

SECTION 2 **SHIPPER INFORMATION**

2.0 Accepting Shipments

Explorer Pipeline Company (“Explorer”) accepts shipments in accordance with the terms of its current tariffs, proration policy, and this section of its Shipper manual, copies of which are available on the Company web site located www.expl.com. If there are any inconsistencies between the documents, the Company’s current tariff will prevail.

2.1 Facility Requirements

2.1.1 Shipper's Facilities - Origin Points

- A. Shipper-designed origin facilities shall be capable of supplying clean products free from water and other impurities with a design emphasis on minimizing origin created interfacial mixture. Excessive interfacial mixture will be handled as transmix receipts for the account of the Shipper.
- B. Each Shipper will be expected to furnish the following facilities:
 - i. Shipper shall furnish facilities to deliver petroleum products to Explorer manifold at origin stations at a compatible pressure and at a pumping rate equal to Explorer's full line pumping rate or injection rate, if applicable. Explorer's Operations Department should be contacted for applicable pressure and pumping rates.
 - ii. Pumps shall be compatible from “No Flow” to “Maximum Flow” in 10 seconds and running at “No Flow” conditions for three minutes.
 - iii. Purge lines sized to permit effective purging of Shipper's delivery lines where required.
 - iv. Check valves where necessary to prevent back flow to tankage.
 - v. Electrical controls and data exchange to allow Explorer to start and stop pumps, operate valves, read meters and tank gauges, etc., if Explorer is required to operate the Shipper facilities.
 - vi. Approved data link to Explorer's origin facilities connected to Shipper.

2.1.2 Explorer's Facilities - Origin Points

Explorer will furnish the following facilities:

- A. Manifold valves and flanged connections at origin locations.
- B. Mainline pumps at Port Arthur, Texas; Pasadena, Texas; Glenpool, Oklahoma and Wood River, IL; to boost stream to mainline rates.
- C. Custody transfer metering systems and associated equipment for quality control.
- D. Insulating flanges.
- E. Data for each connected facility, to be sent over a Shipper supplied link.
- F. Operating personnel, if necessary, to make product changes at Explorer's manifolds, to start and stop receipts and perform other necessary pipeline operations.

2.1.3 Shipper's Facilities-Delivery Points

Shippers will be expected to furnish the following facilities at destinations:

- A. Adequate tankage to receive scheduled volumes at Explorer specified delivery rates.
- B. Necessary facilities to permit Shipper to make terminal tank changes independent of pipeline, without disruption of pipeline operations.
- C. Adequately sized tank lines so that the maximum backpressure at the terminal of Explorer facilities shall not exceed 50 psig at the specified delivery rates.
- D. Explorer facilities will terminate at the terminal property line of the Shipper's facilities unless otherwise designated.
- E. Necessary tankage to receive transmix generated on lateral stub lines.
- F. Data link between the Explorer facility and the Shipper's facility.

2.1.4 Explorer's Facilities - Delivery Points

Explorer will furnish the following facilities to be located on Explorer property as near to the mainline or Explorer tankage as practical:

- A. Power operated mainline or stub line delivery valves.
- B. Necessary equipment to manage flow through Shipper's receiving facilities to lines and tanks.
- C. Necessary custody transfer meters and meter proving facilities. Tank gauges may be used in lieu of meters at Explorer's discretion.
- D. Necessary manifold delivery valves, power operated, to permit batch changes to be made with minimum contamination.
- E. Necessary sampling and interface detection equipment for batch changes.
- F. Data for each connected facility.
- G. A maximum of two delivery line connections at Explorer's manifold. Lines to be sized to deliver to Shipper's facilities property line. Explorer will determine when separate delivery tank lines are required.

2.1.5 Explorer's Breakout Tankage

Explorer will provide the necessary tankage at certain locations for purposes of scheduling volumes only. Explorer's common carrier breakout tankage is not for the storage of material by Shipper, except under the conditions set forth in Explorer's F.E.R.C. tariff.

2.2 New Connections

New connections for deliveries to and from Explorer will be considered on the basis of a revenue commitment generating favorable economics, compatibility with existing operations and sound business judgment. For connections meeting these requirements, Explorer requires execution of a pipeage contract. Should you have an interest in a new connection or require more details, contact Explorer's Manager, Operations or Manager, Business Development.

2.3 Proration

See Explorer's Petroleum Products Proration Policy and Item 90 of F.E.R.C. tariff, regarding proration of pipeline capacity.

