

# **Bengal Pipeline**

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## **Section One Informational Topics**

# Bengal Pipeline

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## **BATCH SIZE REQUIREMENTS**

Bengal's current Rules and Regulations Tariff specifies the minimum batch size requirements for product lifting at origin locations and for minimum batch deliveries for both fungible and segregated movements. In fungible movements, the total volume of all members moving in the fungible stream creates a joint batch.

### Origin Requirements

Any fungible or joint batch moving on Bengal must consist of a minimum of 50,000 barrels each member of a joint batch must provide a minimum of 25,000 barrels. Any segregated batch moving on Bengal must consist of a minimum of 75,000 barrels. The Bengal Scheduler will notify a shipper if there is not enough volume in a joint batch to meet the minimum batch size requirements.

### Delivery Requirements

The tariff specifies minimum batch volumes that may be delivered into connecting carriers and the Bengal tank farm, either as partial deliveries or as batch terminations. It also identifies delivery minimums for local deliveries.

### Batch Size Requirements

The minimum batch size for a fungible batch is 25,000 barrels. The minimum batch size for segregated batches is 75,000 barrels.

## **BULLETINS**

Bulletins are the primary method used by Bengal to communicate with the shipping community. The bulletin system is used to communicate line allocations, line activities affecting shippers, notification of office closings, lifting times and other important information. Shippers can access the bulletins via Transport4 or through email.

## **CYCLES**

Bengal's cycles are 5-day periods during which a sequence of all in-season products is pumped. Bengal repeats the same sequence of product every five days.

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## NOMINATIONS – CHRONOLOGY OF EVENTS

### Nominations

Shippers must enter nominations, which are essentially a request for space to ship petroleum products from an origin location to a destination location via Bengal Pipeline. Shippers should submit their nominations in accordance with the following nomination rules to ensure that their nominations will be accepted and that any changes can be facilitated in time.

In periods when Lines 61 and/or 62 are prorated nominations will be subject to the provisions of the Allocation Program outlined in this Shipper Manual.

### Critical Time Periods

*Initial Notification* – The rules and regulations tariff specifies the due dates for nominations. First, the tariff requires that all shippers notify Bengal of the shippers' intent to ship barrels at least 30 days prior to a cycle lifting date. Shippers are encouraged to submit nominations for shipments that they wish to make in the following month, no later than the first Tuesday of the current month. This is accomplished by entering nominations in Transport 4. This requirement provides Bengal with information to review and analyze to determine the requirements necessary to handle all shippers' products.

*Final Scheduling Dates (Dateinfo)* - A program is included in Bengal's computer system that provides the origin nomination due dates for fungible gasoline and distillate products. This due date refers to the date required for a batch to be nominated and confirmed by any third parties involved in the batch, such as a supplier or tankage provider other than the shipper. These dates are updated by DATEINFO bulletins posted on Transport 4 and sent via email by Bengal's bulletin system.

These dates are revised as required when dates for lifting product change. If a date is not provided for a product that you plan to ship, contact the scheduler for the appropriate due date.

*Final Nomination Change Dates* – Bengal will accept changes to nominations up until the following points in time:

*Origin Changes* - A change in origin should be made as soon as the information of the change is known. Bengal has no obligation to honor a change in origin point unless the change is received before 8:00 A.M. Eastern Standard Time on the second business day prior to the date the batch is to be pumped unless the change is received before the final scheduling date .

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## NOMINATIONS – CHRONOLOGY OF EVENTS

*Delivery or Diversion Changes* - A change in delivery location on a nomination should be made as soon as the information of the change is known.

Bengal has no obligation to honor a change in delivery location unless the change is received before 8:00 a.m. on the first business day prior to the day the batch is to be diverted or delivered. Changes made after this point in time will be subject to rejection.

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## NOMINATION DESCRIPTION

This section contains instructions for setting up nominations and nomination changes for entry via Bengal's Computer System. The initial nominations must be made in sufficient time to meet the cycle due date in the section titled "Schedule Calendar."

### Batch Coding

A batch consists of 10 characters as described below:

#### **SSS-PP-CCN**

SSS	3 Character Shipper Code	
PP	2 Character Product Code	
CC	2 Character Cycle Number	01-72
	See Schedule Calendar	
N	Batch Number within Cycle – Selected by the Shipper	
	1 to 7	
	8 and 9 are reserved for special uses by Bengal.	

In addition to the basic batch code used for identification, the following information may also be used with the code:

**Supplier** A three-character code (which must be a Bengal shipper or supplier) that indicates the company supplying the batch at an origin location. Bengal provides the supplier of a batch schedule and ticket information relating to the part of the batch that they are supplying. Suppliers must confirm batches that they are supplying others by confirming the batch in Bengal's computer system, unless the tankage party for the batch is different from the supplier.

**Consignee** A three-character code (which must be a valid Bengal shipper or consignee) designating the party to whom custody the batch is delivered. Bengal provides schedule and ticket information to the consignee related to the part of the batch they are receiving.

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## NOMINATION DESCRIPTION

Tankage A three-character code which must be a valid tankage provider connected to Bengal. Bengal provides schedule and ticket information to the tankage company related to the batch they are tanking. At origin locations a tankage provider must confirm that tankage will be provided for a batch using Bengal's computer system (confirmations).

When a batch has only one additional "three character code" associated with it, it is assumed that the company named will be both supplier or consignee and tankage provider for the batch. If a shipper wants to designate retention of custody of a batch in another party's tank, then the shipper must designate itself as the consignee and the other party as the tankage provider.

