

# MONTREAL PIPE LINE LIMITED

## LOCAL TARIFF

THE CHARGES NAMED IN THIS TARIFF ARE FOR  
THE TERMINALLING & STORAGE OF

## PETROLEUM

at Carrier's Terminal located in Montreal East, Québec

SERVICE	TOLL in Canadian Dollars
Firm Terminalling Service	[I] \$0.1195 per Barrel*
Firm Storage Service	[I] \$163,701 month per Tank, plus flow through to Shipper of actual energy costs incurred by Carrier in providing Firm Storage Service**
Firm Terminalling Service and Spot Storage Service	[I] \$0.2730 per Barrel, plus flow through to Shipper of actual energy costs incurred by Carrier in providing Spot Storage Service ***
Spot Terminalling Service	[I] \$0.1716 per Barrel****
Spot Terminalling Service and Spot Storage Service	[I] \$0.2558 per Barrel, plus flow through to Shipper of actual energy costs incurred by Carrier in providing Spot Storage Service *****

To the extent permitted by Applicable Law:

- \* tolls for Firm Terminalling Service are for a ten year term of take or pay firm service, subject to certain rights to early termination, and subject to adjustment for certain Carrier costs and for inflation in accordance with TSA terms;
- \*\* tolls for Firm Storage Service are for a ten year term of take or pay firm service, subject to certain rights to early termination, and subject to adjustment for certain Carrier costs and for inflation in accordance with TSA terms;
- \*\*\* tolls for Firm Terminalling Service with Spot Storage are subject to the same conditions as Firm Terminalling Service at \* above, and in respect of Spot Storage Service are subject to periodic adjustment by Carrier;
- \*\*\*\* tolls for Spot Terminalling Service are subject to periodic adjustment by Carrier; and
- \*\*\*\*\* tolls for Spot Terminalling Service with Spot Storage Service are subject to periodic adjustment by Carrier.

**RATE FOR ABANDONMENT COLLECTION** – In addition to all of the per barrel tolls listed above, a charge of [D] \$0.0008 per barrel in respect of Carrier's abandonment obligations will be charged for handling of crude petroleum at the Terminal, Montreal East, Québec. These charges are pursuant to NEB Decision MH-001-2013.

**REGULATION ON A COMPLAINT BASIS** – The tolls of Montreal Pipe Line Limited are regulated by the National Energy Board on a complaint basis. Carrier is required to make copies of tolls and tariffs and supporting financial information readily available to interested persons. Persons who cannot resolve toll and tariff issues with Carrier may file a complaint with the Board. In the absence of a complaint, the Board does not normally undertake a detailed examination of Carrier's tolls or tariffs. This tariff is applicable to Petroleum received by Carrier at the Receipt Point for Terminalling, with or without Storage, and delivery at a Delivery Point connected to tankage of Shippers in Montreal East, Québec.

ISSUED: DECEMBER 8, 2016

EFFECTIVE: JANUARY 1, 2017

ISSUED BY  
J.C. GILLIES, SECRETARY - TREASURER  
MONTREAL PIPE LINE LIMITED  
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**RULES AND REGULATIONS**

**1. DEFINITIONS**

As used in this tariff, the following terms have the following meanings:

- (a) "**Aggregate Contract Shippers Nominations**" means the sum of all actual nominations of Contracted Volumes by all Contract Shippers (other than Defaulting Contract Shippers) for a particular month, and excludes, for clarity, any nomination by a Contract Shipper of Make-Up Volumes, Carrier Interrupted Volumes, and Non-Contracted Volumes;
- (b) "**Aggregate Contracted Volumes**" means, collectively, the aggregate volume of commitments measured in bpd, by all Contract Shippers, of Contracted Volumes pursuant to executed TSAs from time to time;
- (c) "**Applicable Law**" means all applicable laws, statutes, directives, codes, ordinances, rules, regulations, municipal by-laws, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings or awards, consent orders, consent decrees and policies of any Governmental Authority;
- (d) "**Available Monthly Capacity**" means the capacity of the Terminal available to move Petroleum in a given month, as determined by Carrier, but shall not exceed the ability of Carrier to deliver Petroleum in a given month;
- (e) "**Barrel**" means 158.9873 Litres, or forty-two (42) United States gallons at a temperature of 60°F;
- (f) "**Carrier**" means Montreal Pipe Line Limited;
- (g) "**Carrier Interrupted Volumes**" means volumes not accepted by Carrier for the first 7 days of a Carrier Force Majeure Period (as defined in a TSA) or other interruption impairing Carrier's performance;
- (h) "**Contract Shipper**" means a Shipper that has entered into a TSA with Carrier;
- (i) "**Connecting Carrier**" means Enbridge Pipelines, Inc., or its successors or assigns that own and operate the Line 9B pipeline operating in west to east flow;
- (j) "**Contracted Volume**" means with respect to a Contract Shipper, the minimum daily commitment of volume of Petroleum for movement through the Terminal set out in the Contract Shipper's TSA;
- (k) "**Defaulting Contract Shipper**" means a Contract Shipper that is in default or breach of its obligations under its TSA;
- (l) "**Deficiency Payment**" means payments to be made by a Contract Shipper to Carrier for failing to deliver to Carrier its Contracted Volumes as determined in accordance with its TSA;
- (m) "**Delivery Point**" means the interconnection point located in Montreal, Québec at which Petroleum is delivered by Carrier from the Terminal to a Shipper's connected tankage, as set forth in a TSA, or such other delivery point at the Terminal to which Carrier and a Shipper agree in writing from time to time;
- (n) "**Firm Storage Service**" means the provision to a Shipper of storage of Petroleum at the Terminal on a dedicated basis, on terms agreed in a TSA;
- (o) "**Firm Terminalling Service**" means the movement by Carrier of Contracted Volumes, Make-Up Volumes, or Carrier Interrupted Volumes received at the Receipt Point, with or without any Storage, in accordance with this tariff, for delivery to a Delivery Point;
- (p) "**Governmental Authority**" means any government, any governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political subdivision and any court, tribunal or judicial or arbitral body (federal, provincial or local or, in the case of an arbitral body, whether governmental, public or private);
- (q) "**Litre**" means 0.001 cubic meter corrected to 60°F in accordance with API petroleum measurement tables;

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- (r) **"Make-Up Volumes"** means volumes of Petroleum for which a monthly Deficiency Payment has been paid under a TSA and which are nominated by a Contract Shipper (other than a Defaulting Contract Shipper) for Terminalling in a subsequent month in accordance with its TSA;
- (s) **"Monthly Volume"** means, in respect of a Contract Shipper, the product of the Contracted Volumes multiplied by the number of days in the relevant month;
- (t) **"Non-Contracted Volumes"** means volumes of Petroleum received in a month by Carrier for Terminalling at the Terminal (a) for any Shipper that is not a Contract Shipper; and (b) for a Contract Shipper, but that are in excess of the Monthly Volume and that are not Make-up Volumes or Carrier Interrupted Volumes;
- (u) **"Petroleum"** means the direct liquid product of oil wells or oil processing plants, the indirect liquid petroleum products of oil or gas wells or oil sands, or a mixture of such products, but does not include natural gas liquids or refined petroleum products;
- (v) **"Receipt Point"** means the interconnection point located in Montreal, Québec at which Petroleum is received from the Connecting Carrier at the Terminal, in accordance with the interconnection agreement between Carrier and Connecting Carrier applicable at the relevant time;
- (w) **"Shipper"** means any party that is provided Terminalling of Petroleum by Carrier, with or without any Storage, under the terms of this tariff;
- (x) **"Spot Storage Period"** has the meaning given to it in Rule 10(e)(i);
- (y) **"Spot Storage Service"** means the provision to a Shipper of storage of Petroleum at the Terminal on a fully interruptible basis (being Storage that is not Firm Storage Service);
- (z) **"Spot Terminalling Service"** means the movement by Carrier of Non-Contracted Volumes received at the Receipt Point, with or without any Storage in accordance with this tariff, for delivery to a Delivery Point;
- (aa) **"Storage"** means either Firm Storage Service or Spot Storage Service, or both, as the context requires;
- (bb) **"Tank"** means storage capacity in tankage equal to that which can be accommodated by Carrier using good petroleum industry practice in a single tank with total shell capacity of 350,000 barrels (approximately 280,000 moveable barrels);
- (cc) **"Tender"** means an offer by a Shipper of a stated quantity of Petroleum for receipt at the Receipt Point for Terminalling at the Terminal for delivery to a Delivery Point;
- (dd) **"Terminal"** means the terminal manifolds and related piping facilities, and tankage at Carrier's North Tank Field, operated by or for Carrier in Montreal East, Québec, and any additions, modifications or replacements thereto;
- (ee) **"Terminalling"** means either Firm Terminalling Service or Spot Terminalling Service, or both, as the context requires;
- (ff) **"TSA"** means a terminalling services agreement executed by a Shipper with Carrier with respect to Petroleum movements through the Terminal, and if applicable for Firm Storage Services, for a minimum 3 years of take or pay firm service, subject to early termination rights;
- (gg) **"Unused Committed Capacity"** means for any month the amount, if any, by which (a) the lesser of (i) Aggregate Contracted Volumes, or (ii) 95% of the Available Monthly Capacity of the Terminal for such month, exceeds (b) the Aggregate Contract Shippers Nominations;
- (hh) **"Viscosity"** means the viscosity determined by the Saybolt method;
- (ii) **"Working Stock"** means the volume of Petroleum required by Carrier for efficient operations and scheduling purposes as specified from time to time by Carrier, subject to relevant provisions of any TSAs, and includes line fill and tank bottoms.