2.4 New Shippers

Explorer requires that a company seeking to become a New Shipper must notify Explorer's Manager, Operations in writing. Explorer will furnish the new prospective Shipper with the necessary documentation to be considered for Shipper status. Shipper documentation must

establish a need for capacity on Explorer's system, including retail or rack demands, tank leases, throughput agreements and/or supply contracts. Confidentiality agreements will be provided upon request. The Throughput Forecast Form may be found on the Company's webpage under "Shipper Forms." In addition, Shipper documentation must include current financial statements, most current interim financial statements, acceptable bank and trade references to reflect creditworthiness and executed agreement not to violate the Explorer Proration Policy.

2.5 Required New Shipper Information and Requirement

Explorer's general financial requirements for New Shippers are that Explorer receives the Shipper's most current financial statements, most current interim financial statements, acceptable bank references and trade references. New Shippers' creditworthiness will be properly evaluated by the Treasurer of Explorer before a new Shipper will be approved to utilize Explorer's transportation services. Common reasons for denial include insufficient financial data, insufficient income or revenues, limited credit experience or history, and/or excessive obligations or high credit balances. Prepayment, prepaid transportation credit and/or parent guarantee may be required by Carrier. For example, if a New Shipper has not established a sufficient need for capacity as set forth in Section 2.4 and/or does not have sufficient financials, as set forth in this Section, then a deposit representing three (3) months of tariffs associated with New Shipper's forecasted volumes will be required. This deposit will be held by Explorer for up to one year or until financial requirements have been met as determined by Carrier. If after the one (1) year period, the New Shipper has become a Regular Shipper, then the deposit may be applied to future shipments on Explorer. If, after the one (1) year period, the New Shipper has not met the requirements as a Regular Shipper, then the deposit will be forfeited.

2.6 Transportation Charges

Transportation charges will be computed and collected at the rates provided in the current tariff, on the basis of the number of barrels of petroleum products delivered at destinations, after volume corrections as provided in Item No. 60 of the current tariff.

2.7 Product Transfer Orders

Shippers may request transfer of title or ownership of commodities tendered for transportation after they have been received by Explorer at its Gulf Coast origins on the 28" mainline. The Product Transfer Order ("PTO") service is available to Regular or New Shippers desiring to transfer title of commodities to another Regular or New Shipper while they are in custody of Explorer. A PTO effectively transfers all of the obligations associated with being a Shipper of a particular commodity batch to another Shipper at the destinations listed in 2.7.2.

2.7.1 Process

- A. All PTO requests will be initiated and processed through the Transport4 ("T4") electronic interface system.
- B. PTO requests may be initiated by either the buyer or seller of the commodities as long as they are approved Shippers on Explorer. T4 will route the initial

PTO request to the counterparty to the transaction for their acceptance and approval. After the request has been approved by the counterparty, T4 will route the request to Explorer for final approval and execution.

- C. PTO requests (with approval by the transaction counterparty) should be submitted to Explorer at least one business day (defined here as a non-holiday weekday) before the time scheduled for the start of delivery of the commodities into the Tulsa, Oklahoma tank farm. PTOs cannot be accepted or approved either after the start or completion of delivery of commodities.
- D. It is Explorer's policy to make reasonable efforts to accommodate, approve and promptly process the PTO requests it receives. However, there may be certain instances where Explorer does not accommodate or approve a PTO request for some operating, scheduling, administrative or other reason. Shippers are advised that Explorer has no obligation to accept or process PTOs and makes no guarantee, and can offer no assurance, that a PTO request will be approved or accommodated. Explorer will not be liable for any claims for direct, indirect, incidental or consequential damages, including but not limited to, lost profits or other economic loss stemming from its failure to approve, accommodate or process a PTO request.

2.7.2 Transfer Location and Transportation Charges

All PTOs will be ticketed at the point of product delivery into Port Arthur, Texas (PTA), Tulsa, Oklahoma (GLN) or Wood River, Illinois (WDR) (Receiving Tank Farm). PTOs may also be ticketed at Greenville, Texas (GVL), subject to certain additional restrictions that are noted in subsection B below. The Shipper initiating the movement will be invoiced transportation charges from the applicable Gulf Coast origin to the applicable destination at which the PTO is ticketed.

