

WABASCA RIVER PIPELINE

PIPELINE TARIFF

(Cancels Tariff No.7)

RULES AND REGULATIONS

GOVERNING THE

GATHERING AND TRANSPORTATION

OF

CRUDE PETROLEUM

BY

PIPELINE

WITHIN

THE PROVINCE OF ALBERTA, CANADA

GENERAL APPLICATION

The rules and regulations published herein apply only under tariffs and agreements making specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof which may be published and implemented in the sole discretion of Highwood Oil Company Ltd. Specific rules and regulations published in individual tariffs or agreements will take precedence over rules and regulations published herein.

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## Table of Contents

<b>A.</b>	<b>Rules and Regulations</b>	<b>3</b>
	1. Definitions	3
	2. General	4
	3. Facilities Origin and Destruction Facilities	4
	4. Terms and Intrasystem Transfers	5
	5. Specifications, Quality and Quantity	6
	6. Identity of Crude Petroleum	7
	7. Adverse Claims	8
	8. Access to Facilities	8
	9. Tanks and Facilities	8
	10. Tank Trucks and Facilities	9
	11. Measurement, Testing and Deductions	9
	12. Evidence of Receipts and Deliveries	11
	13. Apportionment of Pipeline Capacity	11
	14. Payments, Lien and Sale	11
	15. Claims	12
	16. Force Majeure	13
	17. Liability of Carrier	13
	18. Adjustments for Over and Under Deliveries	14
	19. Producer/Operator Compliance	14
	20. Equalization for Quality Differentials	14
	21. Indemnification	14
	22. Financial Information	15
	23. Forbearance	15
	24. Inconsistencies	15
	25. Interpretation	15
	26. Assignment	15

Exhibit 1- Pipeline Quality Equalization Procedures

Exhibit 2 -Receipt Points

## **RULES AND REGULATIONS**

### **1. DEFINITIONS**

The following definitions shall apply in these Rules and Regulations (collectively "these Rules"):

- a. "A.P.I." means American Petroleum Institute.
- b. "A.S.T.M." means American Society for Testing and Materials.
- c. "Carrier" means Wabasca River Pipeline.
- d. "Consignee" means a party, other than the Shipper, to whom Carrier delivers Crude Petroleum at the request or direction of such Shipper.
- e. "Crude Petroleum" means the direct or indirect product of oil wells or liquid products derived from the processing of gas at gas processing or recycling plants, or a mixture of such liquids, and includes natural gasoline, and pentanes plus or mixtures thereof, meeting the Specifications as set out in clause 5 of these Rules.
- f. "Cubic Meter" means cubic meter of Crude Petroleum at a temperature of
  - a. fifteen degrees (15°) Celsius and equilibrium vapor pressure.
- g. "Delivery Point" means the point at which Crude Petroleum is delivered to Rainbow Pipelines Ltd.'s facilities at 11-5-87-13W5.
- h. "LP." means Institute of Petroleum.
- i. "Pipeline System" means as the context requires, collectively all, or any part of that system of pipelines, and related equipment including but not limited to pumping, monitoring, storage, inlet and outlet facilities located in tire Province of Alberta, owned by Carrier and operated as the Wabasca River Pipeline system.
- j. "Producer" means a producer or owner of Crude Petroleum.
- k. "Rateable" means the volume of Crude Petroleum tendered by the Shipper divided by the number of days in the month during which such volume is being transported.
- l. "Receipt Point" means for Producer or Shipper, the point at which Crude Petroleum is delivered to the Carrier at a point listed in Exhibit 2

- m. "Shipment" means an acceptable quantity of Crude Petroleum tendered to Carrier by Shipper for transportation through and/or storage in, and delivery from, Carrier's.
- n. "Shipper" means the party who contracts with Carrier for the transportation, delivery, or storage of Crude Petroleum under the terms of these Rules by tendering Crude Petroleum to Carrier for transportation in the Pipeline System.

## **2. GENERAL**

- a. Carrier operates the Pipeline System for the transportation of Crude Petroleum and will not accept any other commodity other than Crude Petroleum for transportation under these Rules, unless otherwise determined by Carrier.
- b. Shipments of Crude Petroleum may be accepted by Carrier for transportation only at such time as Shipments of Crude Petroleum of similar quality and specifications are scheduled to be received by Carrier in accordance with the Carrier's schedule of pumping.
- c. Crude Petroleum will be transported having due regard to the physical properties of the Crude Petroleum being transported, the design and capacity of Carrier's facilities, the ability of Shipper or Consignee to receive the Shipment, or any other factors deemed by Carrier to be relevant to the acceptance, transportation, storage and delivery of Crude Petroleum.

