

# BP OIL PIPELINE COMPANY

## LOCAL PROPORTIONAL TARIFF

FOR THE INTERSTATE TRANSPORTATION BY PIPELINE OF

### CRUDE PETROLEUM AND/OR CONDENSATE

The rates named in this tariff are for the trunk line transportation of crude petroleum by pipeline, subject to the Rules and Regulations herein.

[C] ~~NOTE THE FOLLOWING CORRECTION:~~ The FERC tariff number designation in the upper right hand corner of the title page to F.E.R.C. No. 126.1.0 should have read 126.1.0 cancels 126.0.0.

[C] ~~Issued on 6 days' notice under authority of 18 CFR 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.~~

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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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TABLE OF RATES			
FROM	TO	Rates in Cents per Barrel of 42 United States Gallons	
		BASE RATE	DRA RATE (See Note 1 below)
St. James. . . . . Louisiana Liberty . . . . . Mississippi	Collierville Station. . . . Mississippi	[I]55.00	[U]79.66
	Patoka . . . . . Illinois	[I]84.73	[U]100.54

**NOTE 1** -Nomination on this tariff will be restricted to available DRA capacity barrels which are estimated to be approximately 13,000 barrels per day\*.

\*Estimate based on moving crude petroleum having a viscosity of 55 SUS at 100°F

Transportation rates named herein include barge and ship unloading and terminaling at St. James, Louisiana.

**[U]VISCOSITY SURCHARGE:** In addition to all other charges for transportation hereunder, all crude petroleum having a viscosity in excess of 55 Saybolt Universal Seconds (SUS) at 100 degrees Fahrenheit (100° F), based upon the most recent crude petroleum viscosities published by the operator of Capline, shall be subject to a surcharge of .45 cents per barrel for each unit SUS in excess of 55 SUS.

**[U]CHARGE FOR MARINE SPILL RESPONSE PREPAREDNESS:** As mandated by the Oil Pollution Act of 1990 (33 U.S.C. Section 1321, et. seq.), the Operator of Capline has designated the Marine Spill Response Corporation (MSRC) as the response contractor for a catastrophic release of crude petroleum at Capline's facilities at St. James, Louisiana. The MSRC received financial support from the Marine Preservation Association (MPA). Carrier will charge an additional four (4) cents per barrel for crude petroleum unloaded from barges or marine tankers into Capline facilities at St. James to all Shippers who are not members of the MPA.

## RULES AND REGULATIONS

### 1. ABBREVIATIONS AND DEFINITIONS

As used in these Rules and Regulations, the following items shall be defined as follows:

"A.P.I." means American Petroleum Institute.

"Barrel" means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit.

"Batch" means a quantity of Commodity or Commodities of like characteristics shipped as an identifiable unit.

"Capacity" means the current, safe operating capability of a System.

"Carrier" means and refers to BP Oil Pipeline Company.

"Commingled" means the mixing of various grades of Crude Petroleum having either similar or different characteristics.

"Commodity" means and refers to Crude Petroleum.

"Common Stream" means Crude Petroleum of substantially the same kind and quality into which additional quantities can be introduced without significantly altering the grade of the Commodity.

"Consignee" means anyone to whom custody is to be given at the specific instructions of a Shipper when Commodity is delivered out of the System.

"Crude petroleum" means the direct liquid products of oil wells.

"DRA" means drag reducing agent.

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

"Inventory" means the total volume of Crude Petroleum in the Carrier's custody at any given time.

"Merchantable Crude Petroleum" means any Crude Petroleum adapted for refining or fuel purposes which is properly settled and contains no more than one percent (1%) of basic sediment, water, and other impurities.

"No." means number.

"Nomination" means an offer and designation by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for transportation from a specified origin point(s) to a specified destination(s) over a period of one month in accordance with these Rules and Regulations.

"Shipment" means a volume of Crude Petroleum delivered to and accepted by Carrier at a point of origin for transportation through Carrier's System to a designated delivery point.

