



## **TARIFF No. 110**

This Tariff Supersedes Tariff No. 109

# **RULES AND REGULATIONS GOVERNING THE GATHERING AND TRANSPORTATION OF CRUDE PETROLEUM BY PIPELINE GENERAL APPLICATION**

These rules and regulations, and any supplements hereto, apply under Contracts or toll schedules which make specific reference to these rules and regulations, and shall also apply to the gathering and transportation of Petroleum on any one or more Pipeline System whether such Petroleum is Tendered directly or indirectly by a Person. By Tendering Petroleum to any one or more Pipeline Systems (whether directly or indirectly), such Person accepts these rules and regulations as applicable to and governing the gathering and transportation of Petroleum on such Pipeline System. The provisions of any Contract between Carrier and a Person shall, unless otherwise agreed by Carrier and such Person, take precedence over these rules and regulations to the extent of any conflict or inconsistency.

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Issued by

**Inter Pipeline Conventional Limited Partnership**

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# **RULES AND REGULATIONS**

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# RULES AND REGULATIONS

## ARTICLE 1 DEFINITIONS

Except where the context expressly states another meaning, the following terms, when used in the Tariff or in any Contract or the Toll Schedules into which this Tariff is incorporated, shall be construed to have the following meanings:

- 1.1 **"API"** means American Petroleum Institute.
- 1.2 **"Applicable Law"** means, with respect to any Person or property, all federal, provincial, state, municipal and local laws, treaties, statutes, ordinances, judgments, decrees, injunctions, writs and orders of any Governmental Authority (to the extent the Person or property is subject to the jurisdiction of such Governmental Authority) and rules, regulations, policies and guidelines (having the force of law), directives, interpretations, licenses, exemptions and permits of any Governmental Authority, in each case, having jurisdiction over the Person or the subject-matter of this Tariff, as the same are in effect from time to time, and general principles of common and civil law and equity, binding or affecting the Person or property.
- 1.3 **"ASTM"** means American Society for Testing and Materials.
- 1.4 **"Available Inventory"** means, for each Month an amount equal to a Shipper's (i) opening inventory, plus (ii) Tenders (shown as receipts on the Shipper's Balance), plus (iii) incoming volume transfers, minus (iv) outgoing volume transfers, minus (v) Deliveries, minus (vi) Working Stock requirements, which such amount shall be shown as Available Inventory on the Shipper's Balance for such Month.
- 1.5 **"Business Day"** means any Day other than: (i) a Saturday or Sunday; or (ii) a Day on which Carrier's primary bank in the Province of Alberta is closed.
- 1.6 **"Carrier"** means Inter Pipeline Conventional Limited Partnership and its successors or assigns.
- 1.7 **"Connection Facilities"** means the third-party facilities, and any additions, modifications, or replacements thereto, that interconnect with and convey Petroleum to the Pipeline System at a Receipt Point or that interconnect with and receive Petroleum from the Pipeline System at a Delivery Point.
- 1.8 **"Connection Facilities Owner"** means the Person that owns or operates the Connection Facilities at a Receipt Point or at a Delivery Point, and for certainty a Connection Facility Owner shall not be a party to, or entitled to any rights or remedies pursuant to, a Contract or this Tariff.
- 1.9 **"Contract"** means an agreement between a Shipper and Carrier relating to the transportation of Petroleum by Carrier on the Pipeline System, and includes a Tender of Petroleum by, or on behalf of, Shipper which is accepted by Carrier.
- 1.10 **"Cubic Metre"** (m3) means a volume of 1,000 litres of Petroleum when such Petroleum is at a temperature of fifteen degrees Celsius (15°C) and at a pressure of zero kiloPascals gauge. For reference, a barrel is equivalent to 0.1589873 cubic metres under the same conditions.
- 1.11 **"Day"** means a period of 24 consecutive hours, beginning and ending at 7:00 a.m. Mountain Standard Time. The reference date for any Day shall be the calendar date upon which the 24-hour period commences.
- 1.12 **"Deliver"** and any derivative thereof, means delivered by Carrier to the custody of the Shipper or its consignee or designate at a Delivery Point.
- 1.13 **"Delivery Facilities"** shall have the meaning defined in Section 3.2.

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- 1.14 **"Delivery Point"** means a location on a Pipeline System at which Carrier has facilities to permit the delivery of Petroleum.
- 1.15 **"Downstream System Reference Temperature"** means for any period, the control temperature used by the applicable downstream system owner or operator to define the viscosity and density of crude oil received to deliver into the applicable downstream system for such period, as published by the applicable downstream system owner or operator from time to time.
- 1.16 **"Financial Assurance"** means a Guarantee, a Letter of Credit, a prepayment or such other credit or performance assurance, in any case in a form that is acceptable to Carrier, acting reasonably.
- 1.17 **"Force Majeure"** shall have the meaning defined in Section 14.2.
- 1.18 **"Governmental Authority"** means any judicial, legislative, administrative, or other national, provincial, municipal or local governmental authority, ministry, department, commission, any administrative agency, office, organization or authority having jurisdiction over a Person to which this Tariff applies or a Pipeline System.
- 1.19 **"Guarantee"** means a continuing and irrevocable guarantee from a Canadian or U.S. Investment Grade Person.
- 1.20 **"Investment Grade Person"** means, in respect of a Person, that such Person's non-credit enhanced long-term issuer rating is rated by:
- (a) S&P Global Ratings, as BBB- or higher;
  - (b) Moody's Investors Service, Inc. as Baa3 or higher; or
  - (c) DBRS Limited as BBB(Low) or higher;
  - (d) Fitch Ratings, Inc. and/or Fitch Ratings, Ltd. as BBB- or higher;
- in each case including the respective successors of such rating agencies; provided, however, that if none of the foregoing rating agencies provide a rating of such Person's non-credit enhanced long-term issuer ratings, the then equivalent ratings to the foregoing ratings by any other internationally recognized credit rating agency that is acceptable to Carrier, acting reasonably, will apply. If rated by two (2) such agencies, at least one (1) of those ratings shall meet such specified standards and if rated by three (3) or more of such agencies, at least two (2) of those ratings shall meet such specified standards.
- 1.21 **"Invoicing Party"** shall have the meaning defined in Section 10.1.
- 1.22 **"kiloPascal" (kPa)** means a pressure of 1,000.0 Pascals. For reference, a pound per square inch (psi) is equivalent to 6.89476 kiloPascals.
- 1.23 **"Letter of Credit"** means an irrevocable standby letter of credit issued by a Qualified Institution acceptable to Carrier, acting reasonably.
- 1.24 **"Measurement Instruments"** shall have the meaning defined in subsection 8.2(d).
- 1.25 **"Month"** means the period beginning at the first Day of a calendar month and ending at the start of the first Day of the next succeeding calendar month.
- 1.26 **"Monthly Nomination Date"** means the date specified in the Petroleum Industry Reporting Calendar issued by the Alberta Petroleum Marketing Commission, or any successor organization

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providing this information, or as specified by Carrier from time to time which in no event shall be later than 7:00 a.m. Mountain Standard Time on the Day which will coincide with the nomination schedule of system owner or operator downstream of the applicable Delivery Point.

- 1.27 **“Nominating Party”** means a Person authorized by the Shipper to submit a Notice of Shipment for a Nomination to a Pipeline System. Nominating Party must have title to or have an agreement to transact with Shipper that allows it to: (i) sell, and transfer title of, Petroleum to Shipper at a Receipt Point; and/or (ii) purchase, receive, or accept title of, Petroleum from Shipper at a Delivery Point. For greater certainty, neither the Nominating Party nor any Person who is a counterparty to the Nominating Party shall be a party to, or entitled to any rights or remedies pursuant to, a Contract or this Tariff.
- 1.28 **“Nomination”** and any derivative thereof means, for a Month, the total volume of Petroleum proposed to be Tendered for transportation on a Pipeline System as specified in a Notice of Shipment.
- 1.29 **“Notice of Shipment”** means the form prescribed by Carrier to be used by Shipper or its Nominating Parties in notifying Carrier, for a Month, of such Shipper or Nominating Party’s proposed Nomination(s), including, if applicable, the volume of Petroleum to be Tendered in such Month, the designated Receipt Point and Delivery Point and any proposed volume transfers between Shipper or Nominating Parties and/or requested Deliveries, as such form may be amended from time to time.
- 1.30 **“Overage Fee”** means the Overage Fee set forth in the Toll Schedule.
- 1.31 **“Payment Due Date”** means the Day of a Month in which Invoicing Party issues an invoice pursuant to Section 10.1, specified in the Petroleum Industry Reporting Calendar issued by the Alberta Petroleum Marketing Commission, or any successor organization providing this information, as the Day by which payments are to be made.
- 1.32 **“Payor”** shall have the meaning defined in Section 10.1.
- 1.33 **“Person”** means a natural person, firm, trust, partnership, limited partnership, corporation, or Governmental Authority.
- 1.34 **“Petroleum”** means the liquid hydrocarbon product of oil wells, gas wells, oil or gas processing plants, oil sands, natural gas condensates or a mixture of such products.
- 1.35 **“Pipeline System”** means a pipeline system, including all associated receipt, delivery, transporting, pumping, monitoring, control and other ancillary facilities, owned by Carrier, which may be modified, expanded or extended from time to time, to which this Tariff applies in accordance with the provisions hereof.
- 1.36 **“Prime Rate”** means the rate of interest, expressed as a rate per annum, which is established as a reference rate for purposes of determining rates of interest charged by Carrier’s primary banker on Canadian dollar commercial demand loans made by it in Canada which is quoted by such bank, from time to time, as its “prime rate”.
- 1.37 **“Prudent Practices”** means those pipeline operating practices, methods, techniques and standards that are (a) commonly used under similar circumstances, in light of the facts known or that reasonably should have been known, by an owner and operator of a crude oil pipeline business in Western Canada to design, construct, operate and maintain equipment lawfully, , and safely with regard to equipment of a similar size, service and type as used in the Pipeline System and related facilities by such an owner and operator, and (b) in compliance with Applicable Laws unless the

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requirement to comply therewith is being contested in good faith by appropriate judicial, administrative, arbitral or other formal proceedings.