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

- a. Tire Carrier will accept Crude Petroleum for transportation at established Receipt Points on the Pipeline System, when consigned to the established Delivery Point on the Pipeline System and when the Shipper or Consignee provides receiving facilities at those points satisfactory to the Carrier.
- b. Carrier will provide such facilities at Receipt Points as deemed necessary for the operation of tire Pipeline System. Shipments will be accepted for transportation only when Shippers or connecting carriers have provided facilities, satisfactory to Carrier, capable of delivering Shipments or making Shipments available at Receipt Point, at pressures and at pumping rates required by Carrier. The Shipper shall be responsible for the receipt of such products from Carrier at the Delivery Point

- c. The Carrier shall have the right to discontinue service and remove its facilities from any connection location at any time if Crude Petroleum shipments have ceased or are of such a small volume that it is not in the Carrier's best interests to continue to receive or deliver volumes at such location.

#### **4. TERMS AND INTRASYSTEM TRANSFERS**

- a. Crude Petroleum tendered to Carrier for shipment through the Pipeline System will be received only when a properly executed:
  - i. Forecast of Crude Oil Deliveries form is submitted by the Shipper, or Iris qualified representative; and
  - ii. Notice of Shipment form, as prescribed by Carrier, is submitted by a Shipper, or his qualified representative, showing the point at which the Crude Petroleum is to be received by Carrier, Delivery Point, the Consignee and the amount of Crude Petroleum to be transported. A separate Forecast of Crude Oil Deliveries form shall be submitted by each Producer/Shipper for each month on or before the 5th day of the preceding month, and a separate Notice of Shipment form shall be submitted by each Shipper for each month on or before the 20th day of the preceding month. Carrier may refuse to accept any Crude Petroleum for transportation unless satisfactory evidence is furnished to it that the Shipper or Consignee has made provision for prompt receipt thereof at a Delivery Point on the Pipeline System.
- b. Each delivery of Crude Petroleum by truck to a Receipt Point on the Pipeline System shall contain only Crude Petroleum originating from a single battery or Receipt Point. No truck deliveries of Crude Petroleum shall be made where Crude Petroleum from two or more batteries or Receipt Points are contained in a single load.
- c. Intrasystem transfer will be allowed, however, the party first tendering volumes of Crude Petroleum subject to an intrasystem transfer shall remain the Shipper of record and shall be responsible for all transportation charges. Carrier shall not be obligated to recognize any intrasystem transfer and shall not incur any liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. A transfer request, if recognized, shall be confirmed in writing by both the transferor and transferee within forty-eight (48) hours after the transfer request. Such transfer request shall indicate the parties' o the transfer, tire volume of Crude Petroleum to be transferred and its destination.

## 5. SPECIFICATIONS, QUALITY AND QUANTITY

- a. The physical properties of Crude Petroleum to be transported in the Pipeline System shall not exceed the following specifications:
  - i. direct or indirect product of wells - maximum Reid vapor pressure of one hundred (100) kilopascals (absolute) at thirty-seven and eight tenths degrees (37.8°) Celsius.
  - ii. mixture of crude oil, natural gasoline and pentanes - will be accepted for transportation with a vapor pressure not in excess of that specified in 5(a)(i) above, or that specified by a receiving carrier or Consignee, whichever is the lesser.
- b. Crude Petroleum will not be accepted, and Shipper will not tender for transportation in the Pipeline System, Crude Petroleum which contains basic sediment, water or other impurities in excess of five tenths of one percent (0.5%) or water in excess of three tenths of one percent (0.3%), all as measured at a point not less than fifteen centimeters (15 cm) below the connection of the Pipeline System with any tank or eight centimeters (8 cm) above tank truck bottom. These quantities shall be determined by a centrifuge test in accordance with procedures approved in A.S.T.M. (d96- 63 (latest revisions)).
- c. All Crude Petroleum tendered for transportation shall be free of suspended foreign material and shall not contain hydrogen sulphide, mercaptans, inhibitors, carbon dioxide or water in amounts that may, in Carrier's reasonable opinion, cause damage to any of Carrier's facilities or that may be objectionable to the public or other connecting carriers.
- d. All Crude Petroleum tendered for transportation shall be at a temperature of not less than ten degrees (10°) Celsius nor greater than fifty degrees (50°) Celsius, unless Carrier otherwise consents.
- e. When Crude Petroleum tendered for transportation is of such a nature that its movements through the Pipeline System of the Carrier or connecting carriers will cause disadvantage to Carrier, other Shippers and/or other carriers, Carrier reserves the right to refuse to accept such Crude Petroleum for transportation, or at its sole discretion, to require payment of transportation charges in addition to the regular rates as set out in any published tariff of the Carrier for the Pipeline System.
- f. Carrier shall not be required to accept Crude Petroleum from field batteries at intervals of less than seven (7) days except in parcels of more than seventy-five (75) Cubic Meters each.