"Shipper" means the party who contracts with the Carrier for the transportation of Crude Petroleum subject to and in accordance with these Rules and Regulations subject to the rate on the applicable tariff.

"System" as herein used means a pipeline or pipelines including related facilities which when operated acts as a single unit.

"Ticket" means the record evidencing the transfer of custody of Crude Petroleum and containing the information identifying the transaction and the net volume transferred.

## **2. COMMODITY AND SPECIFICATIONS**

Carrier is engaged in the transportation of Merchantable Crude Petroleum and therefore has the right to refuse any other Commodity for transportation. Crude Petroleum will be received for transportation providing it is substantially the same kind, grade, and quality currently being transported through the same System for other Shippers.

Crude Petroleum nominated for transportation which differs in characteristics from that usually transported by this Carrier will, at the option of the Carrier, be transported if space is available after all other nominations have been scheduled and under such terms as the Shipper and the Carrier may agree.

## **3. ORIGIN AND DESTINATION FACILITIES**

Shipper shall furnish the necessary facilities at origin points capable of delivering Crude Petroleum into the Carrier's System at pressures and pumping rates required and determined solely by the Carrier.

Where Carrier tankage is available, Commodities may be received at less than the pressures and pumping rates required provided that the Commodity can be Commingled with other Crude Petroleum.

Shipper or Consignee shall furnish the necessary facilities for receiving Crude Petroleum upon arrival at its destination. Such facilities shall have adequate available capacity and be capable of receiving said Commodities at pressures and pumping rates specified by Carrier.

All proposed receiving or delivery connections must meet minimum nomination, tankage, hourly flow rate conditions, and metering requirements in effect at the time of requested connection and must also have facilities which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by the Carrier. All costs and expenses of installing, operating and maintaining connections shall be paid by the connecting party.

In the event Shipper or Consignee fails to provide adequate facilities for receipt of the Shipment of Crude Petroleum at destination, Carrier shall have the right to make whatever arrangements for disposition of the Commodity it deems appropriate to clear the Carrier's facilities, including, without limitation, the right of sale at a price determined by current market conditions. Out of the proceeds of said sale, Carrier shall first pay itself all transportation and other lawful charges, cost and expenses of storage, and care and maintenance of the Commodity. The balance shall be held for whomsoever is lawfully entitled thereto, and who by accepting said balance, shall be deemed to have waived Carrier's liability with respect to all acts or omissions by Carrier in connection with said sale.

#### **4. QUALITY OF CRUDE PETROLEUM**

Crude Petroleum accepted for shipment must be good Merchantable Crude Petroleum.

Carrier will accept for transportation Commodities which can be Commingled with Crude Petroleum regularly transported by the Carrier between the origin and destination points without substantially reducing the value or altering the quality of the grade of the Crude Petroleum which the Carrier regularly moves.

Carrier will accept Crude Petroleum for transportation only on condition that Carrier shall not be liable to Shipper or Consignee for changes in gravity or quality which may occur from Commingling such Crude Petroleum with other Commodities in transit. The Carrier shall not be obligated to deliver the identical Crude Petroleum received from Shipper. Carrier will deliver a grade of Crude Petroleum as nearly like the grade of Crude Petroleum received from Shipper as Carrier is regularly delivering at destination points.

#### **5. QUANTITY AND NOMINATIONS**

Except as provide for below, Nominations for the transportation of Crude Petroleum will be accepted each month in quantities of not less than ten thousand (10,000) barrels from one Shipper, consigned to one Consignee and destination, unless written authority is received by the Shipper from the Carrier to nominate an amount lower than the quantity provided for under this item. Crude Petroleum so nominated to the Carrier for transportation will be received as space is currently available, providing the total within a month's time is not less than ten thousand (10,000) barrels (excluding authorized exceptions).

Nominations for transportation of Crude Petroleum will be received in lots of less than ten thousand (10,000) barrels only if, in the sole judgment of the Carrier, the Carrier's facilities and operating condition permit.