- 1.38 **"Qualified Institution"** means a Canadian or U.S. First Class bank that maintains a Credit Rating of A- or higher from S&P Global Ratings and its successors and assigns, or A3 or higher from Moody's Investors Service, Inc. and its successors and assigns, or A(low) or higher from DBRS Limited or its successors and assigns, or A- or higher from Fitch Ratings, Inc. and/or Fitch Ratings, Ltd. or its successors and assigns. In the event the bank is rated by 2 or more credit agencies the lowest of those ratings will apply.
- 1.39 **"Receipt Facilities"** shall have the meaning defined in Section 3.3
- 1.40 **"Receipt Point"** means the inlet flange of Carrier's receipt meter at a location on a Pipeline System at which Carrier has facilities to permit the receipt of Petroleum.
- 1.41 **"Shipper"** means, on a Single Shipper System, the Single Shipper, and on all other Pipeline Systems, a Person who is a party to a Contract or otherwise Tenders Petroleum to Carrier at a Receipt Point for transportation on the Pipeline System.
- 1.42 **"Shipper's Balance"** means the statement provided by Carrier to a Shipper, including but not limited to such Shipper's Tenders, Working Stock and Available Inventory.
- 1.43 **"Shipping Tanks"** shall have the meaning defined in Section 3.3(b).
- 1.44 **"Shortage Fee"** means the Shortage Fee set forth in the Toll Schedule.
- 1.45 **"Single Shipper"** means the Person designated by Carrier from time to time, in its sole, absolute, and unfettered discretion, as the single shipper of Petroleum on a Single Shipper System.
- 1.46 **"Single Shipper System"** means a Pipeline System designated by Carrier from time to time, in its sole, absolute, and unfettered discretion, as a "single shipper system" wherein the Single Shipper is the sole Person with a Contract and is the sole Person which holds title to the Petroleum while it is being transported on such Pipeline System, and which Pipeline System requires as a condition of transportation of Petroleum on the Pipeline System that the Single Shipper approved by the Carrier is a party to a separate agreement or transaction pursuant to which the Single Shipper acquires title to Petroleum at the Receipt Point and/or conveys Petroleum at the Delivery Point.
- 1.47 **"Tariff"** means the rules and regulations including the terms and conditions contained herein and the Contracts and Toll Schedules to which it is incorporated, all as amended from time to time.
- 1.48 **"Tender"** and any derivative thereof, means, as applicable in the context, the transfer of custody (a) by a Shipper to the Carrier at a Receipt Point, or (b) by the Carrier to the Shipper or its designate at a Delivery Point, of a stated quantity and type of Petroleum as specified in a Notice of Shipment.
- 1.49 **"Terminal Access Agreement"** means an agreement between a Person and the Carrier for access rights to Carrier's petroleum truck loading/unloading terminals.
- 1.50 **"Tolerance Margin"** means the volume of Petroleum, if any, as determined by the Carrier in its sole discretion from time to time.
- 1.51 **"Toll Schedule"** means a schedule of tolls, fees and other charges in respect of the Pipeline System, as issued by Carrier from time to time, or as otherwise agreed to by Carrier in a Contract.

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- 1.52 **“Working Stock”** means the volume of Petroleum to be provided in accordance with Section 7.5 for operational and scheduling purposes as determined by and specified from time to time by Carrier in its sole discretion.

### ARTICLE 2 COMMODITY

- 2.1 This Tariff covers the transportation of Petroleum and no commodity other than Petroleum will be authorized for transportation under this Tariff.

### ARTICLE 3 RECEIPT AND DELIVERY FACILITIES

- 3.1 **Acceptance and Delivery** Petroleum may be accepted by Carrier for transportation only when Tendered pursuant to Article 7 at a Receipt Point and Nominated for Delivery at one or more Delivery Points.
- 3.2 **Delivery Facilities** Petroleum may be accepted by Carrier for transportation only when the Shipper has provided or made arrangements for the necessary facilities, including Connection Facilities (**“Delivery Facilities”**), and/or transportation service, in each case satisfactory to Carrier, at the named Delivery Point for receiving and handling the Petroleum at the rate of flow at which Carrier is then operating its Pipeline System at such Delivery Point.
- 3.3 **Receipt Facilities** Petroleum may be accepted by Carrier for transportation only at a Receipt Point provided by Carrier and satisfactory to Carrier, in its sole, absolute and unfettered discretion. Unless otherwise provided by Carrier, Shipper shall provide and maintain, or cause the Connection Facilities Owner to provide and maintain, the following facilities (the **“Receipt Facilities”**) at Carrier’s Receipt Points in accordance with Prudent Practices and each of which Receipt Facilities must meet current industry codes and have sufficient safety controls as determined by Carrier, in its sole, absolute and unfettered discretion, to ensure safe operation:
- (a) Connection Facilities to Tender Petroleum at a Receipt Point at a pressure and rate of flow satisfactory to or specified by Carrier in its sole discretion;
  - (b) Storage tank(s) from which Petroleum will be Tendered (hereinafter referred to as **“Shipping Tanks”**) with sufficient working volume to contain a minimum of forty-eight (48) hours of average daily Nominations based on the average of the preceding three (3) Months, as such Nominations may vary from time to time, to provide adequate weathering and settling of Petroleum prior to it being Tendered and to allow for scheduled and unscheduled maintenance of Carrier’s facilities, or otherwise as agreed to or specified by Carrier in writing. Unless otherwise agreed to in writing by Carrier, the minimum size of tank from which Tenders will be accepted is 80 m<sup>3</sup> nameplate capacity;
  - (c) Piping between the Shipping Tanks and Carrier’s Receipt Point facilities, in which there shall be no branch connections for any other purpose whatsoever, of sizes and to locations satisfactory to or specified by Carrier;
  - (d) Nozzles and valves, capable of being sealed in the open or closed position, installed on the Shipping Tanks at locations and of sizes and types satisfactory to or specified by Carrier;
  - (e) Level sensing transmitters, switches and other measurement devices installed in the Shipping Tanks at locations and of types satisfactory to or specified by Carrier which are subject to periodic operational checks at the sole, absolute and unfettered discretion of the Carrier pursuant to subsection 8.2(e) of this Tariff;

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- (f) Proper stairways and walkways, which must be constructed and maintained in accordance with Prudent Practice to and between the Shipping Tanks as necessary to facilitate measuring and testing of Petroleum stored in them;
- (g) A thief hatch of a size and type satisfactory to or specified by Carrier installed on each Shipping Tank;
- (h) All weather access roads to the Receipt Point which Carrier shall be allowed full and free use of as required by Carrier for access to and the operation and maintenance of Carrier's Receipt Point facilities;
- (i) Space for placement of Carrier's Receipt Point facilities and for maintenance thereof satisfactory to or specified by Carrier, including but not limited to allowing third party electricity providers the ability to install and maintain any electrical facilities, as may be required, for the purpose of supplying power to the Carrier's Receipt Point facilities and allow for those facilities to be installed either above ground and/or below ground; and
- (j) Unrestricted access to Carrier's Receipt Point facilities for the operation and maintenance thereof,

and Carrier shall not be obligated to accept Tenders of Petroleum at any Receipt Point unless such requirements for Receipt Facilities are, in Carrier's sole, absolute and unfettered discretion, met.

- 3.4 **Changes to Receipt or Delivery Facilities** Any changes and/or modifications to Receipt Facilities or Delivery Facilities must be communicated to Carrier in writing no later than 90 days prior to the in-service date of such changes and/or modifications. Carrier is under no obligation to accept Tender of Petroleum at a Receipt Point or to Deliver Petroleum at a Delivery Point or to otherwise provide transportation services to the Shipper unless changes and/or modifications to Receipt Facilities or Delivery Facilities have been approved by Carrier in its sole, absolute and unfettered discretion. Any and all costs associated with the review, approval or operational impacts to Carrier's Pipeline System of such modifications to Receipt Facilities or Delivery Facilities will be borne by the Shipper or Connection Facilities Owner.

- 3.5 **Access to Receipt and Delivery Facilities** Carrier and its representatives, upon reasonable notice to Shipper, shall have the right to enter upon Shipper's or Connection Facilities Owner's (or their respective affiliates') owned or controlled premises where Petroleum is received or delivered by Carrier and shall have access to any and all Receipt Facilities and Delivery Facilities for the purpose of making any examination, inspection, measurement or test provided for under the Tariff and/or required to verify compliance with this Tariff. In the event of termination of pipeline service at any Receipt Point and/or Delivery Point, Shipper shall, or shall cause Connection Facilities Owner to, continue to provide space and access for Carrier's Receipt Point and/or Delivery Point facilities until such time as the Carrier removes the Carrier's Receipt Point and/or Delivery Point facilities.

- 3.6 **Carrier's Receipt Point Facilities** Unless otherwise agreed to in writing by Carrier, (i) Carrier shall provide and maintain the Carrier's Receipt Point facilities as defined by Carrier at its sole, absolute, and unfettered discretion and (ii) Carrier may subsequently modify the Carrier's Receipt Point facilities at its sole, absolute, and unfettered discretion.

## ARTICLE 4 PETROLEUM QUALITY SPECIFICATIONS

- 4.1 **Permitted Petroleum** A Shipper shall not, directly, or indirectly by receipt of custody and title of Petroleum from its Nominating Party, Tender, and Carrier shall have no obligation to accept for transportation under this Tariff, any Petroleum which does not meet the specifications of Petroleum presented in Section 4.2, unless specifically authorized by Carrier. The results of all quality

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sampling and testing by Carrier shall be final unless there is evidence of malfunction of sampling or testing instrument(s) in relation to such sample or test. At any time Carrier may require that a Shipper whose Petroleum is Tendered or proposed to be Tendered at a Receipt Point provide, or cause its Nominating Party to provide, a certificate of analysis from an independent third party, acceptable to Carrier in its sole discretion, to identify the specifications, as specified by Carrier from time to time, of any Petroleum Tendered or proposed to be Tendered by such Shipper. In the event that the Shipper, or its Nominating Party, if applicable, fails to provide such certificate, Carrier shall have the right to refuse to accept Shipper's Petroleum on the Pipeline System.

