) on invoices which have not been paid and received by Colonial within 15 days from the date of the invoice.

The following is a synopsis of documents which will be forwarded to the shippers by the Revenue Accounting Section.

If any questions, please do not hesitate to contact:

<p>Cristy Campbell – Revenue and Tariffs @ (800) 925 – 7473 – ext. 2495 or (678) 762 – 2495 Fax (678) 762 – 2571 E-mail: ccampbel@colpipe.com</p>

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TRANSPORTATION INVOICES

Colonial Pipeline Company's Transportation Invoices are generated and sent to the shippers of record four times per month for the following periods:

1. The 1st thru the 7th day of the month
2. The 8th thru the 14th day of the month
3. The 15th thru the 21st day of the month
4. The 22nd thru the last day of the month

Transportation charges are billed from the shipper's home base point to the point of delivery. The transportation charge is based on Colonial Pipeline Company's current posted tariffs. In the event a shipper's product is brought into the pipeline at an origin point other than the shippers home base, a base point adjustment will be made and will appear on the fourth invoicing (22nd thru the last day of the month).

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SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

The settlement statement is generated in the form of an invoice which indicates at the end of a month whether Colonial owes a shipper for product which has been lost or a shipper owes Colonial for a gain in product.

The product type on the settlement statement is listed in numerical order for the product which Colonial is making settlement with the shipper. The barrels of products gained or lost listed on the statement may be traced directly to the Statement in Barrels of Inventory in Carrier Custody.

Pricing Policy

All settlements for overages and shortages will be made as follows for the indicated products when that product has been quoted for the posted days of the month used by Colonial. A product batch originating in the Northeast will be priced by product using an average of the "Spot Assessments" for "New York - Barge" low posted prices published by Platt's Oilgram Price Report for the 5th, 11th and 17th posted days (not calendar days) of the month for which settlement is being made. All other Colonial deliveries will be priced by product using an average of the "Spot Assessments" for "U.S. Gulf Coast - Pipeline" low posted prices published by Platt's Oilgram Price Report for the 5th, 11th and 17th posted days (not calendar days) of the month for which settlement is being made.

1. Gasolines:

Gasolines will be priced using the low posted price per gallon for the grades and types quoted for the 5th, 11th, and 17th posted days of the month of settlement.

2. Kerosines:

Kerosines will be priced using the low posted price per gallon for the grades and types quoted for the 5th, 11th, and 17th posted days of the month of settlement.

3. Fuel Oils:

Fuel Oils will be priced using the low posted price per gallon for the grades and types quoted for the 5th, 11th, and 17th posted days of the month of settlement.

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4. Transmix:

Transmix will be priced in accordance with Transmix Sales Contract effective during the month for which settlement is being made.

SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

5. Products other than Gasolines, Kerosines, Fuel Oils, and Transmix:

- (1) Any product other than gasoline will be priced using the low posted price per gallon of such product involved.
- (2) If there is no posting for such product, the low posted price for the closed comparable product will be used.

Pricing Policy Calculation Description

The 5th, 11th, and 17th low posted days (not calendar days) for each product grade will be:
1) summed in cents/gallon with two decimal; 2) Averaged by 3 and rounded to the second decimal; 3) Converted to cents/barrel; and 4) Converted to dollars/barrel and stated to the fourth decimal.

Pricing policy example 1:

Pricing policy example using (54) Aviation Kerosene pricing for the period ending May 2007 calculated on a product batch originating in the Northeast:

- 1) 5th posted date – calendar date 5-07-07 – 199.05
11th posted date – calendar date 5-15-07 – 208.50
17th posted date – calendar date 5-23-07 – 212.00

619.55

- 2) 619.55
 \ 3

206.5166 Rounded to the second decimal = 206.52

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SETTLEMENT STATEMENT FOR PRODUCT GAIN OR LOSS

Transmix Allocation

Transmix which can be a charge to shipper or a credit to a shipper is based on the transmix (or commingled product) generated in the operation of the pipeline. Colonial disposes of its transmix on a contractual basis during the month as it is accumulated. At the end of each month Colonial allocates a charge to shippers for transmix generated as well as a credit for transmix which has been sold. The formula by which Colonial makes the allocation is based on the shipper's use of the pipeline. In other words, if a shipper's delivered barrels constitute 1% of the total delivered barrels for a month, then that shipper will be charged for 1% of the transmix sold. Therefore, the entry on the settlement statement for transmix allocation may be a charge to the shipper one month and then may appear as a credit on another month depending on the amount of transmix which is generated or sold. The logic is that over a given period of time, the transmix allocation account will be a wash account where the charges and credits will offset each other.

Product Loss Allocation

The product loss allocation is a charge made to shippers for Colonial to recover losses resulting from evaporation, and downgrading of product in the operation of the pipeline. The charge being made to shippers at present time is 16.0 cents per delivered barrel. Short haul movements (delivered south of Collins or originated at Woodbury) are charged 4.0 cents per delivered barrel.

The final line of the settlement statement is the ending balance which shows whether a shipper is due a settlement from Colonial for a loss of product or whether the shipper owes Colonial for a gain of product. In the event that the ending balance is a NET CREDIT to a shipper, Colonial will issue a check or wire in payment of the credit balance. In no case should a shipper deduct a credit for product settlement from the payment of any other invoices. If the final balance is a CHARGE to the shipper, then the invoice terms are the same as other invoices, DUE UPON RECEIPT.

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STATE REPORTS

The State Report is a report which Colonial Pipeline Company is required to send to all states where deliveries are made during any given month. The information Colonial supplies to the states is the location of the delivery, the shipper of the delivery, the consignee of the delivery and the total gallons of the delivery made within the confines of the state where the delivery is made.

Shippers and Consignees alike will receive a copy of the report that is rendered to any state where deliveries are made.

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STATEMENT IN BARRELS OF INVENTORY IN CARRIER CUSTODY

As the shipper of record, you will receive a report from Colonial referred to as “The Statement in Barrels of Inventory in Carrier Custody.” The report lists all receipts into the pipeline and all deliveries made from the pipeline.

At the bottom of the page will be listed the beginning inventory, total receipts, total deliveries, book inventory, any gain or loss and the ending inventory which is the shipper’s physical inventory. Each grade of product a shipper has in inventory will be shown on a separate page of the report.

For those shippers who would like to view their inventory statement prior to receiving the hard copy, access the Transport4 system. The final information should be available on approximately the fifth business day of each month.