- g. Carrier reserves the right to specify the minimum size of any Shipment tendered for transportation if, in Carrier's sole opinion, that Shipment would interfere with the efficient operations of Carrier's facilities.
- h. Carrier shall have the right to discontinue service and remove its facilities from any connection location at any time if Crude Petroleum shipments have ceased or are of such a small volume that it is not in the Carrier's best interests to continue to accept their receipt.

## **6. IDENTITY OF CRUDE PETROLEUM**

- a. Where it is not feasible to segregate particular Crude Petroleum or particular mixtures of Crude Petroleum through a specific line section of the Pipeline System without increasing operating costs or investment, Carrier will handle only one common stream of Crude Petroleum through such a section.
- b. Where it is feasible to segregate particular Crude Petroleum or particular mixtures of Crude Petroleum through specific line sections of the Pipeline System without increasing operating costs or investment, Carrier will endeavor, in its sole discretion, through such sections, to handle segregated streams of mixed Crude Petroleum or streams of individual Crude Petroleum, but the number of such streams shall be limited to the number that can be segregated without increasing operating costs or investment. Carrier reserves the right to make further regulations respecting the maximum and minimum volumes of batch shipments.
- c. The acceptance by Carrier of any Crude Petroleum for transportation shall be on the condition that such Crude Petroleum shall be subject to such changes in density, quality, quantity and value as may result from the transportation thereof or its mixture, while in transit with other Crude Petroleum in the Carrier's pipelines or storage facilities. The Carrier shall not be liable for any consequential loss or damage resulting from an alteration in quality of the Crude Petroleum.
- d. The Carrier shall be under no obligation to make delivery of the identical Crude Petroleum received; and
  - i. in the case of any stream, other than a mixed stream, shall make delivery out of its common stock of such stream; and
  - ii. in the case of a mixed stream, shall make delivery out of its common stock of that stream.
- e. Any re-evaluation deemed appropriate by reason of difference in grade and/or quality that occur, by reason of the mixing between receipt of the component parts and delivery of the stream, shall be between and for the account of the Shipper and Consignee. The Carrier shall have no responsibility in or for such re-evaluation or settlement other than to furnish available data on the quality and density of the Crude Petroleum received into and delivered of mixed stream.

## **7. ADVERSE CLAIMS**

When any Crude Petroleum tendered for transportation is involved in litigation, or the ownership of which is or may become in dispute, or which may be encumbered by a lien or charge of any kind, the Carrier may refuse to accept delivery and transportation of such Crude Petroleum in its sole discretion or may require that the Shipper or Shippers thereof provide an indemnity bond acceptable to Carrier to protect Carrier against any and all loss.

## **8. ACCESS TO FACILITIES**

Carrier and Shipper acknowledge that these Rules require that Carrier have access to certain facilities, including but not limited to tank batteries, roads and similar facilities, which may be owned or operated by parties from whom Shipper is not purchasing Crude Petroleum, or persons acting on behalf of such parties. Shipper, by tendering Crude Petroleum to Carrier for transportation in the Pipeline System, represents to Carrier that Shipper has obtained from such parties or persons, the rights to access, inspect, connect and use those facilities to the extent provided in these Rules, and expressly authorizes Carrier to exercise such rights for and on Shipper's behalf.