4.2 **Specifications of Petroleum** Unless specifically authorized by Carrier, Petroleum must meet the specifications set forth in Schedule A. Petroleum with any of the following characteristics shall not be Tendered under normal operating conditions and may be rejected by Carrier at its sole, absolute, and unfettered discretion:

- (a) Petroleum having at the Receipt Point any substances including but not limited to, organisms, gases, waxes, impurities or other substances with physical, biological or chemical characteristics, in such quantities, that may render such Petroleum not readily transportable or which may be injurious to the Pipeline Systems or the ownership or operation thereof, objectionable to downstream carriers or Governmental Authorities or which may interfere with the quantity or quality measurement or transportation of Petroleum under this Tariff; and
- (b) Petroleum having at the Receipt Point an excessive amount, in Carrier's sole, absolute and unfettered discretion, of propane, butane, and/or other natural gas liquids. In the event a Shipper directly, or indirectly by receipt of custody and title of Petroleum from its Nominating Party, if applicable, Tenders Petroleum that does not meet the specifications set forth in Schedule A or this Section 4.2, Carrier may in addition to any other remedies available in this Tariff or in Applicable Law, (i) impose a penalty at its sole, absolute and unfettered discretion on such Shipper and immediately invoice such penalty to Shipper; and (ii) immediately cease acceptance of Petroleum from the applicable Receipt Point until such time as Carrier is satisfied, in its sole, absolute and unfettered discretion, that Petroleum from such Receipt Point will meet the specifications set forth in Schedule A and this Section 4.2

4.3 **Specification Change Guidelines** Notwithstanding Section 4.2, Carrier shall have the right to make any changes to the specifications under Section 4.2 from time to time and in its sole discretion, to comply with requirements of downstream carriers, to ensure measurement accuracy, for health and safety reasons, or to protect Carrier's or its affiliates' personnel, capacity, pipeline, tankage and equipment by issuing revised specifications by giving written notice to Shippers to be effective: (i) on the first day of the next Month following the lapse of thirty (30) Days from the date of giving such notice; (ii) as required to comply with downstream carrier requirements; or (iii) as soon as reasonably possible if required to protect life, property or environment.

4.4 **Failure to Conform to Specifications** If Carrier determines that a Shipper directly, or indirectly by receipt of custody and title to Petroleum from its Nominating Party, if applicable, whose Petroleum is Tendered at a Receipt Point has not complied at all times with the provisions of Schedule A and Section 4.2, as it may be amended, then the Carrier shall, or the Shipper shall or shall cause its Nominating Party if applicable, to, if directed by Carrier at Carrier's sole, absolute, and unfettered discretion, remove the objectionable Petroleum and any Petroleum that may have been adversely impacted by the failure to comply with the provisions of Schedule A and Section 4.2 from the Pipeline System at such Shipper's sole cost and expense; and/or may apply, at Carrier's sole, absolute and unfettered discretion, penalties to the Shipper for such objectionable Petroleum; and/or may, at Carrier's sole, absolute and unfettered discretion, suspend or discontinue transportation services to the Shipper for such objectionable Petroleum. Furthermore, each Shipper whose Petroleum is Tendered at a Receipt Point, and its Nominating Party, as applicable, shall be jointly and severally liable to and shall indemnify Carrier for the cost of any Petroleum purchased

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by Carrier or its agents or affiliates and other costs incurred by Carrier or its agents or affiliates in order to satisfy Deliveries to other Shippers or designates to replace Working Stock or other Petroleum where such non-conforming Petroleum was commingled with other Petroleum.

- 4.5 **Failure to Remove Objectionable Petroleum** If a Shipper fails to remove, or fails to cause its Nominating Party, if applicable, to remove, the objectionable Petroleum from a Pipeline System pursuant to the provisions of Section 4.4, then Carrier shall have the right to remove and sell such Petroleum in such manner as described in Section 10.8. Carrier shall pay from the proceeds of such sale all costs and expenses incurred by Carrier with respect to the storage, removal and sale of such Petroleum and Carrier shall be entitled to retain a reasonable pre-estimate of any damages, costs, expenses and other damages, costs and expenses incurred or anticipated to be incurred by Carrier in respect of such objectionable Petroleum. The remainder of such proceeds, if any, shall be paid by Carrier to Shipper, for and on behalf of itself or its Nominating Party, as applicable. Carrier may take such further action and remedies as it deems appropriate to lessen or mitigate any adverse impact to Carrier or a Pipeline System. In the event that the proceeds of the sale of such Petroleum are insufficient to cover all costs, expenses and damages incurred by Carrier, the Shipper and its Nominating Party will be jointly and severally liable to Carrier for remaining unrecovered costs and damages.
- 4.6 **Liability for Receipt of Objectionable Petroleum** In the event that Carrier has accepted objectionable Petroleum for any reason, including but not limited to device or instrument error within Carrier's Receipt Point facilities, that the Carrier later determines does not comply with the provisions of Schedule A and Section 4.2, the Carrier is not liable to the Shipper, or its Nominating Party if applicable, for any costs pursuant to the provisions of Section 4.4 or 4.5. It is the Shipper's, responsibility, on behalf of itself, and its Nominating Party, as applicable, to ensure compliance with the provisions of Schedule A and Section 4.2. Each Shipper, acknowledges, and will ensure that its Nominating Party acknowledges, that Carrier does not test all Petroleum prior to acceptance of the Petroleum by Carrier at a Receipt Point and that Carrier relies on the Shipper and/or Nominating Party as applicable, to ensure the Petroleum Tendered complies with the provisions of Schedule A and Section 4.2. Carrier may require payment from the Shipper, on behalf of itself and/or the relevant Nominating Party of additional charges and/or penalties for the terminalling, storage, handling, treatment, blending and/or disposal of objectionable Petroleum, including costs related to the Shipper and/or its Nominating Party Petroleum and any third party Petroleum that may also have become contaminated by the objectionable Petroleum.

### ARTICLE 5 CHANGES IN QUALITY

- 5.1 **Delivery of Types of Petroleum** Carrier shall not be (and the Single Shipper, as applicable, shall not be) under any obligation to Deliver the identical Petroleum received and shall Deliver Petroleum out of its common stock of the respective stream. Carrier (and, as applicable, the Single Shipper), reserves the right to commingle Petroleum received from a Shipper with the Petroleum received from other Shippers and from Carrier or Single Shipper, as the case may be, into the common stream on such Pipeline System.
- 5.2 **Alteration of Quality** Petroleum Tendered for transportation within a specific stream will be received by Carrier (and accepted by the Single Shipper as applicable) only on the condition that it shall be subject to such changes in density, sulphur or any other qualities while in transit as may result from the transportation thereof, or the mixture of said Petroleum with other Petroleum in the Pipeline System. Carrier shall not be (and the Single Shipper, if applicable, shall not be), liable for any direct or indirect costs, losses or damages resulting from an alteration in density, sulphur or any other qualities or types of Petroleum transported on a Pipeline System.

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## ARTICLE 6 QUALITY EQUALIZATION

- 6.1 **Quality Equalization** Carrier may elect to perform, or cause to be performed, quality equalization in accordance with procedures as determined by Carrier from time to time. The making of such election and any applicable procedures are in the sole, absolute and unfettered discretion of the Carrier. For Single Shipper Systems, the Single Shipper may request that the Carrier perform quality equalization and if approved by Carrier in its sole, absolute and unfettered discretion, any quality equalization services performed by Carrier shall be for the use of the Single Shipper only, not other Nominating Parties, or third persons, and the Carrier may elect to perform, or cause to be performed, quality equalization in accordance with procedures as requested by Single Shipper and approved by the Carrier from time to time. The making of such election to perform quality equalization and any applicable procedures (including procedures requested by the Single Shipper) are in the sole, absolute and unfettered discretion of the Carrier. In the event that Carrier elects to perform quality equalization, each Shipper, including Single Shipper if applicable, and their respective Nominating Party shall fully co-operate with Carrier in the provision of all required information, samples, tests, analyses and certificates as may be reasonably requested by Carrier. Amounts payable, if any, by Shipper including a Single Shipper if applicable pursuant to any such quality equalization process shall not be offset against other amounts payable to an Invoicing Party hereunder.

## ARTICLE 7 TENDERS, QUANTITIES AND TRANSFERS

- 7.1 **Monthly Nominations** On or before Carrier's scheduled Monthly Nomination Date or prior to Tendering any new or incremental volume of Petroleum, Shipper shall provide or shall cause its Nominating Party to provide Carrier with a Notice of Shipment for the following Month, or a revised Notice of Shipment, showing the volume of Petroleum to be Tendered, the Receipt Points, the Delivery Points, and type of Petroleum, and, subject to the rights of revision in this Article 7, the Notice of Shipment shall be binding on the Shipper. If a Shipper or its Nominating Party fails to provide a Notice of Shipment, the Shipper's Nomination for the Month will be deemed to be zero. When apportionment occurs pursuant to Section 15.1, the Shipper or its Nominating Party, as applicable, shall be deemed to have submitted a Nomination for the Month equal to its Nomination for the Month reduced proportionately by the level of apportionment. A Shipper shall, or shall cause its Nominating Party to, upon notice from Carrier, also provide written verification of the availability of its supply of Petroleum and of its capability to remove such Petroleum from any Delivery Point as may be required by Carrier. Carrier shall not be obligated to accept a Shipper or its Nominating Party's Notice of Shipment where such verification is, in the sole, absolute, and unfettered discretion of Carrier, unacceptable to Carrier.
- 7.2 **Balanced Nominations** A Shipper shall or shall cause its Nominating Party to provide a Notice of Shipment, or a revised Notice of Shipment, with the volume of Petroleum to be Tendered equal to the volume of Petroleum to be Delivered, including consideration for transfer volumes by the Shipper or Nominating Party. If such volumes are determined by Carrier to be unequal, Carrier will notify the Shipper or Nominating Party, as applicable, of the variance and request prompt receipt of a revised Notice of Shipment. If a revised Notice of Shipment is not received within twenty-four (24) hours, the Carrier may reduce the Tenders, Deliveries and/or permitted transfer volumes of such Shipper, at Carrier's sole, absolute, and unfettered discretion.
- 7.3 **Restriction of Tenders** If a Shipper is unable to remove, or to cause its Nominating Party to remove, from the Delivery Point the Tender or the volume of Petroleum Nominated, Carrier may reduce the amount of Petroleum accepted from such Shipper to the amount which the Shipper or Nominating Party has verified it, will be able to remove or cause to be removed from the Delivery Point.