- A. For PTOs ticketed at the PTA, GLN or WDR delivery points, the Shipper receiving title of the commodities ("Receiving Shipper") at such location will be invoiced transportation charges from the delivery point at which the PTO was ticketed to the Receiving Shipper's final destination point.
- B. For GVL, Explorer will only accept and ticket a PTO at this location for gasoline and diesel products, and only to the extent such commodities that are the subject of the PTO request are to be further transported on Explorer's system to a final destination within the Dallas-Ft. Worth area that is physically accessible from the GVL tank farm. For PTOs accepted and ticketed at GVL, the Receiving Shipper at GVL will be invoiced transportation charges based on (a) the then-current published tariff rate applicable to movements from the Gulf Coast origin at which such commodities first originated on Explorer's system to the final delivery point, less (b) the then-current published tariff rate applicable to movements from the Gulf Coast origin at which such commodities first originated on Explorer's system to GVL. The shipment history for the movement will be recorded the same as was invoiced.

2.7.3 Fees

A transfer fee of eight cents (8.0¢) per barrel of volume transferred will be assessed to the seller of the commodities. Each PTO is subject to a minimum transfer fee of eight hundred dollars (\$800.00).

2.8 **Capacity Allocation Program (CAP)**

See Item 25(c) of the Company’s current tariff.

2.9 **Nomination Integrity Program (NIP)**

See Item 25(d) of the Company’s current tariff.

2.10 **Nomination Instructions - Batch Number System**

2.10.1 General

Numbers will be assigned to batches to identify the movement with the Shipper, Pipeline Operating Personnel, and the Accounting Department.

2.10.2 Batch Number

The batch number identifying shipments through Explorer will contain the following information:

Shipper	(A)
Grade of Product	(B)
Cycle Number	(C)
Flexible Batch	(D)
Cycle & Number of Shipment of Grade in Cycle	(E)
Point of Origin	(F)
Example	(A)-(B)-(C)(D&E)-(F)

- a. The Shipper will be identified by a three-letter symbol as shown on Transport4 website.
- b. Grades of products will be identified by numerical codes shown in Section 3 of Explorer’s Shipper Manual.
- c. Cycle number will be identified by the numerical code shown on the Schedule Calendar found on Explorer’s website, under the Manuals/Forms & Documents.
- d. An alpha code will be used to designate Flexible Batches.
- e. A numeric code will be used to designate the shipment number.
- f. Point of origin will be identified by a three-letter symbol shown on Transport4 website.

2.10.3 Cycle and Shipment Within A Cycle

This will consist of a 3-digit number, the first two of which will indicate the cycle in which the product was originated. The third digit indicating the number of shipments of a particular grade in each cycle for each company, from each location; but not necessarily in sequential order. An alpha code will be used in place of cycle number to designate Flexible Batches.

2.10.4 Batch Numbering Illustration (Refined Products)

Using ABC-46-271-PTA as an example, batch number would identify the movement as follows:

ABC	Shipper symbol
46	87.0 R+M/2 North of Tulsa Unleaded Gasoline
27	Scheduled for Shipment in 27th Cycle; the last digit indicating first Nominated Movement of 87.0 R+M/2 - Leaded Gasoline by ABC in 27 th Cycle.
PTA	Port Arthur, TX – Point of Origin

2.10.5 Deliveries of Multiple Origin Batches

For accounting purposes, when a single batch consists of product from two or more originating points for the same Shipper, deliveries will be made to cover each origin's portion of the batch.

2.10.6 Transmix Identification

Transmix or Interface Mixture is commingled product that is generated in the mainline that does not meet Shippers marketing specifications. This product is accumulated in transmix tanks and managed by Explorer Pipeline, however, this process does not apply to Grade 92, 9A, 9Z, 9Y, 9X Third Party Transmix, which will be handled as a Specialty Product.

2.11 General Forecasting Instructions

2.11.1 Any Shipper desiring to tender a refined petroleum product as outlined in the current Tariff for transportation shall on or before the 10th day of the month give notice on Transport 4, that includes an **origin, destination and volume** for the product to be shipped in the following month. Unless such notifications are made, Explorer shall be under no obligation to accept petroleum products from such Shipper and late nominations that must travel through prorated sections will not be accepted.

Example: Nominations due February 10th should cover nominations for March Cycles 13, 14, 15, 16, 17 and 18.

2.11.2 Explorer will prepare and furnish to each Shipper schedules showing the estimated time that each shipment will be received for transportation at origin points and estimated time of arrival at destinations. Such schedules may be revised from time to

time to the extent reasonable to facilitate the efficient and economical use and operation of Explorer’s facilities.

2.11.3 Shipper shall have each shipment available in tankage connected to Explorer’s stations at least eight hours before the schedule time for receipt by Explorer. When a product is not available in tankage within the time limits as aforesaid, acceptance of said product will be at the discretion of Explorer.