Carrier will only accept [W] ~~tenders~~ nominations received BEFORE 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the tenth (10th) of the month preceding the movement. Barrels nominated must be in writing. When the tenth (10th) of the month falls on a weekend or a holiday, nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time whichever is applicable, on the preceding workday. When there shall be [W] ~~tendered~~ nominated to the Carrier for transportation during this nomination period, more petroleum that can be currently transported, then Item 6 will apply and charges for transportation will be for the nominated volumes adjusted for proration.

#### ***"DRA" Nominations Only***

The [W] ~~tender~~ deadline date for DRA nominations is the eighteenth (18th) of the month preceding the movement. All other provisions of the above paragraph apply.

#### **6. APPORTIONMENT OF THE CAPACITY OF FACILITIES (PRORATIONING)**

When more Crude Petroleum is offered by the Shippers to the Carrier under this tariff than can be transported and delivered currently, the transportation and services provided by the Carrier shall be apportioned among all Shippers making good faith offers of Shipments in a manner determined by the Carrier to be equitable to all Shippers.

The proration procedure specific to Carrier's space on the Capline System is dated March 1, 2010. A copy of this policy will be made available from Carrier's BP Oil Pipeline's tariff group in [W] ~~Warrenville~~ Naperville, Illinois - upon request - either via U.S. mail or via electronic means.

#### **7. TITLE**

A Nomination for Shipment of Crude Petroleum shall be deemed a warranty of title by the party making the Nomination. The Carrier will, in the absence of adequate security, decline to receive any Crude Petroleum which is 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. By nominating Crude Petroleum, the Shipper agrees to hold Carrier harmless from any and all loss, cost, liability, damage, and/or expense resulting from disputes, encumbrances, or failure of title.

Carrier will account for custody transfer of Crude Petroleum at receipt and/or delivery points as evidenced by duly authorized receipt/delivery Tickets of the Carrier.

#### **8. PAYMENT OF TRANSPORTATION AND OTHER CHARGES**

The Shipper and Consignee shall be jointly and severally liable to Carrier for all applicable transportation charges and other lawful charges accruing on crude petroleum delivered to and accepted by Carrier for shipment. If required by Carrier, the Shipper or Consignee shall pay or furnish guaranty of payment for transportation to the Carrier before acceptance of Shipment. Carrier will invoice Shipper each month for transportation and other lawful charges on crude petroleum delivered to Shipper and/or Consignee during the previous month. If such an invoice is not paid within ten

(10) days of date of Carrier's invoice, the Shipper and Consignee will become liable for the payment to Carrier of interest from invoice date until paid at an annual rate equivalent to 125% of the prime rate of interest charged by the Citibank N.A. of New York, New York on ninety (90) day terms as of the due date or the maximum rate allowed by law, whichever is less.

In addition, Carrier shall have a lien on all crude petroleum delivered for transportation to secure payment of any and all unpaid penalties, transportation charges and other charges that are due to Carrier by Shipper or Consignee, and Carrier will withhold such crude petroleum from delivery, without liability until unpaid penalties or charges have been paid. If such penalties and charges remain unpaid for 30 days after notice and demand therefore, Carrier shall have the right, either directly or through an agent; to sell such crude petroleum within the custody of Carrier. From the proceeds of such sale, Carrier shall pay itself all penalties, transportation, demurrage, other lawful charges and fees and interest due to Carrier, including, without limitation, expenses incident to the sale. The balance of the proceeds from such sale, if any, shall be held by Carrier for whomever is lawfully entitled thereto. If the proceeds from such sale are not sufficient, Shipper or Consignee shall remain liable for any deficiency including any interest charges.

## **9. LIABILITY OF CARRIER**

(a) The Carrier, while in possession of any Crude Petroleum herein described, shall not be liable for any loss thereof, damage thereto, or delay caused by fire, explosion, earthquake, storm, flood, epidemics, acts of God, riots, sabotage, strikes, the authority of law, or an act or default of the Shipper or Consignee, the requisition or necessity of the Government of the United States in time of war or national emergency, or from any cause whatsoever, whether enumerated herein or not, except by Carrier's negligence. In case of any loss of Crude Petroleum for which Carrier is not liable, each Shipper shall bear the loss, damage, or delay and the consequences thereof in the proportion that the amount of such Shipper's Commodity received and undelivered in the custody of Carrier for transportation in the System bears to the total amount of Crude Petroleum of all Shippers received and undelivered in the Carrier's custody for transportation in the System at the time the loss, damage, or delay occurs. The Shipper shall be entitled to have delivered only such portion of his Shipment as may remain after deduction of his due proportion of such loss.

