

# EXPLORER PIPELINE COMPANY

## LOCAL PIPELINE TARIFF

CONTAINING REGULAR RATES, VOLUME INCENTIVE RATES, SPECIALTY  
PRODUCT RATES, BID RATES AND DISCOUNT RATES

APPLYING ON THE TRANSPORTATION OF

### PETROLEUM PRODUCTS

AS DEFINED IN ITEM NO. 5 HEREIN SUPPLEMENTS THERETO AND  
SUCCESSIVE ISSUES THEREOF.

| FROM  | TO   |
|---|--|
| POINTS IN LOUISIANA, TEXAS<br>OKLAHOMA AND ILLINOIS | POINTS IN TEXAS, OKLAHOMA,<br>MISSOURI, ILLINOIS AND INDIANA |

THE RATES NAMED IN THIS TARIFF APPLY ON INTRASTATE AND INTERSTATE TRANSPORTATION OF PETROLEUM PRODUCTS BY PIPELINE, SUBJECT TO THE RULES AND REGULATIONS PUBLISHED HEREIN.

THE RATES NAMED IN THIS TARIFF ARE MARKET-BASED RATES PURSUANT TO THE COMMISSION'S ORDER ON APPLICATION FOR MARKET POWER DETERMINATION, EXPLORER PIPELINE COMPANY, DOCKET NO. OR99-1-000, ISSUED JUNE 30, 1999.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED ON 8 DAYS NOTICE UNDER AUTHORITY OF 18 CFR § 341.14 (SPECIAL PERMISSION). THIS TARIFF PUBLICATION IS CONDITIONALLY ACCEPTED SUBJECT TO REFUND PENDING 30-DAY REVIEW PERIOD.

|                                  |   |
|----------------------------------|---|
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| ISSUED BY                        | COMPILED BY                             |
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#### **[R-4] Item No. 5-A DEFINITIONS**

As used in these rules and regulations, the following terms have the following meanings:

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-92 or latest revision thereof.

"ASTM Color" means color determined by the ASTM Standard method of test ASTM Designation D-1500-91 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product of like specifications moved through the pipeline as an identifiable unit.

"Segregated Batch" means a batch identifiable as the property of a single Shipper, and moved through the pipeline so as to maintain this singular identity and ownership.

"Joint Batch" means two or more batches of petroleum product moved as one single identifiable unit which is joined by the Carrier for movement and identification by order and authority of the participating Shippers. Carrier does not prescribe specifications for joint batches.

"Fungible Batch" means a batch of petroleum product meeting Carrier's specifications *as set forth in the Shippers Manual*, which may be commingled with other batches of petroleum product meeting the same specifications.

"Bid Capacity" shall mean up to 10% of each mainline segment's capacity.

"Carrier" means Explorer Pipeline Company and other participating pipelines, if any.

"Carrier cycles" are ten (10) days each commencing with cycle 1 beginning approximately January 1<sup>st</sup> of each year.

"Consignee" means the party to whom a Shipper has ordered the delivery of petroleum product.

"Discount Capacity," means pipeline capacity available after allocation of Bid and Regular Capacity.

"Final Delivery" means a delivery of a batch or the remainder thereof so that the batch is completely removed from the mainline and held in either Carrier's tankage or consignee's facilities or delivered into the facilities of other Carriers.

"Grade 1B" means natural gasoline to be used as a Diluent.

"Grade 14" means natural gasoline which is moved through the pipeline as a segregated batch.

"Grade 15" means alkylate which is a blend stock which is moved through the pipeline as a segregated batch.

"Grade 18" means raffinate which is moved through the pipeline as a segregated batch.

**[R-4] Item No. 5-A DEFINITIONS (Continued)**

“Grade 50, JP-8” means Jet Fuel, JP-8 “Military”.

“Grade 7H, Magellan” means a dyed, fungible, high sulfur diesel which is moved through the pipeline for delivery to Magellan Pipe Line.

“Grade 80, Light Cycle Oil” means an un-dyed, heavy petroleum oil distillate which is moved through the pipeline as a segregated batch.

”Jet Fuel” means aviation fuel, except for JP-8, Military Jet Fuel, which is kerosene based and meets Carrier’s fungible specifications, as set forth in the Shippers Manual.

"Interface Mixture" is that mixture which occurs in normal pipeline operations between batches of petroleum products having different specifications.

“Iso Octane” a blend/feed stock that moves through the pipeline as a segregated batch.

“Minimum Bid,” means the lowest positive incremental rate per barrel, relative to the applicable regular or specialty rate, that will be accepted in accordance with Item No. 113 Bid Rates.