## **9. TANKS AND FACILITIES**

- a. Each Shipper of Crude Petroleum tendered for transportation by Carrier shall provide and maintain or cause to be provided and maintained, sufficient tankage at Carrier's Receipt Point, determined by Carrier to be commensurate with quantities of such Crude Petroleum tendered. The tankage shall be equipped, if requested by Carrier, with level controllers of a type specified by Carrier and located as specified by the Carrier. If Carrier so requests, tankage temperature sensing probes shall be installed, set to shut off Carrier's pump if Crude Petroleum temperature drops below ten degrees (10°) Celsius or is greater than fifty degrees (50°) Celsius. The temperature-sensing probe shall be installed on the same level and within fifteen centimetres (15 cm) of the market line outlet and shall extend a minimum of thirty centimeters (30 cm) inside the tanks. At the request of Carrier, all level and temperature sensing control equipment shall be sealed.
- b. Shipper shall ensure that stairways and walkways on all tanks and/or storage receptacles are installed to facilitate measuring and testing of Crude Petroleum stored within the said tanks of storage receptacles.
- c. Carrier shall be allowed full and free use of roads and airstrips, when, in the Carrier's opinion, their use is required for access to, and the operation and maintenance of, Carrier's owned and operated facilities servicing that Shipper. Each Shipper shall ensure that adequate all-weather access to Carrier's facilities within the area is provided and maintained.
- d. At Carrier's option, a basic sediment and water or other impurities' monitor may be installed by Carrier as part of the custody transfer facility. This monitor will normally be installed and connected to shut off the pipeline pump in the event that the amount of basic sediment and water or other impurities exceeds five tenths of one percent (0.5%) for a period of more



than two (2) minutes. Carrier will grant permission for the Shipper to supply, install and maintain recycle line pipe, pump, valves and fittings, including a three-way valve and valve operator, to allow non-specification Crude Petroleum to return to the Shippers' tankage.

- e. All facilities required of Shipper shall be so sized and designed to provide a minimum of three (3) hours weathering of all Crude Petroleum prior to being tendered for Shipment. In the event that proper weathering is not obtained, then at the Carrier's option, a weathering factor may be applied to the volume received.
- f. When in the Carrier's sole opinion, the Producer or Shipper's tanks are unsafe or unsuitable for use because of improper connections, accumulations and incrustations of wax or other extraneous materials, or any other unacceptable condition, the Carrier may refuse to accept Crude Petroleum from such facilities, or alternately, in the case of accumulations and incrustations, Carrier may apply a clingage factor in accordance with A.P.I. Standard 2500.

## **10. TANK TRUCKS AND FACILITIES**

- a. Tank trucks used for the delivery of Crude Petroleum to truck receiving terminals shall be equipped with proper bottom loading and unloading facilities and pumps to provide delivery of each shipment with a minimum of delay. Adequate facilities shall be provided and maintained on tank trucks for inspection of the tank and the contents before and after unloading Crude Petroleum at any terminal.
- b. Carrier may refuse to accept deliveries of Crude Petroleum by tank truck when, in the sole opinion of the Carrier, danger of fire exists due to spillage or leaks, or when the driver disregards good housekeeping practices or instructions issued by Carrier.
- c. The driver and trucking company shall adhere to all rules and regulations relative to tank truck unloading issued by the Carrier from time to time.

## **11. MEASUREMENT, TESTING AND DEDUCTIONS**

- a. Crude Petroleum received for Shipment shall be measured by either metering or gauging and tested by a representative of the Carrier. The results of such measurement and testing shall be final.
- b. A representative of Carrier shall have the right to enter upon any premises where Crude Petroleum is received and have access to any and all storage receptacles or meters for the purpose of measurement and testing and to make any examination, inspection, measurement or test authorized by these rules.
- c. Carrier reserves the right to put seals on all quality and/or quantity control points concerned with receipt, delivery or shipment of Crude Petroleum.