(b) In addition to any loss of Crude Petroleum covered by the preceding paragraph of this item, some gain or loss is unavoidably incident to pipeline transportation due to the inherent nature and Characteristics of Crude Petroleum and Transportation of same. If a Shipper's or Consignee's Crude Petroleum is lost in transit, Carrier will obtain and deliver to Shipper or Consignee other Commodities of the same quantity and substantially the same grade as that which is lost, but Carrier shall not be obligated to do so. In the alternative, the Carrier will compensate Shipper for such loss at market price for that particular grade of Commodity as agreed upon by both parties in United States currency.

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.

## **10. MEASURING AND TESTING**

All Crude Petroleum accepted by Carrier for transportation shall be gauged or metered and may be tested by a representative of the Carrier or by automatic equipment approved by the Carrier, prior to its receipt from the Shipper. The Shipper or Consignee has the privilege of being present or represented at the gauging, metering, or testing. If tank tables are used, quantities will be computed from correctly compiled tank tables showing one hundred percent (100%) of the full capacity of the tanks. Volumes shall be corrected from the observed temperature, which has been recorded to the nearest whole or half degree, to 60 degrees Fahrenheit using the current edition of the American Petroleum Institute Manual of Petroleum Measurement Standards, Chapter 11.1, Volume I, Table 5a Generalized Crude Oil Correction of Observed Gravity to API Gravity at 60 degrees Fahrenheit and Table 6a Generalized Crude Oils Correction of Volume to 60 degrees Fahrenheit against API Gravity at 60 degrees Fahrenheit (American Society of Testing Materials D1250). The net balance at sixty degrees (60°) Fahrenheit will be the quantity deliverable by Carrier.

Carrier will not accept for transportation Crude Petroleum in which the total volume of impurities exceeds one percent (1%) of the volume offered for transportation. In the event that a Shipper delivers Crude Petroleum exceeding this requirement, the Shipper shall become liable for all additional costs and expenses resulting therefrom.

## **11. SEPARATE PIPELINE AGREEMENTS**

Separate agreements in connection with delivery pipelines, connections or other facilities ancillary to the System and in accordance with this tariff may be required of any Shipper or Consignee before any duty for transportation shall arise.

## **12. CLAIMS, SUITS, TIMING FOR FILING**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with the Carrier within nine (9) months and one (1) day after delivery of the Crude Petroleum, or, in the case of failure to make

delivery, then within nine (9) months and one (1) day after reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) day from the date of delivery, or within two (2) years and one (1) day after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Shipper agrees that Carrier will not be liable and such claims will not be paid.

### **13. APPLICATION OF RATES, CHARGES, RULES AND REGULATIONS**

Crude Petroleum accepted for transportation shall be subject to the 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. All net quantities will be determined in the manner provided in Item 10.

Crude Petroleum received from an established origin point, on Carrier's System, which origin point is not named in the tariff making reference hereto, but which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect from the next more distant origin point published in the tariff.

Crude Petroleum delivered to an established delivery point, on the Carrier's System, which is not named in the tariff making reference hereto, but which is intermediate to a destination to which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect to the next more distant delivery point on the tariff.

### **14. RECONSIGNMENT**

Change in destination and/or routing from that previously specified or nominated will be permitted upon written request or oral request if confirmed later in writing provided the change requests is received by the originating Carrier prior to delivery out of this Carrier's System. All changes pursuant to this item are subject to the rates, rules and regulations from point of origin to the designated final destination, and provided that no out-of-line or backhaul movements are necessary.