“Naphtha” is a blend/feed stock that moves through the pipeline as a segregated batch.

"Petroleum Products" means gasolines and petroleum oil distillates or blend stocks as further described in Item 10.

“Reformate” a blend/feed stock that moves through the pipeline as a segregated batch.

“Regular Capacity,” means pipeline capacity available after allocation of Bid Capacity.

"Shipment" means a volume of products offered to and accepted by Carrier for transportation.

"Shipper" means the party who contracts with the Carrier for transportation or storage of petroleum products under the terms of this tariff.

“Shippers Manual” means the document, updated periodically, provided to Shippers containing detailed information and procedures related to transportation of Petroleum Products on Carrier’s facilities.

“Toluene” is a blend/feed stock that moves through the pipeline as a segregated batch.

**[R-4] Item No. 10-A SPECIFICATIONS**

(a) Carrier shall have no obligation to accept petroleum products for transportation hereunder unless such products are free from water and other impurities; have a color not darker than No. 3 ASTM (except that gasolines to which artificial coloring has been added will be accepted for transportation regardless of color); have a vapor pressure not more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity at 60 degrees Fahrenheit, not less than 20 degrees and not more than 80 degrees; a viscosity not more than 4.3 centistokes at 100 degrees Fahrenheit; and meet all required specifications as uniformly established and published in the Shippers Manual. Specifications are detailed in Section 3 of the Shipper's Manual and are dated March 26, 2010. Copies of the Shipper's Manual will be provided to Shippers upon request or may be accessed through the Carrier's website at [www.explorerpipeline.com](http://www.explorerpipeline.com).

(b) Carrier will require the Shipper to furnish certified laboratory reports showing the results of tests of the petroleum products offered for transportation. Carrier may also make such tests of the petroleum products as it deems necessary.

(c) Petroleum products containing blending components other than pure hydrocarbons or that pose a personal health hazard to Carrier's employees are not acceptable for transportation unless Shipper notifies Carrier of the identification and concentration of such components and has received Carrier's agreement to transport such blended petroleum products before they enter Carrier's system. Shipper must report type and percent by volume of all non-hydrocarbon blending components.

**[R-4] Item No. 112-A SPECIALTY PRODUCT RATES**

Rates set forth in Part IV of this tariff and successive issues thereof will apply to deliveries for any Shipper of specialty products as defined in this item. Specialty products will include petroleum products listed below and any other petroleum products that otherwise meet the Carrier's specifications as provided in Item 10, and have an API gravity of less than 30 degrees at 60 degrees Fahrenheit:

- (a) Grade 50, JP-8, Military Jet Fuel;
- (b) Grade 80, Light Cycle Oil;
- (c) Grade 7H, Magellan High Sulfur Diesel;
- (d) Grade 14, Natural Gasoline;
- (e) Grade 15, Alkylate;
- (f) Grade 18, Rafinate;
- (g) All grades of Naphtha;
- (h) Grade 19, Toluene;
- (i) Grade 16 Reformate;
- (j) Grade 17 Iso Octane; and

**[R-4] Item No. 112-A SPECIALTY PRODUCT RATES (cont.)**

(k) Grade 1B, Natural Gas.

Rates in Part III, Table of Regular Rates, shall apply to all other shipments.

**[R-5] Item No. 116-A JET FUEL VOLUME INCENTIVE RATES TO DALLAS-FORT WORTH INTERNATIONAL AIRPORT (TARRANT COUNTY)**

Rates set forth in Part II of this tariff and successive issues thereof will apply to deliveries of any Shipper agreeing in writing to deliver a minimum guaranteed monthly volume of jet fuel, except for specialty products as defined in Item 112, for a period up to two (2) years from origins to the Dallas-Fort Worth International Airport destination, for which rates are listed in Part II herein, counting from the effective date of the agreement subject to the following terms and conditions:

(a) Jet Fuel refers to an individual petroleum product meeting specifications referenced in Item No. 10, except for specialty products as defined in Item 112, of this tariff.

(b) A Shipper must agree in writing to deliver the guaranteed volume for a two (2) year period. Volumes delivered in the two (2) year period in excess of the minimum annual quantity (excess volumes) shall be at the rates set forth in Part II.