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- 7.4 **Late or Revised Nominations** If space is available and operating conditions permit, Carrier may, at its sole, absolute, and unfettered discretion, accept Tenders or revised Tenders after Carrier's scheduled Monthly Nomination Date.
- 7.5 **Working Stock** On Single Shipper Systems, Working Stock shall be provided by Carrier or the Single Shipper, as determined by the Carrier from time to time in its sole, discretion and Carrier may impose a Working Stock charge as specified in the Toll Schedule in relation to the provision of Working Stock. For all other Pipeline Systems, each Shipper will provide its pro rata share of Working Stock at no cost to Carrier in the type(s) and volume(s) of Petroleum as determined by Carrier from time to time in its sole, absolute, and unfettered discretion for any portion of the Pipeline System used or to be used to transport such Petroleum for Shipper. The pro rata calculation will be based on a Shipper's and its Nominating Party's relative share of Tenders into the applicable segment of the applicable Pipeline System for the current Month.
- 7.6 **Tenders by Tank Truck** Only those tank truck operators pre-approved by Carrier and party to a Terminal Access Agreement with Carrier shall be entitled to Tender Petroleum to a truck terminal Receipt Point. Tenders of Petroleum by tank truck to a truck terminal Receipt Point shall contain only Petroleum originating from a single well, battery or processing facility and only one custody transfer ticket will be issued for each tank truck delivery. Tank trucks shall be equipped with proper bottom loading and unloading facilities and pumps to permit the transfer of Petroleum with a minimum of delay. Carrier may, at its sole, absolute, and unfettered discretion, refuse to accept Tenders of Petroleum by tank truck when in the sole opinion of Carrier there exists a risk of: (i) injury to a worker; (ii) fire or explosion; (iii) release of Petroleum; (iv) release of dangerous or offensive odours; (v) environmental damage; (vi) inaccurate quantity or quality measurement due to improper tank truck equipment or lack of maintenance thereof; (vii) when the driver disregards good housekeeping practices or the procedures or instructions relative to tank truck unloading issued by Carrier from time to time, or (viii) for any other reason as determined by Carrier.
- 7.7 **Uniform Tenders** Each Shipper shall endeavor to Tender its Nomination of Petroleum in equal daily quantities and in a consistent density, quality and/or other characteristics. In the event the density, quality and/or other characteristics of the Tendered Petroleum is not consistent, the Carrier may utilize sampling and testing and apply that crude density, quality and/or other characteristics for the duration of the time period in question. If, as a result of inconsistent Petroleum quality, Carrier is required to test and calibrate its meters more frequently than would normally be required, pursuant to Section 8.5 the cost of such incremental testing and calibration shall be borne by the Shipper of such inconsistent Petroleum volumes.
- 7.8 **Transfers** Carrier may, in its sole, absolute, and unfettered discretion, upon written request of a Shipper following receipt by Carrier of such Shipper's Tender, allow such Shipper to transfer its rights and obligations over a Nomination or a portion thereof to another Shipper at a location on the relevant Pipeline System specified or approved by Carrier provided that: (i) the transferee Shipper satisfies the Financial Assurances requirement specified in Article 20; (ii) the transferee Shipper assumes all obligations of the transferor Shipper under this Tariff and any applicable Contract with respect to the Nomination as of the time Carrier approves the transfer; (iii) the transfer request is confirmed in writing with equivalent volumes stated by both the transferor and transferee within one (1) Business Day of the transfer request; (iv) Carrier shall incur no liability for any direct or indirect losses or damages accruing to any Shipper arising from Carrier's acceptance or rejection of a transfer; and (v) Carrier has not rejected the transfer request. Carrier may charge each transferor Shipper and each transferee Shipper a transfer fee for each transfer based on the transfer fee specified in the applicable Toll Schedule. In the event that equivalent volumes are not stated in the transfer request by the transferor and transferee Shippers pursuant to subsection 7.8(iii), Carrier may reject the transfer request or alternatively may accept the transfer at an adjusted volume of Petroleum Tendered, at its sole, absolute, and unfettered discretion.

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- 7.9 **Termination of Service** In the absence of any provision to the contrary in a Contract with Carrier, should the aggregate volume of Petroleum Tendered by or on behalf of a Shipper or all Shippers at a Receipt Point fall below the level required for the economic operation of the Receipt Point, as determined by Carrier at its sole, absolute, and unfettered discretion, or for any other reason as determined by Carrier in its sole, absolute, and unfettered discretion, Carrier may in its sole, absolute and unfettered discretion, charge the applicable Shipper or Shippers, as applicable, a surcharge on such volumes in accordance with the Toll Schedule or terminate pipeline service at such Receipt Point and any other impacted portions of the relevant Pipeline System immediately and subsequently remove its Receipt Point facilities. Following the termination of pipeline service, the relevant Shipper shall provide, or cause the Connection Facilities Owner to provide, Carrier or its agents with reasonable access for the removal of its Receipt Point facilities.

### ARTICLE 8 MEASUREMENTS, TESTING AND DEDUCTIONS

- 8.1 **Measurement Basis** The volumetric measurement base of all Petroleum shall be one (1) Cubic Metre (m<sup>3</sup>) with the final result of calculations expressed to the nearest one thousand (1/1000) of a Cubic Metre at fifteen degrees Celsius (15°C) and at atmospheric pressure (0 kPag). All measurement, testing, calculating and reporting of Petroleum volume and quality characteristics shall be performed in accordance with the latest revision of the API Manual of Petroleum Measurement Standards, ASTM standards or other standards as may be adopted by Carrier from time to time, in its sole, absolute and unfettered discretion, unless specifically specified in Schedule "A" of this Tariff.

8.2 **Measurement Procedures and Instruments**

- (a) All Petroleum Tendered to a Pipeline System shall be measured and may be tested by Carrier or a representative of Carrier. A Shipper, or a Nominating Party who transacts with the Shipper for its Petroleum, may be present at the measuring and testing.
- (b) If tank gauging is used for volume measurement, quantities will be computed from regularly compiled tank tables showing one hundred percent (100%) of the full capacity of the tanks. In the event that tank capacity tables specific to the tanks from which Petroleum is to be Tendered are not available, Carrier may require as a condition precedent to accepting Tenders that Shipper provide, or cause to be provided, tank capacity tables prepared in accordance with the API Manual of Petroleum Measurement Standards Chapter 2.2 (A or B) by an independent company at the expense of the Shipper, as the case may be. Carrier, at its discretion and upon reasonable notice to the Shipper, shall be allowed to witness the tank strapping.
- (c) If meters are used for volume measurement, they shall have the inherent capability to measure Petroleum with accuracy (reproducibility) of  $\pm 0.25\%$  and repeatability of  $\pm 0.05\%$  under normal operating conditions.
- (d) All temperature measurement determinations shall be accurate to within  $\pm 0.25$  °C of a certified standard. All pressure measurement determinations shall be accurate to within  $\pm 30$  kPa of a certified standard. All density measurement determinations shall be accurate to within  $\pm 3.0$  kg/m<sup>3</sup> of a certified standard. All volume computation devices or software modules shall be properly configured and protected from reconfiguration by unauthorized personnel. All of the devices referred to in subsections (c) and (d) are hereafter referred to as "Measurement Instruments".
- (e) All Measurement Instruments shall be installed in accordance with the API Manual of Petroleum Measurement Standards, the appropriate sections of any manual which replaces this standard, or in accordance with commonly accepted industry practices, as determined by Carrier. Where the installation is incapable of meeting the stated

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requirements or if measurement standards change over time, Carrier shall be relieved from such requirements but may take other actions to account for the discrepancy, as determined by Carrier in its sole, absolute, and unfettered discretion, including but not limited to: increased frequency of calibration or proving, upgrading or replacement of the existing Measurement Instruments or making adjustments to the measured volume.

- (f) All Measurement Instruments shall have provisions to be sealed in a manner which ensures measurement integrity. A Shipper, or Nominating Party who transacts with a Shipper for its Petroleum, and/or Carrier shall have the right to install seals on its own Measurement Instruments to ensure measurement integrity. Prior to the removal of any seal, the party intending to remove the seal of another party shall notify the other party that the seal of such Measurement Instrument is to be removed.
- (g) Subject to the approval of Carrier, a Shipper, or Nominating Party who transacts with a Shipper for its Petroleum may install devices such as temperature, pressure or flow transmitters, signal transmitters or other signal monitoring devices at any Carrier site where such party's Petroleum is measured, as such party may desire from time to time or on a permanent basis. All costs of such installation shall be at the expense of the respective Shipper, or Nominating Party, which made the request.
- (h) The results of all measuring and testing by Carrier shall be final unless there is evidence of a Measurement Instrument malfunction in any measurement involving Petroleum Tendered or Delivered in which case Carrier and the affected Shipper, or, if applicable, Nominating Party shall negotiate appropriate adjustments on the following basis:
  - (i) If, after verification procedures are completed, the then existing calibration of the Measurement Instruments are found not to be in excess of the transmitter or analyzer limits in subsections (c) or (d) or are found to cause the volume measurement to be in error not in excess of  $\pm 0.25\%$ , after giving due consideration to the impact that any variations in the density, viscosity, temperature or flow rate of the Petroleum Tendered from test to test may have had on measurement error, previous quantities calculated by such equipment shall be considered correct.
  - (ii) (If, after verification procedures are completed, the then existing calibration of the Measurement Instruments are found to be in excess of the transmitter or analyzer limits in subsections (c) or (d) or are found to cause the volume measurement to be in error by any amount greater than  $\pm 0.25\%$ , after giving due consideration to the impact that any variations in the density, viscosity, temperature or flow rate of the Petroleum Tendered from test to test may have had on the measurement error, then such equipment shall be adjusted at once to read accurately and any previous calculated volumes shall be corrected to zero error for any period during which such error is known definitely or is agreed upon to have occurred. Where the error period is not known definitely or agreed upon, such correction shall be for a period covering the last half of the time elapsed since the date of the last test. Carrier shall resolve the re-work or adjustment by recalculation and reallocation of volumes or as otherwise agreed to between the Persons affected.