- d. Metered volumes of Crude Petroleum shall be computed in terms of Cubic Meters as may be set out in specific rules and regulations relative to metering, issued by Carrier from time to time.
- e. Positive displacement custody transfer meters shall be calibrated at least once per month by Carrier where feasible. At the option of a Shipper, additional calibration may be performed if it is thought that any meter has failed. In the event that this recalibration gives a factor within acceptable limits of the immediately preceding calibration of such meter, then the Shipper requesting the recalibration shall pay the full cost of such recalibration.
- f. Custody transfer of Crude Petroleum will be accepted through new or reconditioned meters, but meter factors and accuracy of measurement shall be determined after a break in period of not less than three (3) days use, cumulative.
- g. In the event of a meter failure, the meter shall be closed off and a standby meter placed in operation. Where a standby meter is not provided, the receipt or delivery shall be stopped until such time as a replacement has been installed. Should failure or malfunction of a meter result in excessive inaccuracies, an adjustment may be negotiated between Carrier and Shipper.
- h. A Shipper or his authorized representative shall have the right to witness meter calibrations, gauging and other tests referred to herein which affect the computed volume of Crude Petroleum used for custody transfer.
- i. The Shipper or his authorized representative may be required by Carrier, upon reasonable request, to furnish Carrier with a certificate setting forth the specifications of each shipment of Crude Petroleum delivered to the Carrier and certifying that the Crude Petroleum meets or exceeds the quality specifications set forth in Article 5.
- j. A shrinkage correction factor may be applied to correct for volumetric shrinkage, which occurs as a result of blending Crude Petroleum, by Carrier. Shrinkage correction factors shall be determined in accordance with A.P.I. Bulletin 2509C (latest version).
- k. Carrier shall not be responsible for cutoffs to cover changes in price of Crude Petroleum.
- l. Crude Petroleum of required specifications will be received and delivered with volume corrected as to temperature from observed degrees Celsius to fifteen degrees (15°) Celsius, on the basis of A.S.I.M. - I.P. Petroleum Measurement Tables (Metric Edition). The centrifuge test or other tests satisfactory to Carrier shall be used to ascertain the percentage of basic sediment, water or other impurities in the Crude Petroleum and the full amount of basic sediment, water and other impurities shall be deducted from the corrected volume.

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

Receipts and deliveries of Crude Petroleum accepted by Carrier for transportation shall be sufficiently evidenced by manual or computer printed ticket, which shall be signed by a representative of Carrier, showing date, place or receipt or delivery and data essential for the determination of quality and quantity.

## **13. APPORTIONMENT OF PIPELINE CAPACITY**

Pipeline System volume capacity ("Capacity") will be determined by Carrier in its sole discretion based on known and accepted operating parameters including maintenance schedules and constraints at Receipt Point or Delivery Point. If at any time there is tendered to Carrier a quantity of Crude Petroleum greater than the available Capacity, Carrier may restrict or suspend shipment in order to apportion Capacity among all Shippers on an equitable basis, as follows:

- a. curtailed deliveries made under apportionable service on a pro rata basis until such deliveries are entirely suspended, and then if necessary;
- b. curtail deliveries made under non-apportionable service.

The following principles will apply during such periods:

- a. all Shippers will deliver on a Ratable basis;
- b. nominated volumes from Shippers will be verified by Carrier to its sole satisfaction;
- c. shipments of apportionable service Shippers for the previous three months will be reviewed to determine average shipping volumes ("Average Volume"). Each Shipper will then be allocated Capacity based on the lesser of Average Volume or verified nominated volume;
- d. if there is insufficient Capacity to meet Average Volume of all apportionable Shippers, then Capacity will be allocated on a pro-rata basis between such Shippers based on Average Volume of each; and
- e. if there is available Capacity after allocating Average Volume to all apportionable Shippers, then excess Capacity will be allocated on a prorata basis between such Shippers based on their verified nominated volume.

## **14. PAYMENTS, LIEN AND SALE**

- a. The Shipper shall pay to Carrier the rate specified from time to time by Carrier for transportation and all other lawful charges accruing on Crude Petroleum tendered and accepted for shipment. Rates will be those in effect at such time the Crude Petroleum was received by the Carrier and will be assessed on the net amount of Crude Petroleum received into the Pipeline System. An additional charge, as specified from time to time in Carrier's

tariff, in cash or in kind, shall be made by Carrier for each Cubic Meter of Crude Petroleum received into Carrier's common stream (excepting only those receipts from connecting carriers) to compensate for losses inherent in the gathering and transportation of Crude Petroleum by pipeline. Carrier may assess against Shipper any charge, levy or assessment whether in cash or in kind, imposed on Carrier by any connecting carrier for receipt or movement by such connecting carrier of the Crude Petroleum. If required by Carrier, such payments shall be made before delivery.