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#### **2. COMMODITY TRANSPORTED**

Carrier is engaged in the Terminalling or Storage of Petroleum (as defined above) and therefore reserves the right to refuse any other commodity for Terminalling or Storage hereunder.

#### **3. DUTY OF CARRIER**

Subject to any Applicable Law, Carrier will accept Tenders for Terminalling of Petroleum in accordance with the terms of this tariff. Carrier will, subject to Storage in accordance with Rule 10, deliver to a Shipper Petroleum received at the Terminal for Terminalling within a reasonable timeframe, considering the quantity of Petroleum received by Carrier, the safety of the operation, the terms of this tariff, and other material factors.

#### **4. NOMINATIONS AND SCHEDULING**

Carrier is under no obligation to accept a Tender of Petroleum for Terminalling hereunder for any operating month unless the Shipper submits its nomination to Carrier, and such nomination is accepted by Carrier, in accordance with Carrier's scheduling procedures and the nominations format prescribed by Carrier. A copy of the scheduling procedures and nominations format are available upon request from Carrier. Carrier shall notify all Shippers of the monthly nomination schedule applicable for the calendar year. Notice of any amendment to a monthly nomination time or date shall be provided by Carrier to all Shippers at minimum 24 hours in advance of the revised nomination time or date.

A Shipper may revise a nomination submitted to Carrier, provided sufficient notice is given, in Carrier's reasonable determination, in advance of the contemplated revised nominated Tender, and in accordance with Carrier's scheduling procedures and the nominations format prescribed by Carrier.

Unless Carrier otherwise agrees in writing, a Shipper shall support its nomination, or any revision to a nomination, by providing written third party verification, in accordance with the format prescribed by Carrier, of the availability of the Shipper's supply of Petroleum and of its capability to remove such Petroleum from the Delivery Point. Carrier shall have the right to refuse to accept a Shipper's nomination where there is no such verification or such verification is unacceptable to Carrier, in its sole discretion.

#### **5. DESTINATION FACILITIES**

- (a) Subject to the other provisions of this tariff, Carrier will only accept Petroleum for Terminalling (with or without Storage):
  - (i) at the Receipt Point;
  - (ii) when the Petroleum has been specified to be delivered to a Delivery Point; and
  - (iii) the party taking delivery of the Petroleum has been specified in writing to Carrier.
- (b) Except where Carrier provides such facilities, Carrier will only accept Petroleum for Terminalling when the Shipper has provided the necessary facilities satisfactory to Carrier at the specified Delivery Point for such Petroleum.

#### **6. TENDERS AND ACCEPTANCES**

Without limiting Carrier's rights to refuse to accept Petroleum at the Receipt Point, a Shipper shall be obligated to Tender volumes of Petroleum accepted by Carrier for nomination under this tariff, and a Shipper shall not be excused of such obligation to Tender volumes for any reason, including force majeure of the Shipper.

Carrier shall not be obligated to accept a Shipper's Petroleum if the volume of such Petroleum is less than the minimum volume or if the rate at which such Petroleum is to be received by Carrier, or delivered by Carrier, is less than or greater than the rate of flow, or otherwise contrary to the conditions, at which Carrier is then operating the Terminal at the Receipt Point or the applicable Delivery Point.

