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# ENBRIDGE STORAGE (PATOKA) L.L.C.

## LOCAL AND PROPORTIONAL TARIFF

CONTAINING

### RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION OF

### CRUDE PETROLEUM

BY

### PIPELINE

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#### GENERAL APPLICATION

Carrier will undertake the transportation of Crude Petroleum, only as defined herein, receiving and delivering such Crude Petroleum through its own pipelines and pipelines of connecting carriers and not otherwise, subject to the rules and regulations contained in this tariff publication.

The rules and regulations published herein apply only under tariffs making specific reference by FERC number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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The rates and regulations have been brought forward unchanged from Enbridge Pipelines (Ozark) L.L.C. F.E.R.C. No. 2 in accordance with Enbridge Storage (Patoka) L.L.C.'s adoption notice F.E.R.C. No. 1 that has an effective date of November 1, 2004.

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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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Issued on 3 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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## 5. DEFINITIONS

"Barrel" as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

"Carrier" as herein used means Enbridge Storage (Patoka) L.L.C.

"Consignor" - as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

"Consignee" - as herein used means the party to whom a Shipper has ordered the delivery of Crude Petroleum.

"Crude Petroleum" as herein used means the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil and gas wells including gasoline and liquefied petroleum gases, as provided in Item 40 (MIXTURES).

"Shipper" as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules.

"Tender" as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination in accordance with these rules.

## 10. TENDER, MINIMUM QUANTITY

Tenders for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's system under these rules in quantities of not less than ten thousand (10,000) Barrels aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Crude Petroleum from lease tanks or other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than ten thousand (10,000) Barrels, and Carrier will not be obligated to make any single delivery of less than ten thousand (10,000) Barrels, unless Carrier's operations dictate otherwise. The term "single delivery" as used herein means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

## 15. LINE FILL AND TANK BOTTOM INVENTORY REQUIREMENTS

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments 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 Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation 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 Shipper withdrawal.

## 20. TITLE

The Carrier shall have the right to reject any Crude Petroleum, when Tendered for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and it may require of the Shipper satisfactory evidence of its perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By Tendering Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

## 25. SPECIFICATION AS TO QUALITY RECEIVED

No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.

Sediment and water limitations of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.

Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not Tendered or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.

If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its pipeline system. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into Carrier's system.

### **30. COMMON STREAM CRUDE PETROLEUM - CONNECTING CARRIERS**

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

### **35. SHIPMENTS, MAINTENANCE OF IDENTITY**

Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver to Shipper the identical Crude Petroleum tendered by Shipper; Carrier will deliver the grade of crude petroleum it is regularly transporting as a common stream.

Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

### **40. MIXTURES**

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

The indirect products portion of the mixture will be accepted for transportation at reception points other than the one at which the direct products portion of the same mixture is received, provided that the Shipper, Consignee, and destination are the same, and that operating conditions and the Carrier's facilities permit the indirect products portion to be mixed with the direct products of the same Shipper or Consignee.

Mixtures will be transported and delivered as Crude Petroleum only. Nothing in this rule is to be construed to waive provisions of Item 35 (SHIPMENTS, MAINTENANCE OF IDENTITY) of these rules or to require the Carrier to receive, transport, and deliver unmixed indirect products. However, unmixed indirect products may be transported for subsequent mixing with direct products in accordance with this rule where facilities exist and operations permit transporting such indirect products.

### **45. ADDITIVES**

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

### **50. DUTY OF CARRIER**

Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other material elements. Carrier can not commit to delivering Crude Petroleum to a particular destination, at a particular time.

### **55. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER**

Where Consignor (or Shipper) elects to deliver Crude Petroleum to the Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must be approved by the Carrier and any appropriate regulatory body. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

**60. DESTINATION FACILITIES REQUIRED**

The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

**65. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE**

The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be transported, less deductions, at the specified destination. Such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee.

Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be one-half cent per Barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only.

If the Shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at the specified destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee.

**70. GAUGING, TESTING AND DEDUCTIONS**

Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions.

When, in Carrier's opinion, a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.

Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.

One of the following pipeline loss allowance will be used when specifically referenced in the tariff.

Option 1

A deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 2

No deduction will be made to cover evaporation, interface losses, and other normal losses during transportation

Option 3

Quantities transported will be adjusted to allow for inherent losses, including but not limited to shrinkage, evaporation, interface losses and other losses. Pipeline loss adjustments will be made on the basis of total quantities transported.

Option 4

A deduction of one-tenth of one percent (0.1%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 5

A deduction of fifteen hundredths of one percent (0.15%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 6

A deduction of twenty-five hundredths of one percent (0.25%) will be made to cover evaporation, interface losses, and other normal losses transportation.