- b. Shipper shall pay to Carrier all amounts due to Carrier under subclause 14(a) above, within ten (10) days from the date of Carrier's invoice therefor. The amount of any invoice shall bear interest, accruing from day to day, at a rate of one and one-half (1.5%) per month, compounded monthly, from the date payment was due thereunder, until such invoice is paid. Should a Shipper fail to pay within ten (10) days from the due date thereof, any invoice as and when provided in this subclause, Carrier, in addition to any other right or remedy (whether granted to Carrier under these Rules or otherwise in law or equity) may, by written notice to Shipper, refuse to accept for transportation in the Pipeline System any of Shipper's Crude Petroleum.
- c. Carrier shall have a lien on all Crude Petroleum in its possession belonging to, received from or to be delivered to any Shipper or Consignee to secure payment of charges owed by such Shipper or Consignee for its transportation and other lawful charges and may withhold delivery of Crude Petroleum until such charges are paid.
- d. If any charges remain unpaid for more than seven (7) days after notice of readiness to deliver such Crude Petroleum has been given by Carrier to Shipper or its Consignee, Carrier shall have the right to sell such Crude Petroleum in any manner and at any prices it deems appropriate. From the proceeds of the sale, Carrier may pay itself all charges lawfully accruing, including storage-in-transit and all expenses of said sale, and the net balance shall be held for whomsoever may be lawfully entitled thereto.

## **15. CLAIMS**

- a. As a condition precedent to recover claims for loss or damage against the Carrier, such claim must be made in writing to Carrier within thirty (30) days after Carrier's delivery of the Crude Petroleum, or in case of failure by Carrier to deliver, then within thirty (30) days after reasonable time for delivery has elapsed.
- b. If Carrier rejects said claim, any suits or further action against Carrier shall be instituted within six (6) months from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Incausing Crude Petroleum to be transported under these Rules, and without limitation, the Shipper, those persons acting on behalf of such Shipper and Consignee agree to be bound by the provisions of this clause 15 and waive any rights which they, or either of them, might otherwise have, at common law or otherwise, to make a claim after the expiration of the said period of thirty (30) days or to bring an action after the expiration of the said period of six (6) months, as the case may be.

## **16. FORCE MAJEURE**

- a. No loss by reason of fire, storm, flood, or act of God, and no loss resulting from riots, insurrection, rebellion, sabotage, strikes, labour disturbances, shortage of labour, or because of discrepancies in the measurement of the Crude Petroleum, or breakdown of transportation or storage facility, war or act of the Queen's enemies, or from quarantine, or authority of law from any order, requisition, interest, or necessity of the Crown in time of war, or from any cause whatsoever, whether enumerated herein or otherwise except its own direct gross negligence, shall be borne by Carrier and in cases of loss for any such causes other than direct gross negligence of Carrier, after the Crude Petroleum has been received for transportation and before its delivery to the Shipper, each Shipper shall bear such proportion of the loss as the amount of its shipment represents in relation to all the Crude Petroleum in the Pipeline System or in a segment thereof affected by such loss represents in relation to all the Crude Petroleum held for transportation by Carrier at the time of such loss, and such Shipper shall be entitled to have delivered only such portion of this shipment as may remain after the deduction of its due proportion of such loss.
- b. Shipper acknowledges and agrees that the occurrence of an event of force majeure shall not under any circumstances suspend or relieve Shipper from the obligation to pay any minimum charge, demand charge, basic charge, or any other amount payable to Carrier.
- c. If the provision of service is curtailed or interrupted by reason of force majeure, Carrier may during the continuance of such force majeure provide service, as it deems appropriate.

## **17. LIABILITY OF CARRIER**

Carrier shall not be liable to Shipper for the delivery or tire result of the delivery of the Crude Petroleum which contains impurities or other products which adversely affect tire facilities of connected carriers and/or Delivery Points or for any consequential, incidental or indirect damages suffered by Shipper or those for whom Shipper is acting hereunder as a result of Carrier's right to report and deliver amounts of Crude Petroleum that differ from those tendered on the tender form, including but not limited to:

- a. any lost profits, revenues or capital sustained by Shipper or those for whom Shipper is acting herein, as a result of the shutting-in of facilities plant or the loss of market for the Shipper's Crude Petroleum; and
- b. any claims due to any failure by Carrier to receive or deliver the amount of Crude Petroleum indicated by Shipper on the tender, any cancellation of pennits, termination of contract or penalty for damages under contract occasioned thereby against a Shipper or those for whom the Shipper is acting hereunder, and Shipper shall indemnify Carrier from and against all liabilities arising from or related to any such contracts.

