

SUNOCO PIPELINE, L.P.

PETROLEUM PRODUCTS TARIFF

RULES AND REGULATIONS

**GOVERNING THE PIPELINE TRANSPORTATION OF
AROMATIC HYDROCARBONS, PETROLEUM PRODUCTS
AND
LIQUEFIED PETROLEUM GAS**

**To Sarnia, Ontario and
The International Boundary at the Saint Clair River
From Sarnia, Ontario and
The International Boundary at the Saint Clair River**

The rules and regulations published herein apply only under tariffs making specific reference by 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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GENERAL APPLICATION

Carrier will receive, transport, and deliver Petroleum through its facilities only as provided in this Rules and Regulations tariff, except that specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein or in succeeding reissues of these Rules and Regulations.

5. Definitions

"**ASTM**" as herein used refers to the American Society for Testing Materials.

"**Barrels**" as herein used will consist of forty-two (42) U.S. gallons at sixty degrees Fahrenheit (60°F) or one hundred fifty six and nine hundred eighty-seven thousandths (156.987) liters at fifteen and five tenths degrees Celsius (15.5°C).

"**Carrier**" as herein used means and refers to Sunoco Pipeline, L.P. and other common carrier pipelines participating herein.

"**NEB**" as used herein means the National Energy Board of Canada or its successor agencies.

"**Nomination**" as herein used means a written designation by a Shipper to Carrier of an approximate quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier over a period of one Operating Month in accordance with these Rules and Regulations.

"**Operating Month**" for Shipper or Transferor as herein used means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of such party. For purpose hereof, the month shall be deemed to begin on the first day of such month at 0001 hours until the first day of the succeeding month at 2400 hours [Eastern Standard or Eastern Daylight Savings Time, whichever is in effect on the date specified].

"**Petroleum**" as herein used refers to the grade or grades of petroleum products derived from refining crude oil, which are specified in Item No. 15.

"**Shipment Transfer**" as herein used means the physical transfer of a stated quantity of Petroleum in custody of Carrier from a Shipper to another Shipper.

"**Shipper**" as herein used means the consignor of a Tender.

"**Tender**" or "**Tendering**" as herein used means an offer of delivery by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier in accordance with these Rules and Regulations.

"**Title Transfer**" as herein used means transfer of ownership reported in the records of Carrier of a stated quantity of Petroleum in the custody of Carrier from one entity to another.

10. Tenders

All Shippers tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with Carrier's tariffs. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Carrier will not be obligated to accept a Tender for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the fifteenth (15th) day of the preceding calendar month.

Carrier can require Tenders for the same kind and quality of Petroleum in minimum of twenty-five thousand (25,000) barrel shipments consigned to the same destination point. Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

15. Specification Required As To Quality

Specification A (includes gasoline)

Petroleum meeting the following minimum specifications:

- (1) the color shall not be darker than eighteen (18) Saybolt as determined by ASTM D-156 (except that gasoline to which artificial coloring has been added will be accepted for transportation regardless of color);
- (2) the initial boiling point, when tested by standard method test for distillation in accordance with ASTM D-86, shall not exceed one hundred degrees Fahrenheit (100°F) or thirty-seven and seven tenths degrees Celsius (37.7°C);
- (3) when the temperature reaches three-hundred ten degrees Fahrenheit (310°F) or one hundred fifty-four and four tenths degrees Celsius (154.4°C), not less than fifty percent (50%) of the product shall have been distilled away;
- (4) the final boiling point shall not exceed five hundred twenty-five degrees Fahrenheit (525°F) or two hundred seventy-three and eight tenths degrees Celsius (273.8°C);
- (5) the distillation recovery of the product shall not be less than ninety-six percent (96%).