(c) The agreed minimum annual quantity shall be delivered by the end of this one (1) year period. The minimum volumes for the volume incentive rates herein shall be as follows:

| DESTINATION  | MINIMUM ANNUAL VOLUME | MINIMUM MONTHLY VOLUME | TABLE OF RATES APPLICABLE |
|--|-----------------------|------------------------|---------------------------|
| Dallas-Fort Worth International Airport (Tarrant County) | 3,300,000 Barrels     | 275,000 Barrels        | PART II                   |

If Shipper's deliveries hereunder in any month period are less than the minimum quantity, then Shipper shall pay Carrier a deficiency payment in the amount calculated by the rates in Part II times the number of barrels that Shipper is deficient, which payment shall be made upon receipt of Carrier's invoice to be rendered within thirty (30) days after the end of each month or year. Such deficiency payment will not have any future value to Shipper.

(d) If during any month period Carrier is unable to accept all of the volume offered for shipment by Shipper (within the limitations of this tariff) such volume not accepted shall be deemed to be delivered for the purpose of meeting minimum monthly requirements hereunder, provided that Shipper gives Carrier written notice within ten (10) days after the end of the specific month of the volume claimed.

**[R-5] Item No. 116-A      JET FUEL VOLUME INCENTIVE RATES TO DALLAS-FORT WORTH INTERNATIONAL AIRPORT (TARRANT COUNTY) (cont.)**

(e) If, at any time during the two year term of this agreement, Carrier gives written notice to Shipper of its intent to decrease the monetary difference between the volume incentive rate herein and Part III over the routes specified herein and applicable to Shipper, the Shipper may by written notice to Carrier given within thirty (30) days of receipt of Carrier's notice, terminate this agreement. If Shipper does not give such notice within such thirty (30) day period then this agreement shall remain in effect. In the event of termination hereunder, Shipper shall have no further obligation to ship Jet Fuel. Carrier shall have the right to any payments under (c) above accrued to the date of termination.

Rates in Part III, Table of Regular Rates, shall apply to all other shipments, except for specialty products as defined in Item 112.

**TABLE OF BID RATES**

**PART V – [W] 8 7 Cancels PART V – [W] 7 6**

**Monthly Bid Capacity Summary.**

**Rates in Cents per Barrel of 42 United States Gallons.**

**APPLICATION OF RATES – See Item No. 113**

**For the Month of [W] ~~June~~ July, 2010**

| <b><u>Mainline Segment</u></b> | <b><u>Volumes Bid</u></b><br>(BBL/MO) | <b><u>Range of Bids</u></b><br>(CENTS/BBL) | <b><u>Market Clearing</u></b><br><b><u>Rate*</u></b><br>(CENTS/BBL) | <b><u>Bid Capacity**</u></b><br>(BBL/MO) |
|--------------------------------|---------------------------------------|--|---|--|
| Southern Segment               | [U] 0                                 | [U] 0.0                                    | [U] 0.0   | [U] 1,800,000                            |
| Northern Segment               | [U] 0                                 | [U] 0.0 – [U] 0.0                          | [U] 0.0   | [U] 1,300,000                            |

## EXPLANATION OF ABBREVIATIONS

F.E.R.C. Federal Energy Regulatory Commission  
No. Number

### EXPLANATION OF REFERENCE MARKS

- (1) Volume Incentive rates for a minimum of 15 million barrels annually committed to in writing.
- (2) Volume Incentive rates for a minimum of 10 million barrels annually committed to in writing.
- (3) Shipments to be scheduled compatible with Carrier's operations. Shipper must have tankage and other necessary facilities at Carrier's Houston Station.
- (4) Deliveries to Peotone, Illinois requires prior arrangement with Carrier for purposes of scheduling and quality control.
- (5) Any petroleum products that otherwise meets the Carrier's specifications as provided in Item 10, and has an API gravity at 60 degrees Fahrenheit of less than 30 degrees.
- (6) For information purposes, Carrier's points of origin Pasadena, Houston (Harris County) includes CITGO's points of origins Kinder Morgan Terminal Pasadena via Galena Park Station, Fauna Terminal, Lyondell Refining Co., NKA Houston Refining LP and Wynnewood Station (Harris County).
- (7) For information purposes, Carrier's point of destination, Grapevine, Tarrant County includes CITGO's point of destination, Arlington, Direct Fuels Terminal, Tarrant County.
- (8) For information purposes, Carrier's point of destination, Ft. Worth, Tarrant County includes CITGO's point of destination, CITGO Terminal, Ft. Worth, Tarrant County.

[U] Unchanged.

[W] Wording.

- + Intrastate application only.  
Petroleum products will be transported through Carrier's facilities only as provided in these rules and regulations at the rates set forth in this tariff and successive issues thereof. For definition of carrier cycles see Item No. 5.