## **18. ADJUSTMENTS FOR OVER AND UNDER DELIVERIES**

If, as a result of a discrepancy in the measurement of Crude Petroleum, the volume of Crude Petroleum delivered by the Carrier is greater, or lesser than the volume of Crude Petroleum received by the Carrier, each Shipper shall bear such proportion of the gain or loss as the amount of its shipment represents in relation to all the Crude Petroleum held for transportation by the Carrier during the time of such gain or loss, and such Shipper shall be entitled to have delivered such portion of this shipment after the addition or deduction of his due proportion of such gain or loss, but in such event, each Shipper shall be required to pay charges otherwise imposed under these Rules on the quantity of Crude Petroleum delivered.

## **19. PRODUCER/OPERATOR COMPLIANCE**

The Shipper shall cause each Producer or operator to comply with these Rules. The Shipper shall indemnify the Carrier against all claims, demands, suits, actions, damages or claims whatsoever nature or kind, resulting directly or indirectly from the failure of the Producer or operator or the failure of their employees, agents or contractors to comply with these Rules.

## **20. EQUALIZATION FOR QUALITY DIFFERENTIALS**

Where, for any period:

- a. two or more Shippers deliver Crude Petroleum for transportation in the Pipeline System, or any portion thereof; or
- b. Carrier is directed to deliver Crude Petroleum from the Pipeline System to two or more Consignees or Delivery Points;

then during each such period, equalization for differences in the gravity or composition of Crude Petroleums shall be made under this clause 20 and in accordance with Exhibit 1 annexed to these Rules. Carrier may, by written notice, to be effective on the first day of the calendar month next following the lapse of thirty (30) days from the date of the giving of such notice, amend or replace Exhibit 1 to these Rules.

## **21. INDEMNIFICATION**

- a. Notwithstanding any other provision set forth in these Rules, that is foreseen, Shipper agrees to indemnify Carrier from and against any and all claims, demands, suits, actions, damages, costs, losses, expenses and other consequential damages or claims of whatsoever nature or kind arising out of default under these Rules, the negligence of Shipper, or Crude Petroleum tendered or delivered to the Pipeline System that does not meet the specifications for quality as set out in these Rules and Regulations.
- b. Shipper shall indemnify Carrier against all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against Carrier by a Producer as a result of Carrier accepting for delivery a quantity of Crude Petroleum different from the quantity nominated by Shipper, except to the extent that any such

actions, proceedings, claims, demands, losses, costs, damages and expenses are directly attributable to the gross negligence or willful misconduct of Carrier.

## **22. FINANCIAL INFORMATION**

Shipper shall provide Carrier with any financial information Carrier reasonably requests prior to Carrier providing shipment in order that Carrier may establish Shipper's credit worthiness.

## **23. FORBEARANCE**

Forbearance to enforce any provision of the Tariff schedules, the transportation agreements or these Rules shall not be construed as a continuing forbearance to enforce any such provision.

## **24. INCONSISTENCIES**

In the event that there is any inconsistency between any provisions of these Rules and any provision of any Tariff schedule, the provision of the Tariff schedule shall prevail.

## **25. INTERPRETATION**

The interpretation of the Tariff schedule, the transportation agreement and these Rules shall be in accordance with the laws in force in the Province of Alberta.

## **26. ASSIGNMENT**

Shipper shall not assign any transportation agreement, Tariff schedule or any service without the prior written consent of Carrier, which consent may be withheld or given entirely at the option of the Carrier.

EXHIBIT 1 TO  
RULES AND REGULATIONS  
WABASCA RIVER PIPELINE  
PIPELINE  
QUALITY EQUALIZATION PROCEDURES

1. Carrier, after consultation with the then Shippers on the Pipeline System shall establish, and may from time to time, revise the mechanisms to be employed to equalize the changes in gravity and composition of Crude Petroleums between their receipt into and delivery from the Pipeline System. Carrier may from time to time, call meetings of the then Shippers to obtain their input to any equalization procedure proposed to be implemented by Carrier.
2. As required, Carrier shall convene a meeting of all the then Shippers at which any Shipper may propose amendment to the mechanisms and procedures then employed by Carrier to conduct equalization on the Pipeline Systems. Should any amendment proposed at a meeting under this section receive the unanimous approval of all of the then Shippers, Carrier shall hereafter amend its equalization procedures and mechanisms accordingly.
3. To enable the equalization permitted or required hereunder, Carrier, at such intervals reasonably specified by Carrier but in no event less often than once in each calendar year, shall:
  - a. obtain reasonable samples of Crude Petroleum from each tank battery which is connected to the Pipeline System;
  - b. conduct, or cause to be conducted, independent laboratory tests and analyses of these samples of Crude Petroleum; and
  - c. obtain proper certificates therefrom showing:
    - i. the sulphur content (in % mass); and
    - ii. such other information reasonably required by Carrier to conduct equalization of each such sample.