Specification B (includes kerosene, certain furnace or heating oils, and petroleum fuel oil distillate which is not suitable for illuminating purposes)

Petroleum meeting the following minimum specifications:

- (1) the flash point shall not be less than one hundred degrees Fahrenheit (100°F) or thirty-seven and seven tenths degrees Celsius (37.7°C) as determined by Tag Closed Tester, ASTM D-56;
- (2) when the temperature reaches six-hundred seventy-five degrees Fahrenheit (675°F) or three hundred fifty-seven and two tenths degrees Celsius (357.2°C), not less than ninety percent (90%) of the product shall have been distilled away;
- (3) the final boiling point shall not exceed seven hundred fifty degrees Fahrenheit (750°F) or three hundred ninety-eight and eight tenths degrees Celsius (398.8°C) as determined by ASTM D-86;
- (4) the color shall not be less than three (3) Dilute as determined by ASTM Union colorimeter pursuant to ASTM D-1500;
- (5) the viscosity shall not be more than forty-five seconds at one-hundred degrees (100°) Fahrenheit or thirty-seven and seven tenths degrees Celsius (37.7°C) (45 SUS) as determined by a Saybolt Universal Viscosimeter pursuant to ASTM D-445;
- (6) the total water and sediment content, as determined by ASTM D-96, shall be less than one-tenth of one percent (0.1%).

Specification C (includes LPG, propane, butane, or a mixture thereof)

Petroleum meeting the following minimum specifications:

- (1) liquid flammable hydrocarbons with a Reid Vapor Pressure, as determined by ASTM D-1267, which exceeds forty pounds per square inch absolute (40 psia) at one-hundred degrees Fahrenheit (100° F) or two hundred seventy-five and seventy-nine hundredths kilopascals (275.79 kPa) at thirty-seven and seven tenths degrees Celsius (37.7°C), but which does not exceed two-hundred twenty-five pounds per square inch gauge (225 psig) at one-hundred five degrees Fahrenheit (105° F) or one thousand five hundred fifty-one and thirty-two hundredths kilopascals (1551.32 kPa) at forty and five tenths degrees Celsius (40.5°C);
- (2) liquid flammable hydrocarbons shall not contain any hydrogen sulfide, mercaptans or any sulfur compounds which corrode;
- (3) any unstenched liquid flammable hydrocarbons shall not contain total sulfur which exceeds fifteen (15) grains per hundred (100) cubic feet or two and eight hundred thirty-two thousandths (2.832) cubic meters of vapor, as determined by the test for Total Sulfur in Liquefied Petroleum Gas;
- (4) the liquid flammable hydrocarbons shall be free of mechanically entrained water.

Specification D (includes toluene, xylene, or a mixture thereof)

Petroleum meeting the following minimum specifications:

- (1) the color of aromatic hydrocarbons shall not be darker than plus twenty-one (+21) Saybolt, as determined by ASTM D-156;
- (2) the initial boiling point, when tested for distillation pursuant to ASTM D-86, shall be greater than one-hundred degrees Centigrade (100°C) and the final boiling point shall not exceed one-hundred sixty degrees Centigrade (160°C);
- (3) the freezing point shall not be greater than minus thirty degrees Centigrade (-30°C), as determined pursuant to ASTM D-1015.

To avoid contamination, Petroleum will be received for transportation only when the specifications therefore conform to Petroleum being then transported by Carrier, and no Petroleum will be received or transported which does not meet the specifications provided herein. Carrier shall not be responsible for discoloration or contamination of Petroleum transported by it unless such discoloration or contamination was caused by the negligence of Carrier.

20. Acceptance Free From Liens and Charges

Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges.

25. Measurement, Testing, Volume Corrections and Deductions

All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in Barrels. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery, and

the quantity determined and tested after such receipt or delivery. Shipper or its Consignee may be present or represented at any measuring and testing.

Where Carrier uses a tank or meter of Shipper or its Consignee, Carrier reserves the right to request re-strapping or check-strapping of the tank, and proving or check-proving of the meter.

Except for arithmetic errors, all measurement and testing by a representative of Carrier will be conclusive evidence of the quantity as adjusted herein if a representative of Shipper or its Consignee was not present during such measuring and testing.

If two or more Carriers are involved with tendered volumes, tests are to be performed by the particular Carrier as agreed between Carriers.

The net balance at sixty degrees Fahrenheit (60°F) or fifteen and five tenths degrees Celsius (15.5°C) less sediment and water will be the quantity received or delivered by Carrier.