- 8.3 **Custody Transfer Tickets** All measurement of Petroleum Tendered for each Month shall be documented with custody transfer tickets, or the electronic equivalent, showing the location and dates of Tendering to which the custody transfer ticket applies, the metered or gauged volume, the weighted average density, weighted average sediment and water, deductions for sediment and water, any other volumetric corrections or adjustments provided for in this Tariff and the calculated Tendered volume in accordance with the following:

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- (a) Carrier shall correct the measured density and volume of Petroleum Tendered from the actual temperature of such Petroleum to 15°C by use of the API Manual Petroleum Measurement Standards, Chapter 11 (applicable sections and latest revision).
- (b) Carrier shall correct the metered volume of Petroleum Tendered by the meter calibration factor derived from periodic proving of the meter and, for compressibility by the use of API Manual of Petroleum Measurement Standards, Chapter 11.2.2 M (latest revision).
- (c) Carrier shall determine the percentage of sediment and water in the Petroleum Tendered and shall deduct from the measured volume of Petroleum the volume of sediment and water therein and Carrier may, at its sole discretion, apply a penalty on such Shipper whose Petroleum is Tendered as specified in Section 4.2.
- (d) Carrier may, as deemed necessary by Carrier, adjust the measured volumes of Petroleum for blending shrinkage determined in accordance with API Manual of Petroleum Measurement Standards, Chapter 12.3 (latest revision) or other method as may be determined by Carrier in its sole discretion.
- (e) Carrier may, as deemed necessary by Carrier, determine and apply a weathering adjustment factor to the measured volume of Petroleum if the Petroleum Tendered was insufficiently weathered.
- (f) Carrier may, as deemed necessary by Carrier, determine the vapour pressure of the Petroleum Tendered and may, at its sole discretion, apply a penalty on such Shipper whose Petroleum is Tendered as specified in Section 4.2.
- (g) Carrier may, as deemed necessary by Carrier, determine and apply an adjustment to the measured volume of Petroleum Tendered if the temperature, density, viscosity or any other characteristic of the Petroleum has shifted or fluctuated, during the period of time covered by the custody transfer ticket, to such an extent as to materially affect the accuracy of measurement.
- (h) Carrier may, at its sole discretion, charge a pipeline loss allowance, at a rate to be specified in the applicable Toll Schedule, to cover losses, shrinkage and evaporation inherent in the transportation of Petroleum by pipeline, and if charged on a Single Shipper System, the Single Shipper may pass through such costs to the relevant Nominating Parties. The pipeline loss allowance charge may be specified as a toll charge on the total of each Tender or as a volumetric deduction from the total of each Tender.
- (i) The determination of any of the Petroleum quality parameters prescribed in this Article 8 may be determined by testing a proportionate sample of the Petroleum Tendered. Such sample is to be collected by a proportional sampler installed and operated in accordance with the API Manual of Petroleum Measurement Standards, Chapter 8 (applicable sections and latest revision), if provided by Carrier as Part of the Receipt Point or Delivery Point facilities, and the results of such testing shall be deemed to represent the quality of all the Petroleum Tendered. In the absence of a proportional sampler, Carrier shall test spot samples taken at intervals determined to be reasonable by Carrier, at its sole, absolute, and unfettered discretion. Such testing results shall be used by Carrier, under its sole, absolute, and unfettered discretion, to deem the representative quality of all the Petroleum Tendered during the period of time covered by the custody transfer ticket. Carrier, at its sole discretion, may determine the weighted average density using online density instrumentation in accordance with the API Manual of Petroleum Measurement Standards, Chapter 9 or the latest revision to such standards in effect at that time.

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- 8.4 **Access Rights** Carrier's representative shall have the right to enter upon any Shipper's, Nominating Party's and/or Connection Facilities Owner's premises where Petroleum is stored and have access to any and all Shipping Tanks for the purpose of making any examination, inspection, sample collection, measurement or test provided for under this Tariff.
- 8.5 **Meter Proving** All calibration, testing and adjustment (in this Section 8.5, collectively referred to as "proving") of meters shall be carried out by Carrier or a representative of Carrier. If requested, notice of proving of a meter or a Measurement Instrument shall be given to those Shippers, Nominating Parties requesting such notification who Tender Petroleum to or from the meter on which proving is to be conducted to permit such Shippers, Nominating Parties or their representatives to be present.

### ARTICLE 9 APPLICATION OF TOLLS

- 9.1 **Effective Tolls** Petroleum accepted for transportation shall be subject to the tolls in effect on the date of Tender of such Petroleum in accordance with the applicable Toll Schedule, irrespective of the date of Nomination or Delivery.
- 9.2 **Toll Attribution** The tolls charged shall be allocated as to volume of Petroleum and types of Petroleum in accordance with the applicable Toll Schedule.

### ARTICLE 10 PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

- 10.1 **Invoicing Party and Payor** On Single Shipper Systems, the Carrier will issue invoices to the Single Shipper, and the Single Shipper may forward or re-issue invoices to the relevant Nominating Parties pursuant to this Tariff and/or any Contract or any other agreement with such parties, as applicable, provided that the Single Shipper shall remain primarily liable for payment of invoices. On all other Pipeline Systems, Carrier will issue invoices to the relevant Shipper pursuant to this Tariff and/or any Contract, if applicable. For the purposes of this Tariff, the Carrier shall be the "Invoicing Party" when it issues the invoice, and the party ultimately receiving the invoice (being the Shipper, or on a Single Shipper System, the Single Shipper or Nominating Party of the Single Shipper) shall be the "Payor".
- 10.2 **Charges** The Payor shall pay to the Invoicing Party all fees, charges, tolls, equalization charges, costs and adjustments for the previous Month's Tendered volume of Petroleum on or before the Payment Due Date.
- 10.3 **Invoicing** The Invoicing Party will provide the Payor a Monthly invoice by the date such information is to be available according to the Alberta Petroleum Marketing Commission's published schedule, or any successor organization providing this information, detailing: (i) the tolls payable to the Invoicing Party pursuant to this Tariff for Tenders and Contract obligations, if applicable, during the previous Month; and (ii) any other charges for which the Payor is liable under this Tariff, any Contract, or the Payor's other obligations. The Invoicing Party may deliver such invoices by mail, courier, facsimile, email or other acceptable means as determined by the Invoicing Party.
- 10.4 **Lien on Petroleum** In addition to any other remedies available to Invoicing Party at law, in equity, under this Tariff or any relevant Contract, Invoicing Party shall have a lien on all Petroleum in its possession Tendered by Shipper whether directly, or indirectly by receipt of title and custody of Petroleum by a Nominating Party to secure the payment of any and all unpaid transportation or other lawful charges that are due to Invoicing Party, and unpaid by Payor, and Invoicing Party may withhold, or cause to be withheld, such Petroleum from Delivery or transfer until all unpaid charges have been paid.

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- 10.5 **Failure to Pay** Should a Payor fail to pay any amount of any invoice as herein provided, on or before the Payment Due Date, interest on the unpaid portion of the invoice accrues daily at a rate of interest per annum equal to the Prime Rate plus two percent (2%) and the principal and accrued interest to date shall be payable and due immediately upon demand. If such failure to pay continues for ten (10) Days, or more, after the Payment Due Date, the Invoicing Party, in addition to any other remedy it may have under this Tariff, any relevant Contract, at law, or in equity, may suspend further transactions with Shipper, until such amount is paid or acceptable Financial Assurances are provided. In the event Payor suffers an insolvency or bankruptcy event, subject to applicable laws, Carrier shall be entitled to suspend the further receipt of Petroleum from such Person immediately.
- 10.6 **Disputed and Inaccurate Amounts**
- (a) If an invoice is disputed by a Payor, and the Invoicing Party determines, acting reasonably, that an invoice previously delivered to a Payor was inaccurate, the Invoicing Party may deliver an adjusted invoice to Payor.
  - (b) If there is a dispute as to the amount due under any Monthly invoice, the Payor must make full and timely payment of the undisputed portion of the subject invoice, and shall concurrently provide written notice of the nature, extent, and details of the dispute to the Invoicing Party within ten (10) Business Days from the date the invoice is received by the Payor. Invoicing Party and Payor shall work together to investigate and resolve any dispute, and upon resolution, any amount determined to be due or credited shall be paid promptly with interest at a rate equal to the Prime Rate plus two percent (2%) per annum, compounded monthly, from and after the Payment Due Date until paid in full. Invoicing Party and Payor shall continue to work together in good faith to resolve the dispute and any amount determined to be due or credited shall be paid promptly upon resolution.
- 10.7 **Taxes** Invoicing Party and Payor acknowledge that the amounts payable by Payor pursuant to this Tariff or any Contract are exclusive of any sales tax, GST and any other like value-added taxes payable. Invoicing Party and/or Payor, as applicable, shall be responsible for the payment of all sales and value-added taxes, including GST, that are due in respect of all amounts payable by it under this Tariff or any Contract, and any such tax shall be paid by such party when and as it is due to be paid under Applicable Law, and in the case of GST, as provided in Part IX of the *Excise Tax Act* (Canada). Invoicing Party and Payor each represents and warrants to the other that it is a registrant and will continue to be a registrant in accordance with the provisions of the *Excise Tax Act* (Canada) for the term.
- 10.8 **Right to Sell** If amounts remain unpaid ten (10) Days after Payment Due Date and Financial Assurances have not been provided, or as set out in Section 11.2, Carrier shall have the right to sell any Petroleum of a Shipper, or its Nominating Party, which is then in the custody of Carrier or otherwise traceable and alienable by Carrier in any manner permitted in accordance with Applicable Law. From the proceeds of such sale, Carrier shall deduct any unpaid amounts owing from such Payor to Carrier (including interest thereon and reasonable storage charges pending sale and costs and expenses incident to such sale), and the balance remaining, if any, shall be paid to such Payor and/or any other party lawfully entitled to such proceeds.

### ARTICLE 11 DELIVERY, ACCEPTANCE, OVERAGES, AND SHORTAGES

- 11.1 **Obligation to Remove** The Shipper shall or shall cause the Nominating Party to, upon twenty-four (24) hours' notice from Carrier, accept and remove its Petroleum (other than Working Stock, if applicable) from the facilities of Carrier upon Delivery of the Petroleum.
- 11.2 **Excess Available Inventory** If a Shipper fails to remove, or fails to cause its Nominating Party as applicable, to remove, its Petroleum from the facilities of Carrier or custody of Carrier or the Single Shipper, as the case may be, upon Delivery at a Delivery Point such that the Shipper's Available

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Inventory is greater than zero, then Carrier shall have the right to provide notice to the Shipper to remove, or cause its Nominating Party to remove, such Petroleum within twenty four (24) hours. If the Shipper fails to remove, or to cause its Nominating Party to remove, such Petroleum within the 24-hour period following Carrier's notice, Carrier shall have the right to remove and sell such Petroleum. Carrier shall not be liable to any Shipper or its Nominating Party for any loss or damage suffered by Shipper or its Nominating Party arising out of such removal or disposition. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier or its affiliates with respect to the storage, removal and sale of such Petroleum. Alternatively, or in addition, if the Petroleum has not been removed, commencing on expiration of the 24-hour notice period, at Carrier's sole, absolute, and unfettered discretion, the Shipper may be subject to the Overage Fee on all such Petroleum not so removed, which may be deducted from the proceeds of sale, if any, of such Shipper's or Nominating Party's excess Petroleum. The balance remaining, if any, shall be paid to Shipper and/or any other party lawfully entitled to such proceeds.