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**7. ADVERSE CLAIMS AGAINST PETROLEUM**

- (a) A Shipper shall not Tender or deliver to Carrier Petroleum which is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind unless the Shipper provides written notification to Carrier of such litigation, dispute, lien or charge not less than 20 days before such Tender is made to Carrier.
- (b) Carrier shall not be obligated to accept Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.
- (c) A Shipper shall advise Carrier in writing if, at any time while the Shipper's Petroleum is in the possession of Carrier, such Petroleum becomes involved in litigation, the ownership of such Petroleum becomes in dispute or such Petroleum becomes encumbered by a lien or charge of any kind.
- (d) A Shipper shall, upon demand from Carrier, provide a bond or other form of indemnity satisfactory to Carrier protecting Carrier against any liability or loss that may arise as a result of such Shipper's Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.

**8. REMOVAL AND DELIVERY**

- (a) A Shipper (or any other party taking delivery of the Petroleum specified in writing to Carrier) shall accept such Shipper's Petroleum upon arrival at the designated Delivery Point for such Petroleum, in accordance with the rate of flow, and any other conditions, at which Carrier is then operating the Terminal at the applicable Delivery Point.
- (b) If a Shipper fails to remove (or to cause to be removed) its Petroleum from the Terminal in accordance with the provisions of paragraph (a) of this Rule 8 of this tariff, and a disruption of Carrier's operations or damage to the Terminal directly results from such failure to remove, such Shipper shall be solely responsible for all costs or losses to Carrier associated with such disruption or damage, including loss of revenue resulting directly therefrom, unless the non-removal of such Petroleum is due to the direct negligence or wilful misconduct of Carrier.

**9. SPECIFICATION AS TO QUALITY**

Carrier will not accept Petroleum for receipt for Terminalling, with or without Storage, which, as determined by Carrier, has:

- (a) a true vapor pressure which would result in Carrier's non-compliance with Applicable Law regarding hydrocarbon emissions;
- (b) a Reid vapor pressure in excess of 83 Kilopascals at 37.8°C (100°F);
- (c) a temperature greater than 37.8°C (100°F);
- (d) sediment and water in excess of one percent (1.0%) by volume as measured by API or ASTM test method selected by Carrier's in its discretion;
- (e) viscosity greater than 2,500 Seconds Saybolt Universal (S.S.U.) at a temperature determined in accordance with Carrier's procedures for determining Petroleum quality;
- (f) any organic chlorides; or
- (g) any other physical or chemical characteristics that may render such Petroleum not readily amenable to Terminalling or Storage by Carrier or that may materially affect the quality of other Petroleum handled by Carrier, or that may otherwise cause financial, operational or other disadvantage to Carrier.

A Shipper shall provide to Carrier a certificate with respect to the specifications of Petroleum to be received by Carrier from such Shipper. If the Shipper fails to provide Carrier with such certificate, then Carrier shall not be obligated to accept the Shipper's Petroleum. If Carrier determines that a Shipper does not comply with the provisions of this Rule 9, then such Shipper shall remove its Petroleum from the Terminal as directed by Carrier.

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If a Shipper fails to remove its Petroleum from the Terminal as directed by Carrier, within a reasonable period of time from the receipt of said notice from Carrier sufficient to complete administrative and operational requirements incidental to the removal, then Carrier shall have the right to remove and sell such Petroleum in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal and sale of such Petroleum. The remainder of such proceeds, if any, shall be held by Carrier and distributed to the Shipper and any other party lawfully entitled to such proceeds.

**10. STORAGE**

- (a) With respect to any Petroleum for Terminalling for which a nomination has been accepted by Carrier, a Shipper may request, in accordance with Carrier's scheduling procedures, that tendered volumes be placed into Storage at the Terminal and not be delivered directly by Carrier to the Delivery Point. Absent such request, or where Carrier declines such request (in its sole discretion in respect of Spot Storage Service and in accordance with relevant provisions of the applicable TSA in respect of Firm Storage Service) volumes actually received at the Terminal shall be delivered directly by Carrier to the Delivery Point.
- (b) Carrier may refuse, without limitation, requests in respect of Storage for any volumes which would cause available Carrier tankage to be exceeded.
- (c) A Shipper may, from time to time, in accordance with Carrier's scheduling procedures, request that volumes of Petroleum held by Carrier in tankage pursuant to Storage be subsequently delivered to the Delivery Point.
- (d) Firm Storage Service shall be provided in accordance with the relevant provisions of the applicable TSA.
- (e) Spot Storage Service shall be provided on a fully interruptible basis, and in accordance with the provisions of this tariff. Any Shipper receiving Spot Storage Service acknowledges and agrees that:
  - (i) such storage is provided on a time limited basis of seven (7) days from commencement of storage of the Petroleum (the "**Spot Storage Period**"); and
  - (ii) Carrier may require at any time following the Spot Storage Period that the Petroleum be withdrawn from storage and delivered to the Delivery Point specified in Shipper's latest nomination.
- (f) Where:
  - (i) in respect of any Storage, voiding of tankage is required: (A) pursuant to Applicable Laws, or for maintenance of the Terminal, and upon reasonable notice by Carrier of same, or (B) due to an emergency;
  - (ii) in respect of Spot Storage Service, Carrier gives notice that volumes must be removed from storage pursuant to Rule 10(e)(ii); or
  - (iii) in respect of Firm Storage Services, the relevant TSA expires or is terminated;