30. Facilities Required At Origin and Destination

Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

In the event Shipper fails to provide adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, or in the event the Shipper or its Consignee refuses to accept the Petroleum at the destination point, Carrier shall have the right to divert or re-consign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to deliver the Petroleum from Carrier's facilities, including the right of public or private sale in a commercially reasonable manner. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall pay itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of and the balance shall be held for whosoever may be lawfully entitled thereto.

35. Origin Facilities Required For Automatic Custody Transfer

When Shipper or its Consignee elects to deliver Petroleum to Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), Shipper or its Consignee will furnish the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body.

In the event automatic custody transfer is made by a metering facility, Shipper or its Consignee will also furnish whatever pumping service is required to ensure that the Petroleum being delivered through the meter is at a pressure in excess of the true vapor pressure of the liquid.

40. Application of Rates and Charges

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in Item No. 25.

45. Notice of Arrival, Delivery at Destination

The obligation of Carrier is to deliver at the nominated destination the Tendered quantity of Petroleum, and such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee with all possible dispatch into the tanks or facilities to be provided by the Shipper or its Consignee.

50. Proration of Pipeline Capacity

If, during any period, the total volume of Petroleum nominated over any segment of Carrier's pipelines is in excess of the normal operational capacity of said segment, such Petroleum will be apportioned for acceptance and transportation on an equitable basis.

55. Payment of Transportation and Other Charges; Finance Charges; Lien; Set-Off

The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier. For Petroleum not released due to failure of Shipper to pay or left in Carrier's custody after the scheduled delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including any reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one-hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law, whichever is less.

Petroleum accepted for such transportation shall be subject to a lien for all such charges or antecedent unpaid charges.

If the Petroleum remains in Carrier's custody more than thirty (30) days after the tender of delivery by Carrier, Carrier shall have the right to sell the Petroleum at a public or private sale in a commercially reasonable manner to collect such charges.

Carrier reserves the right to set-off any such charges against any monies owed to Shipper by Carrier or any Petroleum of Shipper in Carrier's custody.

60. Warranties

Shipper warrants that the Petroleum tendered to Carrier will conform to the Specifications stated in Item No. 15, it will be merchantable and will not be contaminated. Shipper will be liable to Carrier, other Shippers or Consignees for any damage, including special, incidental, and consequential, arising from a breach of this warranty. The transportation of the Petroleum may be refused or canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if contracted laboratory test results determine that the Petroleum is nonmerchantable, Shipper will be liable to Carrier for the cost of such tests for nonmerchantable or contaminated Petroleum.

CARRIER DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, CONCERNING THE QUALITY OF THE PETROLEUM.

65. Exemption of Liability

Carrier will not be liable for any loss of Petroleum or damage thereto or delay caused by an Act of God, fire, explosion, storm, flood, electrical malfunction, war, rebellion, insurrection, strike, breakage or accident to machinery or equipment, difference with workmen, the public enemy, quarantine, the authority of law, riots, the act of default of Shipper or owner, or from any cause not due to fault or negligence or any cause reasonably beyond the control of Carrier. In such cases, the loss allocated to Shipper shall be the quantity equal to the amount of its Tenders for the month in which such loss occurs bears to the whole amount of the line fill and tankage in the system of Carrier during the month of such loss, and Shipper shall be entitled to receive only such portion of its Tenders as remains after deducting its due proportion of the loss. Carrier's custody of the Tenders shall end when Petroleum has been delivered into Shipper's or its consignee's facilities.

Except in force majeure situations, the correction of a nonconformity, the payment of the difference between the reference price for similar Petroleum in the area of origin and the value of the degraded Petroleum, or the replacement of the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

The reference prices for each type of Petroleum and the methodology for calculating the value of any overage or shortage periodically will be provided to Shipper in a letter from Carrier in advance of the effective date of any revision in the reference prices or methodology.

70. Pipeage Contracts Required

Separate pipeage contracts in accordance with this tariff and these Rules and Regulations covering further details may be required of a Shipper before any duty to transport will arise.