11.3 **Available Inventory Shortfall** In the event that a Shipper's Available Inventory is less than zero, then Carrier shall have the right to provide notice to such Shipper that it is required to backfill its Petroleum shortfall such that its Available Inventory equals zero. If the Shipper fails to backfill such Petroleum within the 24-hour period following Carrier's notice, Carrier shall have the right to reduce such Shipper's Deliveries or transfers, or backfill such Petroleum at Shipper's sole cost and expense. Alternatively, or in addition, if Shipper fails to meet its Available Inventory requirements, commencing on the expiration of the 24-hour notice period, at Carrier's discretion, Shipper may be subject to a Shortage Fee on such Petroleum shortfall, not including any amounts of Petroleum backfilled by Carrier.

11.4 **Overage Fees and Shortage Fees** Subject to any loss allowance that may be imposed in accordance with Section 8.3(h) and any intra-system transfers pursuant to Section 7.8, a Shipper's Available Inventory shall equal zero at the end of each Month. In the event that a Shipper's Available Inventory is:

- (a) greater than zero, Carrier shall have the right, in accordance with Section 11.2, to charge such Shipper an amount equal to: (i) the Overage Fee, multiplied by (ii) the positive difference, if any, between (A) the Shipper's Available Inventory, and (B) Carrier's Tolerance Margin, if any; and,
- (b) less than zero, Carrier shall have the right, in accordance with Section 11.3, to charge such Shipper an amount equal to: (i) the Shortage Fee, multiplied by (ii) the negative difference, if any, between (A) the Shipper's Available Inventory, and (B) Carrier's Tolerance Margin, if any.

Carrier shall not be obligated to provide a Tolerance Margin.

Any Shipper whose Available Inventory does not equal zero as set out in this Section 11.4 may have their status as a Nominating Party revoked at Carrier's sole, absolute, and unfettered discretion.

### ARTICLE 12 LIABILITY OF PARTIES OTHER THAN CARRIER

12.1 If the failure by a Shipper to remove, or cause its Nominating Party to remove, Petroleum from Carrier's facilities at a Delivery Point causes disruption of Carrier's operations, such Shipper shall be solely responsible for all costs or losses to Carrier, associated with such disruption, including loss of revenue resulting therefrom, unless the non-removal of such Petroleum is due to the gross negligence of Carrier or results from an event of Force Majeure.

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- 12.2 Each Shipper hereunder or under any Contract shall indemnify Carrier for any direct or indirect costs, losses or damages incurred by Carrier, Carrier's affiliates, or any other party as a result of such party's failure to comply with any provision of this Tariff or any relevant Contract, unless such party's failure to comply is due to the gross negligence of Carrier or, subject to Articles 14 and 22, an event of Force Majeure claimed by such party.
- 12.3 Each Shipper, or any other party hereunder or under any Contract shall pay or cause to be paid any and all taxes, duties, charges, levies or any other assessments made or imposed by any Governmental Authority having jurisdiction with respect to the Petroleum to be transported on the Pipeline Systems and shall indemnify and save harmless Carrier, from any such taxes, duties, charges, levies or assessments so made or imposed.
- 12.4 Subject to the Force Majeure provisions hereunder, if a Shipper or any other party hereunder or under any Contract fails to perform any of the covenants or obligations imposed upon it under this Tariff or any relevant Contract, then in addition to any other remedies that Carrier may have hereunder, pursuant to any Contract, at law or in equity, Carrier may, at its option exercisable at Carrier's sole, absolute, and unfettered discretion, cancel any Contract to which it is a party and suspend performance of its obligations under this Tariff and/or any such Contract as follows: Carrier may immediately suspend further Tenders and shall cause a written notice to be served on Shipper, or any other party hereunder or under any Contract, as the case may be, stating specifically the default; thereupon the Shipper shall, or any other party hereunder or under any Contract which is in default, as the case may be, shall have ten (10) Days after the service of the aforesaid notice in which to, or to cause its Nominating Party to, remedy or remove the cause or causes stated in the default notice. If within the said ten (10) Day period the Shipper, or any other party hereunder or under any Contract which is in default, as the case may be does not remove or remedy, or cause its Nominating Party to remove or remedy, said cause or causes, then Carrier may immediately thereafter cancel any Contract to which it is a party and suspend performance of its obligations hereunder and under such Contract, if applicable to such party until the default is remedied to the satisfaction of Carrier.
- 12.5 Where Shipper is not the Connection Facilities Owner nor the owner or operator of the production facilities of the Petroleum it wishes to Tender, it shall cause such owner or operator to be bound by and comply with this Tariff and to cooperate with the Carrier as may be reasonably required. Shipper shall indemnify Carrier against any and all claims, demands, suits, actions, damages, costs, losses, expenses, and other consequential damages or claims of whatever natures or kind, resulting directly or indirectly from the failure of Shipper to comply with this Section 12.5.
- 12.6 No waiver by Carrier or a Shipper (on behalf of itself, its Nominating Party, or any other party hereunder or under any Contract, as the case may be) of any one or more defaults by the other in the performance of any provisions of this Tariff or any Contract shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.
- 12.7 Each Shipper (on behalf of itself and any Connection Facilities Owner, or any other party hereunder or under any Contract) shall be liable to Carrier for any and all direct and indirect costs, losses or damages resulting from or arising from errors or omissions that occur in the provision or non-provision of information provided by interconnection with facility control systems ("signals") or in the signals provided or not provided to Carrier.

### **ARTICLE 13 LIABILITY OF CARRIER**

- 13.1 Carrier shall not be liable to any Shipper, or its Nominating Party, or any other party hereunder or under any Contract for any direct or indirect costs, losses, damages, or delays, including those caused by an event of Force Majeure. Carrier shall not be responsible for the transportation of Petroleum during periods when a Pipeline System is out of service and Carrier shall not be

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obligated to compensate any Shipper, or its Nominating Party, or any other party hereunder or under any Contract for any cost of alternate transportation that may be incurred by such party.

- 13.2 If damage to or loss of Petroleum results from anything other than from an act of gross negligence 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 using that line segment of the Pipeline System at the time of such damage or loss. Each Shipper's share of such cost of damage or loss shall be determined by Carrier based on the proportion of the volume of Petroleum attributable to each Shipper in such line segment on the date of such damage or loss to the total volume of Petroleum in such line segment on the date of such damage or loss. The Parties acknowledge that it shall be the responsibility of Shipper (including the Single Shipper on a Single Shipper System) to allocate such apportioned cost of damage or loss to its Nominating Parties in its discretion.
- 13.3 As an alternative to determining and charging for the damage or loss of Petroleum in accordance with Section 13.2, Carrier may Deliver only that portion of Tenders as may remain after deduction of each Shipper's proportion of such damage or loss, and the Payor will be required to pay charges only upon the quantity of Petroleum Delivered. The Parties acknowledge that it shall be the responsibility of the Shipper (including the Single Shipper on a Single Shipper System) to address any adjustments, make up, or compensation for apportioned Petroleum with its Nominating Parties in its discretion.
- 13.4 Notwithstanding anything elsewhere contained in this Article 13 to the contrary, Carrier shall in no case be liable to any Shipper or its Nominating Party, or any other party hereunder or under any Contract for any direct or indirect costs, losses or damages suffered by any :Shipper, or its Nominating Party, or any other party hereunder or under any Contract, or those for whom such :Shipper or Nominating Party, or any other party hereunder or under any Contract is acting hereunder, as a result of Carrier's right to report and Deliver amounts of Petroleum that differ from those Tendered in the Notice of Shipment form, as set out in Section 7.1, including but not limited to:
- (a) any lost profits, revenues or capital sustained by any Shipper, its Nominating Party or any other party hereunder or under any Contract or those for whom any such Shipper, its Nominating Party, or any other party hereunder or under any Contract is acting hereunder, as a result of the shutting-in of wells or the loss of market for Petroleum; and
  - (b) any claims due to any failure by Carrier to take receipt of or Deliver the amount of Petroleum indicated in the Notice of Shipment form, any cancellation of permits, termination of contracts of penalties and damages under contracts occasioned thereby against a Shipper, its Nominating Party, or any other party hereunder or under any Contract, or those for whom any such Shipper, its Nominating Party, or any other party hereunder or under any Contract is acting hereunder, and each such Shipper, its Nominating Party, and any other party hereunder or under any Contract does hereby indemnify and agrees to hold Carrier harmless from and against all liabilities or losses arising from or related to any such contracts.
- 13.5 Carrier shall not be liable to any Shipper, its Nominating Party, or any Connection Facilities Owner, or any other party hereunder or under any Contract for any errors or omissions that occur in the provision or non-provision of information provided by interconnection of the facility control systems ("signals") of Carrier and any Shipper, its Nominating Party, or Connection Facilities Owner, or any other party hereunder or under any Contract or in the signals provided or not provided to any such Shipper, its Nominating Party, or Connection Facilities Owner, or any other party hereunder or under any Contract and each Shipper, on behalf of itself its Nominating Party and any Connection Facilities Owner, or any other party hereunder or under any Contract expressly waives its rights, if any, to all claims, demands, actions, suits or other proceedings whatsoever in respect of direct or indirect damages, injury or loss of life or of property it may have or claim against Carrier arising out

## **RULES AND REGULATIONS**

of or connected in anyway with the provision or non-provision of the signals or the actual signals either received or not received by such Shipper, its Nominating Party, or any Connection Facilities Owner or any other party hereunder or under any Contract and each such: Shipper, on behalf of itself, its Nominating Party and Connection Facilities Owner, or any other party hereunder or under any Contract shall be solely liable for any and all direct or indirect costs, losses or damages resulting therefrom.

- 13.6 Notwithstanding the foregoing, and to the extent permitted by law, except for costs, losses, damages, or delays arising as a result of the gross negligence or wilful misconduct of Carrier, any costs, losses, damages for which Carrier, as determined or adjudged by a competent authority, is liable and must indemnify Shipper or any other Person under this Tariff, shall collectively be limited to a maximum aggregate amount of five hundred thousand dollars (\$500,000) for each such occurrence, provided such limitation shall not apply in respect of amounts recoverable (less deductibles, if applicable) by Carrier using its reasonable efforts and Prudent Practices from insurers or other third parties.
- 13.7 Notwithstanding any other provision of this Tariff, in respect of Petroleum Tendered to a Single Shipper System, both the Single Shipper and the Nominating Party which has an agreement or transaction with the Single Shipper with respect to such Petroleum, shall be jointly and severally liable to Carrier for all obligation, liabilities, costs, penalties, and indemnities arising under this Tariff or any Contract, including but not limited to quality, removal, payment, and indemnification obligations, regardless of whether the Nominating Party is a party to a Contract with Carrier. The limitations of liability of Carrier set out in this Article 13 shall be in addition to any other limitations as may be set out in Contracts with Carrier.