Each Shipper shall fully cooperate with Carrier and specifically hereby grants to Carrier the right to access to any battery employed by such Shipper with respect to, and authorize the sampling by Carrier of, such Shipper's Crude Petroleum. Carrier forthwith after its receipt thereof, shall supply to each Shipper copies of all certificates of analysis obtained by Carrier that relate to such Shipper's Crude Petroleum. A Shipper may, by written notice to Carrier, dispute any such certificate in which event the Shipper, at its sole cost may, in the presence of Carrier, take a reasonable sample from its battery, have the same analyzed by an independent laboratory, and provide Carrier with a copy of the certificate of analysis thereof. Each certificate shall be deemed correct for all purposes unless and until replaced by a certificate of a later analysis. Unless otherwise agreed to by Carrier, all streams of Crude Petroleum delivered to any tank battery connected to the Pipeline system, shall be deemed to have a composition and quality of that stream delivered out of such battery.



4. Carrier may be required, with respect to any Crude Petroleum delivered:
  - a. to a truck terminal comprising part of the Pipeline System that the Shipper thereof provide a certificate of independent analysis disclosing the density and sulphur content of the Crude Petroleum so delivered; and
  - b. to the Pipeline System from any connecting pipeline, that the operator of such pipeline provide its statement from time to time as requested by Carrier, showing the density and sulphur content of the Crude Petroleum so delivered.

Carrier may refuse to accept any Crude Petroleum so delivered unless Carrier has first received the certificate or statement therefor. Carrier assumes no liability for errors made by it in any equalization of Crude Petroleum hereunder, due to the fraud or mistake of any person or any misrepresentation of any person to Carrier of the quality or composition of any Crude Petroleum delivered for shipment in the Pipeline System.

5. Carrier shall have the right to take a spot sample of any Crude Petroleum tendered by a Shipper for transportation in the Pipeline System and test and analyze the same. All certificates obtained by Carrier under this exhibit shall be valid until the first day of the month following receipt by Carrier of a new certificate for Crude Petroleum from the same source and Shipper.
6. Where:
  - a. any Shipper is required to make a payment to Carrier; or
  - b. carrier is required to make a payment to a Shipper,due to any equalization conducted by Carrier hereunder, each such payment shall be made to the person so entitled within ten (10) days from the date of Carrier's statement of the required equalization to be made. Should a party fail to make any payment required to be made by it hereunder as and when due, such payment shall bear interest, accruing from day to day, at a rate of one and one half percent (1.5%) per month, compounded monthly from the date such payment is due until the date such payment is made.
7. Any Shipper may, through an independent firm of chartered accountants (which shall have offices in at least ten Canadian cities), cause the books and records, maintained by Carrier to be inspected to confirm that Carrier is correctly recording, and implementing, the equalization procedure in force from time to time. Any such inspection shall be conducted during Carrier's normal business hours and only after written notice of the Shipper's intention so to do has been given to Carrier. The accountant conducting such inspection may confirm or dispute that Carrier is administering its equalization procedures correctly but shall not disclose and shall retain as fully confidential the information provided to it under this section.

8. Any word or term used in this Exhibit, but not herein defined, shall have the definition attributed thereto in the Rules to which this Exhibit is attached.

EXHIBIT 2 TO  
 RULES AND REGULATIONS  
 WABASCA RIVER PIPELINE  
 RECEIPT POINTS

FROM		TO	
Pipeline Connection at		Rainbow Pipeline at	
Ogston	7-27-091-10W5	EVI	11-5-087-13W5
Senex	5-17-093-5W5	EVI	11-5-087-13W5
Kidney	3-10-092-5W5	EVI	11-5-087-13W5
Kidney	3-35-091-6W5	EVI	11-5-087-13W5
Kidney	3-31-091-6W5	EVI	11-5-087-13W5
Kidney	9-8-091-5W5	EVI	11-5-087-13W5
Trout	16-11-090-3W5	EVI	11-5-087-13W5
South Trout	12-22-089-3W5	EVI	11-5-087-13W5
South Trout	9-10-089-3W5	EVI	11-5-087-13W5
Sawn	12-29-091-12W5	EVI	11-5-087-13W5
Sawn	10-7-091-12W5	EVI	11-5-087-13W5