75. Claims and Times for Filing

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of the Petroleum or, in case of failure to make delivery, then with nine (9) months after a reasonable time for delivery has elapsed. Suits arising out of such claims must be instituted against Carrier only within two (2) years from the time when the Carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within two (2) years 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, Carrier will not be liable and such claims will not be paid.

80. Duty of Carrier

Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

85. Application of Rates From and To Intermediate Points

Carrier will receive Petroleum for pipeline transportation only from and to established origin and delivery stations or terminals.

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

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

90. Intrasystem Transfers

Carrier will allow a Shipper Transfer of one shipper to another, and Title Transfers from one ownership to another for Petroleum in custody of Carrier. A charge of one-half cent (0.5¢) per barrel with a fifty dollar (\$50.00) minimum will be made to each party directing such transfers, except for the first Title Transfer.

Only one Shipper Transfer will be allowed per movement and party accepting volumes on a Shipper Transfer shall become the Shipper of record. Shipper Transfer must be made at point of origin.

Title Transfers may not be accepted after the twenty-fifth (25th) day of the preceding calendar month.

A transfer request, if accepted, must be confirmed in writing or by facsimile by both the Transferor and the Transferee within forty-eight (48) hours after the transfer request. Such transfer request will indicate the party to which the transfer is to be made, the amount of Petroleum to be transferred, and its location and grade.

Carrier will incur no liability for any losses or damage incurred by any Shipper or owner involved in any intrasystem transfer.

95. Corrosion Inhibitors

Carrier reserves the right to inject or approve the injection of corrosion inhibitors in the Petroleum to be transported.

100. Connection Requirements

All proposed receiving or delivery connections must meet tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier, and all costs of connections shall be paid by the connecting party.

105. Commodity

Carrier is engaged exclusively in the transportation of Petroleum specified and described in Item No. 15 and, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other

shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

110. Charges for Spill Compensation Acts and Regulations

In addition to the transportation charges and all other charges accruing on 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 Carrier in connection with such Petroleum pursuant to any federal, state, or local act or regulation which levies a tax, fee or other charge on the receipt, delivery, transfer, or transportation of such Petroleum within its jurisdiction for the purpose of creating a fund for the prevention, containment, clean up, and/or removal of spills and/or the reimbursement of persons sustaining a loss therefrom.

115. Product Interface Adjustment

In the normal course of operations, interfaces between products ("Transmix") are collected by Carrier on specific pipeline segments. Transmix volumes on these pipeline segments will be allocated monthly among Shippers in proportion to each shipper's volumes of all Petroleum shipped during the month in the pipeline segments and will then be disposed of in the manner described herein.

Carrier will determine a ratio ("Interface Ratio") of the Transmix generated to the total volumes shipped on the pipeline segments. Each Shipper's allocation of Transmix barrels will be the product of their volume shipped ("Shipper Volumes") and the Interface Ratio. Carrier will reevaluate the Interface Ratio annually.

$$\text{Transmix Allocation} = \text{Shipper Volumes} \times \text{Interface Ratio}$$

Carrier will take title and possession of the Transmix and credit the Shipper with a value per gallon of Transmix based on the following formula:

$$(35\% \times \text{Unleaded Regular Price}) + (65\% \times \text{No. 2 F.O. Price}) - (\text{Quality Adjustment})$$

Where:

"Unleaded Regular Price" and "No. 2 F.O. Price" represent the per gallon price for Unleaded Regular Gasoline and No. 2 Furnace Oil, respectively, published in Platt's Oilgram Price Report, for the appropriate location on the last business day of the Operating Month; and

"Quality Adjustment" represents a combination of factors which impact the material value of Transmix, including re-refining costs handling, and transportation. The Quality Adjustment will be determined solely by Carrier and will be reevaluated annually.

120. Dehydrating and Forwarding Liquefied Petroleum Gas at Inkster, Michigan

A charge of twenty-five cents per barrel will be assessed at Inkster, Michigan to cover the cost of:

- (1) Dehydrating, loading, billing, and clerical work incident to shipments moving by motor tank truck or,
- (2) Dehydrating and delivery to local facilities.