### **15. CHARGES FOR SPILL COMPENSATION ACTS AND REGULATIONS**

In addition to the transportation charges and all other charges accruing on Crude Petroleum accepted for transportation, a per barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such Crude Petroleum by any federal, state, or local government or agency which levies a tax, fee, or other charge, on the receipt, delivery, transfer, or transportation of such Crude Petroleum within such government's jurisdiction for the purpose of creating a fund for the prevention, containment, and/or removal of spills and/or reimbursement of persons sustaining loss or damage therefrom, and/or preparation for response to spills.

### **16. STORAGE IN TRANSIT**

Tankage requirements will be provided by the Shipper and/or Consignee at origin, transfer, and destination points.

### **17. ESTABLISHMENT OF GRADES**

Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a Common Stream between particular origin points and destination points on its trunk pipelines based on yearly forecasts provided by Shippers.

Carrier will inform all interested persons of such determination upon request by such persons and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported.

Carrier may from time to time undertake to transport other or additional grades of Crude Petroleum or, after giving reasonable notice to Shippers who may be affected, cease to transport particular grades of Crude Petroleum.

### **18. SCHEDULING OF SHIPMENTS**

All Shippers desiring to move Crude Petroleum through the Carrier's System shall provide information needed by Carrier to schedule each shipment. Carrier will refuse to receive Crude Petroleum for transportation until Shipper has provided Carrier with such information.

### **19. COMPLIANCE WITH LAWS AND OTHER REQUIREMENTS**

The Carrier reserves the right to reject any and all Crude Petroleum offered for shipment when the Shipper or Consignee fails or is unwilling to comply with all applicable laws, rules, regulations, or requirements of any governmental authorities regulating shipments or deliveries of Crude Petroleum or fails to demonstrate to the Carrier's satisfaction that the shipment would be in conformance with the provisions of the Carrier's tariff.

## **20. EVIDENCE OF RECEIPTS AND DELIVERIES**

Crude Petroleum received from the Shipper and delivered to the Shipper or any Consignee shall, in each instance, be evidenced by Tickets showing opening and closing tank gauges or meter readings as applicable; temperature; basic sediment and water; and any other data essential to the determination of quantity. The Shipper and/or any Consignee may at its discretion witness the receipt and/or delivery of the Crude Petroleum shipped.

## **21. INHIBITORS**

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, pour point depressants or other such additives in the Crude Petroleum to be transported.

## **22. SEVERABILITY**

If any term or provisions of these Rules and Regulations or any application thereof shall be invalid or unenforceable, (a) the remainder of these Rules and Regulations or any application of such term or provision shall not be affected thereby and (b) such term or provision of these Rules and Regulations or application thereof shall be excused and cancelled without liability.

## **23. INVENTORY REQUIREMENTS**

Carrier will require each Shipper to supply a pro rata share of Crude Petroleum necessary for pipeline fill and efficient operation of the Carrier's pipeline System prior to deliveries to the Shipper and/or Consignee. Crude Petroleum provided by Shipper for this purpose may be withdrawn from Carrier's system only after written notice two months prior to effective date of Shippers intention to discontinue shipments in Carrier's system.

## **25. COMMON STREAM PETROLEUM -CONNECTING CARRIERS**

When both receipts from and/or deliveries to a connecting Carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with 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 by physically pumping the offsetting volumes.

## **26. RECEIPT OF CRUDE PETROLEUM FROM BARGES ON TANKERS AT ST. JAMES, LA**

Dock facilities for unloading barges or tankers and receiving Petroleum therefrom for shipment under this tariff will be provided by the originating carrier at the origin point without additional charge to Shipper, subject to the following conditions:

- (a) Notice of scheduled arrival of barges or tankers must be given to the originating carrier at least (48) forty eight hours in advance of scheduled arrival time and subject to prior commitments, dock facilities will be made available at, or as soon as possible after, the noticed arrival time. In no event shall the Carrier be liable to Shipper for barge or tanker demurrage or other charges in case dockage is delayed.
- (b) Barges of less than (5,000) five thousand barrel capacity will not be accepted for unloading at the terminal.
- (c) Shippers shall dock their own barges or tankers directly at the docks and furnish a standby tug during unloading activities. Carrier will not provide any barge or tanker tugging facilities for docking nor any storage facilities, nor will any provision be made for barge or tanker loading, bunkering, deballasting, or water bottom treating.
- (d) All barges and tankers must be equipped to unload at a minimum rate of (1,000) one thousand barrels per hour per (10,000) ten thousand barrels of cargo. No pumping equipment for unloading of crude petroleum from barges or tankers will be furnished by carrier.
- (e) Shipper shall furnish at its own expense all labor required for unloading, including but not limited to connecting and disconnecting of unloading arms or hoses at the barge or tanker manifold.
- (f) In no event will Carrier be subject to any liability for delay, damage, loss or injury occasioned by or occurring in the process of docking an unloading from barges or tankers, and it will assume custody of the crude petroleum only at the time such crude petroleum is received through its custody transfer meters at the terminal.

## **27. COMMON STREAM SHORTFALLS**

Carrier will initiate the following procedure when it has been notified by the Capline System operator that a common stream crude shortfall exists on Carrier's space on the Capline Pipeline System, and nominations for such crude will be required to be cut back.

1. Carrier will confirm common stream receipt and delivery shortfalls allocated to Carrier's space by the Capline System operator.

2. Carrier will calculate a projected closing inventory for all crude types for each Shipper based on nominated receipts and deliveries.
3. Carrier will then compare the projected closing inventory (as identified in "2" above) to each Shipper's minimum inventory requirement for the common stream crude experiencing the shortfall to determine the extent that the Shipper will be over/under the Shipper's minimum.
4. Carrier will then determine the individual percentage for each Shipper based on the total receipt for the common stream crude experiencing the shortfall and allocate the total projected receipt shortfall based on that percentage.
5. Carrier will then calculate an adjusted closing inventory for each Shipper, taking into account the allocated receipt shortage, and compare the adjusted inventory to the Shipper's minimum requirement for the crude experiencing the shortfall.
6. For those Shippers projected to be under their inventory requirement for the common stream crude being cut, Carrier will calculate a percent of the total under for each Shipper.
7. Carrier will then apply the percent from Step 6 above to the total Carrier space on the Capline Pipeline System's projected delivery shortfall to determine the delivery cut for each Shipper.
8. For informational purposes only, Carrier will also calculate a Shipper level projected inventory and over/under, based on the adjusted receipts and deliveries.

Note: A copy of an example of this process using this procedure can be obtained from Carrier's System Scheduler at the BP Tulsa Control Center, 4502 E. 41st Street, Suite 300, Tulsa, Oklahoma 74135, or by contacting the BP Tulsa Control Center's main telephone number: 918-660-4300.

## **28. POLICY ON REGRADES**

At such time as the Carrier conducts a book to physical reconciliation, the Carrier will adjust Shipper inventories to match the system's physical inventories. From time to time, this process will require regrades of Shipper's existing inventories. A copy of this regrade procedure can be obtained from Carrier's system scheduler at the BP Tulsa Control Center, 4502 E. 41st Street, Suite 300, Tulsa, Oklahoma 74135, or by calling the main office number in Tulsa at 918-660-4300.

## **29. INVENTORY RETENTION POLICY FOR NON-SHIPPERS**

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 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:

Carrier will issue a letter to the Shipper that according to the Carrier's books, Carrier is holding a certain volume of crude oil 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. If at the end of this 30-day period, Carrier has not been contacted by Shipper, Carrier will assume title to the crude oil being held on its books in Shipper's name.

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. If at the end of this 60-day period, Carrier continues to retain control of this crude oil Carrier retains the right to initiate a penalty fee of [U] \$.10 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 will be released. If, however, Shipper has not disposed of such crude oil at the end of a 90-day period, Carrier will assume title to such crude oil.

- [ I ] Increase
- [ U ] Unchanged Rate
- [ C ] Cancel
- [ W ] Change in wording only