then Carrier shall be obligated to return, and the Shipper shall remove, Shipper's Petroleum placed in storage from the Terminal, as directed by Carrier. If a Shipper fails to remove its Petroleum from the Terminal in accordance with the foregoing, then Carrier shall have the right to remove and sell such Petroleum in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, terminalling, transportation, removal and sale of such Petroleum. The remainder of such proceeds, if any, shall be held by Carrier and distributed to the Shipper and any other party lawfully entitled to such proceeds.

**11. NORMAL OVERAGES & SHORTAGES**

Carrier shall account to each Shipper for all Petroleum received. Any overage or shortage, including without limitation, actual losses or gains resulting from shrinkage, evaporation, expansion or other Petroleum losses or gains inherent in the operation of the Terminal shall be allocated at a frequency not to exceed six months, according to whether such Petroleum has been received:

- (a) for Terminalling only (without Storage); or

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- (b) for Terminalling with Storage.

The allocations for (a) and (b), respectively, will be made among the Shippers based on the total number of such Barrels delivered from the Terminal for each Shipper, to the total number of such Barrels delivered for all Shippers. The net balance for (a) and (b), respectively, after applicable deductions defined above, will be the quantity deliverable by Carrier and upon which all charges and costs as provided for in this tariff will be assessed.

### 12. IDENTITY OF OIL & COMMINGLING

- (a) Petroleum will be accepted for Terminalling, with or without Storage, on condition that it shall be subject to such changes in density or quality while in the Terminal as may result from the mixture, or other commingling, of said Petroleum with other Petroleum in the pipelines or tanks of Carrier, or Petroleum receipts from the Connecting Carrier, or deliveries to connecting delivery lines of Shippers', or otherwise at the Terminal. Carrier shall endeavor to deliver substantially the same type of Petroleum as that received from a Shipper, however Carrier shall not be obligated to make delivery of identical Petroleum received by Carrier.
- (b) Subject to Rule 18(a), Carrier shall not be liable for any damage, loss, or consequential loss resulting from a change in the density or other quality of a Shipper's Petroleum as a result of Carrier's Terminalling or Storage of such Petroleum, including without limitation, due to the mixing, or other commingling, of Petroleum volumes.

### 13. MEASURING, TESTING AND DEDUCTIONS

- (a) Measurement of receipts of Petroleum at the Receipt Point shall be made by Carrier using data from Connecting Carrier's metering and sediment and water management systems located at or about the Receipt Point.
- (b) Measurement of deliveries to a Delivery Point shall be made by Carrier using either:
- (i) data from Connecting Carrier's metering and sediment and water management systems located at or about the Receipt Point; or
  - (ii) in the event of Storage, Carrier's tank gauges, provided this will provide better accuracy of measurement than available by using the method set out in paragraph (i) immediately above, in Carrier's reasonable determination;
- and such measurement shall be the custody transfer measurement of deliveries from Carrier to the Shipper (notwithstanding that it occurs upstream of the Delivery Point), and such custody transfer measurements of Petroleum delivered to the Shipper shall be deemed to occur at the Delivery Point.
- (c) Measurement using data from Connecting Carrier's metering and sediment and water management systems located at or about the Receipt Point, shall be conducted in accordance with the measurement provisions within the interconnection agreement between Carrier and Connecting Carrier applicable at the relevant time.
- (d) Subject to such specific testing for sediment and water content as Carrier and Shippers may agree in writing to conduct, Connecting Carrier's measurements at or about the Receipt Point for sediment and water shall be applied ratably by Carrier to all delivered volumes of Petroleum commingled in its tankage pursuant to the provision of any Storage to Shippers.
- (e) To the extent measurement is conducted using Carrier tank gauges:
- (i) the Shipper or the designate of the Shipper may be present at such gauging;
  - (ii) the volume of Petroleum shall be computed from tank tables on a 100 percent volume basis;
  - (iii) Carrier shall, as deemed necessary by Carrier, adjust the measured volume of Petroleum for shrinkage in accordance with API MPMS Chapter 12.3; and
  - (iv) such measurement (excepting, for certainty, measurement in respect of sediment and water) shall be conducted in accordance with API or ASTM standards, and in accordance with all applicable governmental and regulatory requirements.