2.12 Special Nominating Instructions

Seventy-two (72) hours prior to lifting, Explorer’s scheduling office must be notified through Transport 4 regarding changes in volumes, origins, tankage, consignees, and delivery locations. If changes to the Nominations are not received within this period, Explorer is not obligated to accept the changes. Fees will apply for failure to adjust batches prior to the 72-hour deadline. See Item 25(d) of the Explorer’s current tariff.

2.13 Transmix (Interface Mixture)

Explorer will handle transmix or Interface Mixture as set forth under Item No. 75 of its current tariff, except for Grade 92, 9A, 9Z, 9Y, 9X Third Party Transmix, which will be handled as a Specialty Product.

2.14 Accountability for Quantity

All Shipper's origin lines will be monitored for water in products. Volumes of free water determined to be in products will be deducted from the meter tickets at origin locations and a processing fee assessed.

Explorer will only be accountable for delivery of that quantity of petroleum product accepted for transportation after the tender deduction of 0.05%.

Overages or shortages of inventories in Explorer's custody will be settled monthly with each Shipper on a monetary basis determined by the Platt's Oilgram low posting for US Gulf Coast Pipeline (unless otherwise noted) using the average of each business day prices quoted for the settlement month.

2.14.1 All Conventional Premium Unleaded Gasoline 93.0 or 91.0 octane and Premium Blend Stock – with a blended octane of Index (R+M/2) rating of either 93.0 or 91.0 after blending with 10% ethanol will be valued at ~~[C] 50% of the difference between [N] the average of~~ the posting for the equivalent Premium product ~~[C] less \$0.05/gallon on the first 5% at origin [N] and the posting for CBOB 83.7 octane~~ for shortages, or at the posting for the equivalent Premium product for overages.

[N] Example for shortages:

<u>[N] Premium</u>	<u>\$2.00</u>
<u>[N] CBOB 83.7</u>	<u>+ \$1.75</u>
<u>[N] Subtotal</u>	<u>\$3.75</u>
<u>[N] Divided by 2</u>	<u>= \$1.87</u>

- 2.14.2 All Unleaded Gasoline and Blend Stock - with Octane Index (R+M/2) rating of 87.0 will be valued at the posting for the CBOB 83.7 octane. Must become 87 octane after blending with 10% ethanol.
- 2.14.3 All Ultra-Low Sulfur Diesel Fuel - will be valued at the posting for Ultra-Low Sulfur Diesel.
- 2.14.4 All Other No. 2 Fuel - will be valued at the posting for Low Sulfur Diesel Fuel.
- 2.14.5 All Aviation Jet Fuel - will be valued at the posting for Jet 54 grade.
- 2.14.6 All Kerosene/No. 1 Fuel - will be valued at the posting for Kerosene.
- 2.14.7 All Specialty Grades except Grade 1B, Diluent and Grade 92, 9A, 9Z, 9Y, 9X Third Party Transmix – will be valued at the posting for CBOB 83.7 octane. Must become 87 octane after blending with 10% ethanol.
- 2.14.8 Transmix and Specialty Product, Grade 92, 9A, 9Z, 9Y, 9X Third Party Transmix – will be valued at the posting for 35% gas CBOB/65% oil ULSD.
- 2.14.9 Specialty Product, Grade 1B, Diluent – will be valued at the posting for Natural Gasoline non-LST non-Targa Mt. Belvieu.
- 2.15** All products, except all grades of Aviation Kerosene, shall contain an oil soluble corrosion inhibitor approved by Explorer. Please refer to Item No. 85 of the current tariff.
- 2.16** Explorer does not provide historical tariff rate data. This information can be found on the Federal Energy Regulatory Commission’s website.
- 2.17** A Shipper’s shipment history may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper. A Shipper may not use an affiliate or cooperating Shipper to increase its Base Period shipments or capacity allocation. Further, New Shipper or Regular Shipper capacity allocations or shipment history may not be used by any Shipper or prospective shipper other than the Shipper assigned such allocation by Carrier. However, a Shipper’s capacity allocation or shipment history may be transferred as an incident of the bona fide sale of Shipper’s business or to a successor to the Shipper’s business by the operation of law, such as an executor or trustee in bankruptcy. All transfers made pursuant to this section must be irrevocable and supported by appropriate documentation of the sale transaction. In addition, prospective shippers must comply with and meet Carrier’s requirements for obtaining New Shipper status.
- 2.18** Any prospective shipper who is granted New Shipper status and, upon obtaining such status thereafter fails to tender any petroleum products for transportation in accordance with the tariff during the immediately following period of fourteen (14) consecutive months will lose such status. In that event, such prospective shipper must comply with and meet Carrier’s current requirements for obtaining New Shipper status.