Option 7

A deduction of three-tenths of one percent (0.3%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 8

A deduction of thirty-five hundredths of one percent (0.35%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

Option 9

A deduction of one-half of one percent (0.5%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

All receipts of Crude Petroleum and indirect liquid products having an API gravity of 45 degrees or above shall also be subject to a deduction to cover the shrinkage and incremental evaporation resulting from the mixture thereof, in Carrier's facilities, with Crude Petroleum having an API gravity of 44.9 degrees or less. Such deduction shall be determined in accordance with the following table:

<u>API Gravity, Degrees</u>	<u>Deduction for Incremental Evaporation &amp; Shrinkage</u>
45 through 54.9	0.5%
55 through 64.9	1.0%
65 through 74.9	1.5%
75 and above	2.0%

After consideration of all of the factors set forth in this Item No. 70, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

**75. APPORTIONMENT WHEN TENDERS ARE IN EXCESS OF FACILITIES**

When there shall be Tendered to Carrier, for transportation, more Crude Petroleum than can be immediately transported, on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments will be prorated separately if necessary. Space in each segment will be allocated among "Regular Shippers" and any "New Shippers" as follows:

1. The capacity of the line segment being prorated shall be divided by the total of all volumes nominated by Regular Shippers and New Shippers. The resultant fraction will be the "proration factor".
2. Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the proration factor.
3. The remaining capacity shall be allocated among Regular Shippers in proportion to their base period shipments.

The "base period" is a period of 12 months beginning 13 months prior to the month of allocation and excluding the month preceding the month of allocation. A "Regular Shipper" is any Shipper having a record of movements, in the line segment being prorated, during the base period. A "New Shipper" is a Shipper who does not qualify as a Regular Shipper under the above definition.

**80. APPLICATION OF RATES & CHARGES**

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier. Trunk line transportation and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered. Gathering charges will be collected on the basis of net quantities of Crude Petroleum received. All net quantities will be determined in the manner provided in Item 70 (GAUGING, TESTING AND DEDUCTIONS).

**85. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS**

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

**90. CHARGE FOR COMPENSATION FUND FEES INCURRED BY COMPANY**

In addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations.

**95. TANKER AND BARGE LOADING AND UNLOADING**

Carrier will receive or deliver Crude Petroleum across its dock facilities from both tankers or barges where dock facilities are equipped to handle tankers or barges. Shippers shall indemnify and hold Carrier harmless against any and all claims (whether made by the vessel owner or any other party) for demurrage or any other charges arising out of any delay of such vessel.

**100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES**

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and at the discretion of Carrier, may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of the prime rate as quoted by a major New York bank. Carrier shall have a lien on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for five days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum at public auction. Carrier shall have a lien on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as provided in Item No. 65 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE). Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

**105. DIVERSION**

Subject to Item 10 (TENDER, MINIMUM QUANTITY), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing, and provided that no back-haul is required.

**110. LIABILITY OF CARRIER**

The Carrier while in possession of any of the Crude Petroleum herein described shall not be liable for any loss thereof, damage thereto, or delay, except to the extent that liability therefor is imposed on the Carrier by law. In case of loss of Crude Petroleum for which Carrier is not responsible, the Shipper shall bear the loss. Where such loss occurs in a tank containing Crude Petroleum which is the property of more than one Shipper, or in a line containing a segregated batch of Crude Petroleum which is the property of more than one Shipper, each Shipper shall bear the loss in such proportion as its volume in said tank or batch bears to the total volume in said tank or batch.

**115. CLAIMS, SUITS, AND TIME 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 six (6) months after delivery of the Crude Petroleum, or, in case of failure to make delivery, then within six (6) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years from the time when the Carrier delivers, or arranges delivery of, the

Crude Petroleum or, in case of failure to make or arrange delivery, then within two (2) years after a reasonable time for delivery has elapsed. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Crude Petroleum. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

**120. PIPEAGE OR OTHER CONTRACTS**

Separate pipeage and other contracts may be required of a Shipper, in accordance with the applicable tariff and these rules, before any duty of transportation by the Carrier shall arise.

**125. QUALITY BANK**

See individual tariffs for Quality Bank provisions on specific systems, if applicable.

**130. STRATEGIC PETROLEUM RESERVE**

In the event that Enbridge Storage (Patoka) L.L.C. is required to perform crude oil drawdowns from the Strategic Petroleum Reserve, such an event may be considered a cause recognized by Item No. 110 of the rules and regulations, and Carrier's ability to perform may be limited and excused by such occurrences without liability.