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- (f) Carrier shall not be obligated to receive a Shipper's Petroleum unless the Connecting Carrier measures such Petroleum using custody transfer metering equipment approved of by Carrier and in accordance with the measurement provisions within the interconnection agreement between Carrier and Connecting Carrier applicable at the relevant time; to the extent Carrier determines that it is unable to receive Petroleum due to any event, beyond the reasonable control of Carrier, arising in connection with Connecting Carrier's custody transfer metering, then such event shall be Carrier force majeure.
- (g) The results of all metering and gauging by, or for, Carrier in accordance with the foregoing shall be final and binding on a Shipper.

**14. EVIDENCE OF RECEIPT AND DELIVERIES**

Petroleum received and delivered for the account of a Shipper shall be evidenced by tickets or other documents showing quantity, temperature, sediment and water, and any other data essential to the determination of quantity. Such tickets or documents shall be forwarded to the representatives of the Shipper and shall constitute full receipt for Petroleum delivered. A Shipper acknowledges and agrees that in preparing such tickets or other documents Carrier is relying on measurement data being generated accurately by the Connecting Carrier and, notwithstanding any other provision of this tariff or any TSA to the contrary, any adjustments made by the Connecting Carrier to such measurement data from time to time shall be deemed to apply to such tickets or other documents and conclusively adjust the evidence of receipts and deliveries of Petroleum under this Tariff.

**15. INVENTORY REQUIREMENTS**

A Shipper shall supply its share of Working Stock by volume as determined from time to time by Carrier, subject to relevant provisions of any TSAs and this Local Tariff. Petroleum provided by the Shipper for this purpose may be withdrawn only after: (1) shipments of a Shipper have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between the Shipper and Carrier; provided the foregoing complies with relevant provisions of any TSAs. Carrier, at its discretion, may require advance payment of Terminalling charges on the volumes to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to the Shipper withdrawal.

**16. APPLICATION OF RATES AND CHARGES**

Petroleum accepted from the Shipper for Terminalling or Storage shall be subject to the charge in effect on the date of receipt of such Petroleum by Carrier, subject to the provisions of any TSAs. Such charges will be assessed only on the net quantities of such Petroleum. All shipments of Petroleum will be received and delivered as net standard volume (being the total volume excluding water and sediment) delivered as determined by Carrier.

**17. PAYMENTS OF CHARGES AND LIENS FOR UNPAID CHARGES**

A Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling or Storage of the Shipper's Petroleum by Carrier. The Shipper shall pay such charges and costs upon receipt of Carrier's invoice respecting such charges and costs. If required by Carrier, the Shipper shall pay such charges and costs before delivery of the Shipper's Petroleum by Carrier.

Carrier shall have a general lien on a Shipper's Petroleum that is in the possession of Carrier to secure the payment of all charges and costs that are due to Carrier by the Shipper. Carrier may withhold the Shipper's Petroleum from delivery until all such charges and costs have been paid by such Shipper.

If charges or costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling or Storage of the Shipper's Petroleum by Carrier remain unpaid for 10 days after notice of demand for payment of such charges or costs is made to such Shipper by Carrier, then Carrier shall have the right to remove and sell in any lawful manner any and all of such Shipper's Petroleum that is in the possession of Carrier in such lawful manner as deemed appropriate by Carrier.

Carrier shall pay from the proceeds of such sale charges and costs accruing or due relating to the Terminalling or Storage of the Shipper's Petroleum by Carrier, and all costs incurred by Carrier with respect to the storage, terminalling, transportation, removal and sale of such Shipper's Petroleum. The remainder of such proceeds, if any, shall be held by Carrier and distributed to the Shipper and any other party lawfully entitled to such proceeds.