### **ARTICLE 14 FORCE MAJEURE**

- 14.1 If either Carrier or a Shipper fails to perform any obligation under this Tariff due to an event of Force Majeure, then such failure shall be deemed not to be a breach of such obligations.
- 14.2 The term "Force Majeure", as employed herein shall mean:
- (a) any act of God, war, terrorism, civil insurrection or disobedience, acts of public enemy, strikes, lockouts or other industrial disturbances, accidents, blockades, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, floods, civil disturbances, the act, regulation, order, direction or requisition of any Governmental Authority;
  - (b) any mechanical or equipment failure including without limitation, freezing of pipelines or pumps or obstructions of pipelines or appurtenances thereto; or
  - (c) any other cause whether of the kind enumerated in subsections (a) or 14.2, or otherwise, which is beyond the reasonable control of the applicable party and which could not have been prevented or overcome by the exercise of due diligence.
- 14.3 Notwithstanding Sections 14.1 and 14.2, the following shall not be events of Force Majeure:
- (a) insufficiency of Petroleum supplies of a Shipper or its Nominating Party; or
  - (b) absence of, or availability of a more attractive, market for Petroleum; or
  - (c) lack of funds; or
  - (d) a Shipper or its Nominating Party's lack of takeaway capacity at the Delivery Point (or that of a Person transacting with such Shipper or Nominating Party).

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- 14.4 A party that fails to perform any obligation under this Tariff where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is reasonably able to do so, provided that the terms of the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming suspension of its obligations hereunder by reason thereof.
- 14.5 Notwithstanding Section 14.2 through Section 14.4, no event of Force Majeure shall:
- (a) relieve any party from any obligation pursuant to this Tariff unless such party gives notice with reasonable promptness of such event to the other party; or
  - (b) relieve any party from any obligation pursuant to this Tariff after the expiration of a reasonable period of time within which, by the use of its due diligence, such party could have remedied or overcome the consequences of such event of Force Majeure.
- 14.6 No event of Force Majeure shall relieve any Shipper or Payor, or any other party hereunder or under any Contract from its obligations to make payments to Carrier hereunder or under any Contract.
- 14.7 The notice referred to in Section 14.5(a), when provided by any party other than the Carrier, shall state the nature of the Force Majeure event, the estimated duration of such event, and the volume of the Petroleum affected.
- 14.8 Unless expressly stated otherwise in a Contract, the term of a Contract shall not be extended by any period by reason of Force Majeure.

### ARTICLE 15 APPORTIONMENT

- 15.1 **Allocation of Capacity** Following the receipt by Carrier of all Nominations for a Month, Carrier shall determine, at its sole, absolute, and unfettered discretion, the capacity available in that Month ("**Available Capacity**"). In the event that Nominations for the Month exceed Available Capacity, then the Available Capacity shall be allocated by Carrier, at its sole discretion. Carrier may restrict or suspend Tenders in order to apportion capacity and may consider the current operating conditions of the relevant Pipeline System and any priority accorded to any Shipper, or any other party hereunder or under any Contract with Carrier and/or the Single Shipper, if and as applicable. Subject to the foregoing, capacity will generally be allocated pro rata based on Nominations but such allocations shall remain at Carrier's sole discretion.
- 15.2 **Supply Verification** Each Shipper shall, or, if applicable, Shipper shall cause each of its Nominating Parties transacting with such Shipper to, upon notice from Carrier, provide written verification of the availability of its supply of Petroleum and of its capability to remove such Petroleum from any Delivery Point as may be required by Carrier. If such verification is for a volume less than the relevant Shipper or its Nominating Party's Nomination, then Carrier shall reduce such Shipper or Nominating Party's Tender to the volume of the verified supply prior to allocation of Available Capacity. Carrier shall not allocate capacity to a Shipper greater than such Shipper or Nominating Party's verified capability to remove such Petroleum from any Delivery Point.
- 15.3 **Revised Notice of Shipment** Within one (1) Business Day following notice by Carrier to a Shipper or Nominating Party of the allocation of Available Capacity, Shipper or Nominating Party shall provide Carrier with a new Notice of Shipment reflecting the Available Capacity that has been allocated to such Shipper or Nominating Party.

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- 15.4 **Reallocation of Capacity** If during the course of a Month the capacity available is determined by Carrier to be greater or less than the Available Capacity, Carrier shall reallocate the revised Available Capacity in accordance with the foregoing procedures.
- 15.5 **Carrier Not Liable** Carrier will not be liable to any Shipper, Nominating Party or any other party hereunder or under any Contract for any direct or indirect costs, losses or damages due to such apportionment. Carrier will, on a reasonable efforts basis, endeavor to remove such restrictions as soon as practical in accordance with internal economic assessments and Prudent Practice.

### **ARTICLE 16 PETROLEUM INVOLVED IN LEGAL DISPUTES**

- 16.1 Petroleum which is in any way subject to litigation, or the ownership of which may be in dispute, or which is subject to a lien, other than pursuant hereto, or charge of any kind, may not be accepted unless and until the party whose Petroleum is the subject of such litigation, dispute, lien or charge shall furnish a bond or other form of indemnity satisfactory to Carrier protecting Carrier against any liability or loss arising as a result of such litigation, dispute, lien or charge. Such party shall notify Carrier with reasonable promptness should any of its Petroleum be subject to any such litigation, dispute, lien or charge.

### **ARTICLE 17 CLAIMS, SUITS AND TIME FOR FILING**

- 17.1 As a condition precedent to recovery, claims for loss, damage or delay in connection with Petroleum Tendered on any Pipeline System under this Tariff or any Contract with Carrier including, without limitation, claims for breach of any obligations of Carrier thereunder, must be submitted in writing to Carrier within thirty (30) Days after Delivery of the Petroleum, or, in the case of failure to make Delivery, then within thirty (30) Days after a reasonable time for Delivery has elapsed.

### **ARTICLE 18 REPRESENTATIONS AND WARRANTIES**

- 18.1 Each Shipper represents and warrants that: (i) it has in place for all Tendered Petroleum all required approvals, permits and authorizations for the removal and transportation of Petroleum under this Tariff; (ii) it owns and has sole right, title and interest to, and has the right to Tender or have Tendered for its account, the Petroleum that is Tendered; (iii) it shall indemnify and hold harmless Carrier against all claims, actions or damages arising from any adverse claims by a third party claiming ownership or an interest in the Petroleum Tendered; (iv) it will pay Carrier and/or the Single Shipper, if applicable, all amounts due under this Tariff or any Contract by the Payment Due Date.

### **ARTICLE 19 GOVERNING LAW**

- 19.1 This Tariff and any Contract shall be construed and applied in accordance with and be subject to the laws of the Province of Alberta, and, where applicable, the laws of Canada, and shall be subject to the rules, regulations, decisions and orders of any Governmental Authority. Subject to the provisions of any Contract otherwise, each Person to which this Tariff applies hereby irrevocably attorns to the jurisdiction of the courts of Alberta and the courts of appeal therefrom in the event of any such action, suit or other proceeding by the other party relating to a Contract, the Toll Schedule, or this Tariff. Each Person to which this Tariff applies specifically and knowingly waive a trial by jury and any such controversy shall be litigated before a trial judge.

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## ARTICLE 20 FINANCIAL ASSURANCES

- 20.1 **Request for Information** When not publicly available, Carrier may at any time request, and any prospective or existing Shipper, or any other party hereunder or under any Contract shall provide information, including for certainty; quarterly and annual financial statements with accompanying financial statement notes, to Carrier that will allow Carrier to determine the prospective or existing capacity of such Shipper, or any other party hereunder or under any Contract to perform any financial obligations that could arise from the transportation of such party's Petroleum, under the terms of this Tariff and/or such Contract, including the payment of transportation charges, equalization charges, Overage Fees, and Shortage Fees. Carrier may, at its sole discretion, refuse to accept Petroleum from an existing or prospective Shipper, or any other party hereunder or under any Contract if such current or prospective Shipper fails to provide the requested information to Carrier within five (5) Days of Carrier's written request.
- 20.2 **Requirement to Provide Financial Assurances** If a Payor fails to pay a Monthly invoice issued by the Invoicing Party within five (5) Business Days of the Payment Due Date, or if Carrier, in its sole discretion, reasonably determines that: (i) the existing or prospective Payor's financial condition is or has become impaired or unsatisfactory; (ii) any Financial Assurances previously provided by a Payor no longer provide adequate security for the performance of such Payor's obligations that could arise from its Petroleum under the terms of this Tariff or any Contract; or (iii) Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Payor, then Carrier may, upon written notice to a Payor, require Payor to provide one or more Financial Assurances to Carrier in the form as determined by Carrier in its sole discretion. Carrier shall not be obligated to accept Petroleum from an existing or prospective Payor or party acting on Payor's behalf if the Payor or prospective Payor fails to deliver the Financial Assurances to Carrier within five (5) Business Days of Payor's receipt of Carrier's written request for such Financial Assurances. Failure to provide such Financial Assurance within five (5) Business Days of Payor's receipt of such request shall entitle the Carrier to withhold and set off any amounts payable against any amounts owed to the Payor and may result in the termination of any relevant Contracts with Carrier, the Single Shipper, or their affiliates.
- 20.3 **Attributes of Financial Assurances** The Financial Assurance shall be for an amount determined by Carrier, in its sole discretion, and shall include all charges and costs as provided for in this Tariff, under any Contract(s) or otherwise lawfully due to Carrier including but not limited to transportation charges, equalization charges, Overage Fees, Shortage Fees, and negative Shipper Balance positions. In the case of a Letter of Credit, such Letter of Credit must remain in effect for a period of not less than twelve (12) Months and a replacement Letter of Credit must be provided by Payor to Carrier not less than thirty (30) Days prior to the expiry of the then current Letter of Credit. If the Payor fails to pay as specified in Section 10.5 or fails to provide such replacement Letter of Credit as specified in this Section 20.3, Carrier will be entitled to drawdown and enforce such Letter of Credit in accordance with its terms, in which case the proceeds of any such drawing shall be applied to transportation and equalization charges, Overage Fees, Shortage Fees, negative Shipper Balance positions, and other lawful charges that may be then due by the Payor to Carrier and the balance of any such drawing shall be applied by Carrier as an immediate and irrevocable prepayment of any future transportation and equalization charges, Overage Fees, Shortage Fees, negative Shipper Balance positions and other lawful charges owing by the Payor to Carrier.