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**18. LIABILITY OF CARRIER**

- (a) Except where caused by the direct negligence or wilful misconduct of Carrier, Carrier shall not be liable to a Shipper for any delay, damage, loss or consequential loss resulting from any cause while Carrier is in possession or control of such Shipper's Petroleum, or otherwise arising from or in connection with Carrier's provision of Terminalling or Storage, including without limitation due to the breakdown of the facilities of Carrier.
- (b) If damage or loss to Petroleum results from any cause other than the direct negligence or wilful misconduct of Carrier while Carrier is in possession or control of such Petroleum, then Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by Carrier based on the proportion of the volume of the Shipper's Petroleum in the possession of Carrier on the date of such loss to the total volume of Petroleum in the possession of Carrier on the date of such loss.
- (c) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS TARIIF, CARRIER WILL NOT BE LIABLE OR RESPONSIBLE TO A SHIPPER, OR A SHIPPER'S AFFILIATES, OR ANY OTHER PERSON FOR WHOM THE SHIPPER IS RESPONSIBLE AT LAW, FOR ANY CONSEQUENTIAL, MULTIPLE, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL, OR PUNITIVE DAMAGES, OR FOR LOSS OF PROFITS OR REVENUES INCURRED BY ANY SUCH PARTY THAT ARISE OUT OF OR RELATE TO THIS TARIFF, REGARDLESS OF WHETHER SUCH CLAIM ARISES UNDER OR RESULTS FROM CONTRACT, TORT OR STRICT LIABILITY.

**19. SHIPPER CLAIMS, SUITS AND TIME FOR FILING**

As a condition precedent to any recovery hereunder by a Shipper, claims must be filed in writing with Carrier, within thirty (30) days after delivery of the Petroleum; and suits shall be instituted against Carrier only within 180 days from the day when notice in writing is given by Carrier to the claimant that 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 shall not be liable and such claims will not be paid.

**20. INDEMNIFICATION BY THE SHIPPER**

A Shipper shall, and by delivering or causing the delivery of Petroleum to Carrier agrees and is deemed to, be responsible to and indemnify Carrier for any damage, loss, costs or consequential loss incurred by Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff.

**21. CONTRACT SHIPPER NOMINATIONS**

In the event that a Contract Shipper fails to nominate and Tender a volume of Petroleum equal to the Monthly Volume, it shall pay to Carrier the Deficiency Payment. Whether nominations and Tenders meet Monthly Volume requirements will be determined relative to receipts by Carrier from Connecting Carrier at the Receipt Point.

**22. CONTRACT SHIPPER MAKE UP RIGHTS**

Contract Shippers who fail to meet their Monthly Volume requirements in a month will be subject to provisions with respect to their ability to make up those volumes in subsequent months and their corresponding payment obligations all as set forth in the TSAs.

**23. RIGHTS TO INTERRUPT THE SERVICES.**

Carrier reserves the right to stop or curtail Terminalling or Storage at any time due to operational conditions and restrictions at the Terminal, or at facilities upstream or downstream thereof, emergency maintenance or testing required for the safe operation of the Terminal, scheduled maintenance or testing required for prudent and legally compliant operations, and otherwise as contemplated in this Local Tariff; provided that Carrier shall, to the extent reasonably possible, give at least ten (10) days advance notice of such interruptions (or such shorter period where ten (10) days advance notice cannot be reasonably provided, or prompt subsequent notice where an interruption is unforeseen) and take commercially reasonable steps to mitigate such interruptions to the extent the source of such interruptions is within Carrier's reasonable control.

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**24. PRIORITY SERVICE AND APPORTIONMENT**

During any month for which Carrier determines that the Available Monthly Capacity is insufficient to provide Terminalling for the full volume of Petroleum nominated by all Shippers, Carrier will, without limiting Rules 4 or 6, communicate such insufficient capacity to Connecting Carrier for the information of Connecting Carrier in its apportionment process on the Line 9B pipeline to facilitate Connecting Carrier's allocation of volumes on the Line 9B pipeline to Shippers in a manner consistent with Carrier's Available Monthly Capacity. Notwithstanding the foregoing, in the event Connecting Carrier does not perform apportionment or otherwise adequately pro-rata volumes for receipt at the Terminal consistent with Carrier's Available Monthly Capacity and relevant provisions of any TSA, all as determined by Carrier in its sole discretion, then Carrier reserves the right to allocate the Available Monthly Capacity to Shippers as follows:

- (a) each Contract Shipper (other than a Defaulting Contract Shipper) will be allocated its Contracted Volume or, if less, its actual nomination of Contracted Volume for the month, provided that:
  - (i) if the Aggregate Contract Shippers' Nominations for such month exceeds 95% of the Available Monthly Capacity for the month, all such Contract Shippers' nominations of Contracted Volumes will be reduced on a pro rata basis (according to the Contracted Volume of each) to a volume that equals 95% of the Available Monthly Capacity in such month; and
  - (ii) if for the month there is Unused Committed Capacity, then the Unused Committed Capacity will be apportioned to Terminalling of Make-Up Volumes nominated by Contract Shippers (other than Defaulting Contract Shippers) in proportion to the respective Contracted Volumes of each Contract Shipper (other than a Defaulting Contract Shipper) nominating Make-Up Volumes in such month;
  - (iii) if for the month there is still Unused Committed Capacity after allocation above, then the Unused Committed Capacity will be apportioned to Terminalling of Carrier Interrupted Volumes nominated by Contract Shippers (other than Defaulting Contract Shippers) in proportion to the respective Contracted Volumes of each Contract Shipper (other than a Defaulting Contract Shipper) nominating Carrier Interrupted Volumes in such month;
- (b) all Available Monthly Capacity remaining after the steps set forth in paragraph (a) will be allocated, on a pro rata basis in proportion to the volume of each nomination, among Shippers of Non-Contracted Volumes;
- (c) all Available Monthly Capacity remaining after the step set forth in paragraph (b), if any, will be allocated among Contract Shippers to the extent of their Make-Up Volumes (not apportioned capacity under the steps in paragraph (a)), in proportion to their respective Contracted Volumes;
- (d) all Available Monthly Capacity remaining after the step set forth in paragraph (c), if any, will be allocated among Contract Shippers to the extent of their Carrier Interrupted Volumes (not apportioned capacity under the steps in paragraph (a)), in proportion to their respective Contracted Volumes; and
- (e) all Available Monthly Capacity remaining after the step set forth in paragraph (d), if any, will be allocated, on a pro rata basis in proportion to the volume of each nomination from any Defaulting Contract Shippers, at Carrier's discretion;

provided that in months where volumes of Petroleum are apportioned in accordance with Rule 24(b), if less than 95% of the Non-Contracted Volumes that are nominated by a Shipper and accepted for shipment by the Carrier are physically tendered to Carrier by such Shipper, other than by reason of force majeure, Carrier will reduce that Shipper's allocated share of Spot Terminalling Service with respect to Shipper's Non-Contracted Volumes in the next three (3) months of apportionment by the volume not shipped. The volume that would otherwise be allocated to Shipper in those three (3) months will be re-allocated to the remaining Shippers in accordance with Rule 24(b).

In all circumstances, Shippers are responsible for ensuring that upstream allocations on Connecting Carrier's pipeline are sufficient to satisfy nominations to Carrier's Terminal.

**25. CREDITWORTHINESS**

- (a) At any time, upon the request of Carrier, any prospective or existing Shipper shall provide information to Carrier that will allow Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the Terminalling or Storage of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise

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lawfully due to Carrier relating to the Terminalling or Storage. Carrier shall not be obligated to accept Petroleum for Terminalling or Storage from an existing or prospective Shipper if the existing Shipper or prospective Shipper fails to provide the requested information to Carrier within 10 days of Carrier's written request, or if Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise from the Terminalling or Storage of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling or Storage.

- (b) Subject to the provisions of Rule 25(c), Carrier, upon notice to the Shipper, may require credit enhancement, acceptable to Carrier in its sole discretion, which credit enhancement may include, but is not limited to, prepayment, a letter of credit or a guaranty. Any credit enhancement shall be in an amount sufficient to ensure payment of all costs and charges that could arise from the Terminalling or Storage of the Shipper's Petroleum under the terms of this tariff, including the payment of charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling or Storage.
- (c) In the event that Carrier reasonably determines that: (i) the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory; or (ii) any credit enhancement previously provided by a Shipper no longer provides adequate security for the performance of the Shipper's obligations that could arise from the Terminalling or Storage of the Shipper's Petroleum under the terms of this tariff, then the Shipper shall provide credit enhancement for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the Terminalling or Storage of the Shipper's Petroleum under the terms of this tariff, including the payment of Terminalling or Storage charges.
- (d) Carrier shall not be obligated to accept Petroleum for Terminalling or Storage from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver credit enhancement to Carrier within 21 days of Shipper's receipt of Carrier's written request for such credit enhancement.

Explanation of Reference Marks:

**[D]** Denotes decrease

**[I]** Denotes increase