## ARTICLE 21 DILUENT

- 21.1 Carrier may, and may authorize Single Shipper or its designees to, add such diluent or other additives at Receipt Points or other locations on any Pipeline System as Carrier and/or the Single Shipper or their designee determines in its or their sole, absolute, and unfettered discretion, provided that downstream specification requirements for the stream are met. As a condition to accepting Petroleum, Carrier may require Shippers Tendering Petroleum to provide for each Month

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the volume of diluent, of a type and quality acceptable to Carrier, commensurate with the volume and density or quality of Petroleum Nominated by such Shipper or Nominating Party, prescribed to be provided for such Month by Carrier. The Shipper shall be responsible for the blending shrinkage resulting from adding such diluent to be determined in accordance with subsection 8.3(d), which blending shrinkage is distinct from any pipeline loss allowance determined and charged in accordance with subsection 8.3(h).

### **ARTICLE 22 NON-PERFORMANCE PENALTY**

- 22.1 Carrier shall be entitled to charge Shippers a non-performance penalty in accordance with the following provisions:
- (a) In Months of apportionment, all Tenders that are apportioned shall have the non-performance penalty applied, at a rate to be specified in the applicable Toll Schedule, to that portion of shortfall in Tenders by a Shipper or Nominating Party that exceeds five (5) percent of that Shipper or Nominating Party's apportioned Tender. However, the non-performance penalty will not be applied to that portion of shortfalls caused by Force Majeure events or restrictions imposed by parties downstream of Carrier arising from capacity apportionment or Force Majeure.
  - (b) At any time up to twenty (20) Days following receipt of the notice referred to in subsection 14.5(a) Carrier will issue written notice to Shipper informing Shipper in the event Carrier disputes all or a portion of such Shipper's claim of Force Majeure. Carrier shall invoice the for the amount of the non-performance penalty calculated in accordance with subsection (a) and the Shipper shall be obligated to make payment of the invoiced amount.

### **ARTICLE 23 OPERATORSHIP**

- 23.1 Carrier shall be entitled to appoint one or more of its affiliates to operate one or more Pipeline Systems and perform its duties hereunder. In the event that Carrier makes such an appointment, Carrier shall cause such affiliate(s) to comply with the terms and conditions of this Tariff and references to "Carrier" herein shall be deemed to be references to such operating affiliate(s), where applicable.

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## Schedule A to Tariff No. 110

### Receipt Point Quality Specifications

Effective: January 1, 2025

Petroleum Tendered to Receipt Points shall meet the specifications as outlined in Table #1 (and corresponding notes) at all times. Amounts invoiced hereunder may be subject to adjustments and/or penalties, at Carrier's sole discretion, if such specifications are not complied with at all times pursuant to the provisions of Section 4.2 of this Tariff.

Table #1

| Specification                                         | Unit of Measure            | Test Method<br>Note 12 | Receipt Point Limits by Stream |                   |                                        |                                        |                                        |                                        |                                        |
|-------------------------------------------------------|----------------------------|------------------------|--------------------------------|-------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
|                                                       |                            |                        | BRPL                           |                   |                                        | CAPL                                   |                                        | MSPL                                   |                                        |
|                                                       |                            |                        | HS                             | BR South          | BR North                               | CAL                                    | CSW                                    | SW                                     | Heavy                                  |
| Density<br>Note 1                                     | kg/m <sup>3</sup><br>@15°C | API Ch.9               | ≥ 875,<br>≤ 940                | Note 1            | ≤ 940,<br>≥ 904                        | ≤ 876                                  | ≤ 876                                  | ≤ 876                                  | Note 1                                 |
| Sulphur<br>Note 2                                     | mass %                     | ASTM<br>D4294          | ≤ 4.0                          | None              | None                                   | ≤ 1.3<br>> 0.5                         | ≤ 0.5                                  | ≤ 0.5                                  | None                                   |
| Viscosity<br>(Notes 3 & 4)                            | cSt                        | ASTM<br>D7042          | ≥ 10<br>≤ 350                  | ≥ 10              | ≥ 100<br>≤ 350                         | < 20<br>≥ 2                            | < 20                                   | < 20                                   | ≥ 10                                   |
| Water<br>(Note 5)                                     | vol%                       | ASTM, D4928            | n/a                            | < 0.3             | n/a                                    | n/a                                    | n/a                                    | n/a                                    | < 0.5                                  |
| Sediment<br>& Water<br>(Note 5)                       | vol%                       | ASTM<br>D4007          | < 0.5                          | < 0.5<br>(Note 6) | < 0.5<br>(Note 6)                      | < 0.5                                  | < 0.5                                  | < 0.5                                  | < 0.5                                  |
| Vapour<br>Pressure<br>(Note 7)                        | kPa                        | ASTM<br>D6377          | < 69                           | < 69              | < 70<br>(May-Nov)<br>< 76<br>(Dec-Apr) | < 85<br>(May-Oct)<br>< 95<br>(Nov-Apr) | < 85<br>(May-Oct)<br>< 95<br>(Nov-Apr) | < 85<br>(May-Oct)<br>< 95<br>(Nov-Apr) | < 70<br>(May-Nov)<br>< 76<br>(Dec-Apr) |
| Micro Carbon<br>Residue                               | Mass %                     | ASTM D4530             | -                              | -                 | -                                      | <6                                     | <4-                                    | <4-                                    | -                                      |
| Receipt<br>Temperature<br>(Note 8)                    | oC                         | API<br>Chapter 7       | ≥ 5<br>≤ 38                    | ≥ 5<br>≤ 38       | ≥ 25<br>≤ 38                           | ≥ 5<br>≤ 38                            | ≥ 5<br>≤ 38                            | ≥ 5<br>≤ 38                            | ≥ 25<br>≤ 80                           |
| Maximum<br>Volatile<br>Phosphorus                     | ppmw                       | Note 9                 | < 1.5                          | < 1.5             | < 1.5                                  | < 1.5                                  | < 1.0                                  | < 1.0                                  | < 1.5                                  |
| Total Acid<br>Number                                  | mgKOH/g                    | ASTM<br>D664, D8045    | None                           | ≤ 1.1             | ≤ 1.0                                  | ≤ 0.5                                  | ≤ 0.5                                  | ≤ 0.5                                  | ≤ 1.1                                  |
| Organic<br>Chlorides/<br>Halides (naptha<br>fraction) | ppmw                       | ASTM<br>D4929          | < 1.0                          | < 1.0             | < 1.0                                  | < 1.0                                  | < 1.0                                  | < 1.0                                  | < 1.0                                  |
| Untreated<br>Cracked<br>Petroleum                     | mass                       | H NMR                  | 0                              | 0                 | 0                                      | 0                                      | 0                                      | 0                                      | 0                                      |

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|                   |             |        |       |       |       |       |       |       |       |
|-------------------|-------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Hydrogen Sulphide | <i>ppmw</i> | UOP163 | < 425 | < 425 | < 425 | < 425 | < 425 | < 425 | < 425 |
|-------------------|-------------|--------|-------|-------|-------|-------|-------|-------|-------|

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### Notes to the Receipt Point Quality Specifications:

1. Shipper shall, and, if applicable, shall cause its Nominating Party to, advise Carrier prior to addition or deletion of volumes Tendered that would shift the density of the Petroleum Tendered at the Receipt Point by greater than 10.0 kg/m<sup>3</sup>.
2. Shipper shall, and, if applicable, shall cause each Nominating Party to advise Carrier in writing and provide an updated quality analysis of such Petroleum prior to the addition or deletion of volumes that would shift the sulphur content of the Petroleum Tendered at the Receipt Point by greater than 2.0 g/kg (0.2% wt) from the most recently submitted quality analysis to Carrier.
3. The temperature ("x") for determination of the maximum viscosity limit shall be equal to the Downstream System Reference Temperature in effect at the time that the Petroleum is Tendered.
4. The temperature ("x") for determination of the minimum viscosity limit shall be equal to the greater of the temperature at which the Petroleum is Tendered or 20.0 °C.
5. The sediment and water content shall typically be determined by the centrifuge method in accordance with API MPMS Chapter 10.3 or 10.4 however, if the Petroleum Tendered has a density greater than 940 kg/m<sup>3</sup> at 15.0°C then, at its sole discretion, Carrier may use the Coulometric Karl Fisher Titration ("KF") method, in accordance with API Manual of Petroleum Measurement Standards, Chapter 10.9, for water content determination (latest revision). Since the KF method does not identify the solids content, in those situations where the KF method is used to determine the water content, the solids content shall be determined in accordance with the above noted centrifuge methods and the total sediment and water content shall be the sum of the solids content and the water content so determined. Notwithstanding the above, Carrier reserves the right to utilize other industry accepted testing methods at Carrier's discretion including, but not limited or restricted to, any subsequent revisions to API or ASTM testing methods or inline sediment and/or water content measurement instrumentation. In an event where there is no measurement for sediment and water content, a default of 0.1 vol% will be applied.
6. Crude volumes delivered on the Bow River stream shall not contain a water content equal to or above 0.3% and/or a combined total of sediment and water equal to or greater than 0.5%.
7. The vapour pressure shall be determined per ASTM D6377 testing methods or at Carrier's discretion the most recent industry accepted testing method. In the event of a vapour pressure specification change by a downstream Delivery Point, the Carrier may revise the Receipt Point quality specifications outlined in Schedule A in accordance with Section 4.3 of this Tariff.
8. The minimum and maximum temperatures of Petroleum Tendered shall fall within these limits unless otherwise agreed to and specified in writing by Carrier. The temperature of the Petroleum shall be determined in accordance with the API Manual of Petroleum Measurement Standards, Chapter 7 (applicable section and latest revision).
9. The volatile phosphorus content shall be determined per the "Test Method for Determination of Organo-Phosphorus in Volatile Distillates of Crude Oil by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry" dated 2006/09/11 (or latest updated version) which was developed by Maxxam Analytics and the Canadian Crude Quality Technical Association. Notwithstanding anything else contained herein, Carrier reserves the right to utilize other industry accepted testing methods at Carrier's sole discretion including any subsequent revisions to applicable testing methods or inline measurement instrumentation.