Other Codes (added only by Bengal scheduling personnel).

Occasionally batches are long or short of volume due to operational factors. The codes below are used to handle volume shortages or surpluses.

- 003 Surplus product pumped from tankage on all lines
- VST Product shortage (volume short in tankage)
- FGL This code indicates that a shortage of a batch has occurred on a line during pipeline operations or represents a planned adjustment for in-transit volume loss.
- FCG This code indicates an in-transit gain of product on a line.

### Shippers Product held in Bengal Tankage

Occasionally it will be necessary for product to remain in Bengal's tankage for a few days to be shipped out with the next phase or separated to another code. The following codes will be used to hold and release this product.

- HOD Product to be held from delivery at a breakout location (entered by Bengal Scheduler only).
- 001 Product of the shipper that was put in hold in Bengal's tankage and is being lifted at a later date with a different cycle/phase designation.

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## **SCHEDULE CALENDAR**

Nominations for space are due the first Tuesday of the month prior to the month in which product is scheduled to be lifted.

Cycle closing dates are modified based on the actual pipeline schedule and are targeted to be set three days prior to the lifting of the cycle out of the Convent and Norco origins. The actual cycle closing dates are set four to six weeks in advance and are communicated to shippers via the DATEINFO bulletin.

## **NEW SHIPPER DEFINITION**

Bengal Pipeline Company defines a new shipper by individual line segments based on the following criteria:

1. A new shipper is any shipper that has not shipped on a given line segment in the past.
2. Shippers that go for a period of greater than 12 months without making any shipments on the system are eligible to reapply for new shipper status.
3. Shippers that stop shipping on an individual line segment for more than 12 months but that continue to ship on other portions of the system during that time are not eligible for new shipper status.

Any shipper that is granted new shipper status is eligible to receive allocated space for the 12 months that they will be considered “new shippers” as outlined in Bengal’s Allocation Policy.

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## PRORATION POLICY

### I. Definitions

As used in this Allocation Policy and for purposes of this Allocation Policy only, the following definitions shall apply:

**“Available Capacity”**: the 255,000 barrels per day annual, average daily capacity of the Bengal 24” Pipeline that includes the Base Capacity and the expected 5,000 bpd of non-committed Expanded Capacity.

**“Base Capacity”**: the 250,000 barrels per day annual, average daily capacity of the Bengal 24” Pipeline that does not include the Expanded Capacity.

**“Bengal 24” Pipeline”**: the twenty-four inch (24”) refined oil products pipeline owned by Carrier that extends from Norco, Louisiana to Baton Rouge, Louisiana.

**“Bengal 2008 Open Season”**: the open season announced by Carrier during January 2008 to solicit interest from shippers in the proposed Expanded Capacity on the Bengal 24” Pipeline.

**“Carrier”**: Bengal Pipeline Company LLC, a Delaware limited liability company.

**“Committed Expanded Capacity”**: that portion of the Expanded Capacity reserved for Expansion Shippers as capacity for the shipment of Product in connection with their Volume Commitment, which capacity is contemplated to be approximately ninety percent (90%) of the Expanded Capacity, and which capacity shall in no case exceed 50,000 barrels of annual, average daily capacity.

**“Expanded Bengal 24” Pipeline”**: the Bengal 24” Pipeline as modified to have an annual, average daily capacity of approximately 305,000 barrels per day.

**“Expanded Capacity”**: approximately 55,000 barrels of annual, average daily capacity, which is comprised of the Committed Expanded Capacity and the Remaining Expanded Capacity, and which is incremental to the Base Capacity.

**“Expansion Shipper”**: a shipper that has, in response to the Bengal 2008 Open Season committed to transporting, or paying a deficiency fee in lieu thereof, certain specified volumes of Product on the Expanded Capacity pursuant to the terms of an executed throughput and deficiency agreement with Carrier.

**“FERC”**: the U.S. Federal Energy Regulatory Commission or any successor agency thereto.



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## PRORATION POLICY

### I. Definitions (Cont'd)

**“Line History”**: a shipper’s relative, actual shipments through the Available Capacity for the previous twelve (12) months. Line History is tracked on an aggregate basis for Available Capacity. Line History also includes an Expansion Shipper’s relative, actual shipments through the Committed Expanded Capacity in accordance with Section II.B. of this Revised Allocation Policy.

**“Minimum Batch Size”**: 25,000 barrels of fungible Product per cycle.

**“New Shipper”**: a shipper that meets the criteria set forth for a “new shipper” as stated in the Shipper Manual. Subject to the application of such criteria, a New Shipper loses its status as a New Shipper twelve (12) months after receiving such status and becomes a Regular Shipper.

**“Product”**: gasoline, distillates and any other refined oil products meeting Carrier’s published quality specifications set forth in the Shipper Manual (including without limitation Section 3 thereof) and as applicable, the Rules and Regulation Tariff.

**“Regular Shipper”**: a shipper who previously met the definitional requirements of a New Shipper, but who no longer meets one or more of the criteria required of a New Shipper.

**“Remaining Expanded Capacity”**: the Expanded Capacity *minus* any utilized Committed Expanded Capacity.

**“Rules and Regulation Tariff”**: Carrier’s rules and regulation tariff on file with the FERC, as amended, supplemented, or reissued from time to time, the same currently being FERC 8, effective March 16, 2007.

**“Shipper Manual”**: Carrier’s shipper manual applicable to shippers of Product on the Bengal 24” Pipeline, as same may be amended, modified, or supplemented from time to time.

**“Total Capacity”**: the sum of the Base Capacity and the Expanded Capacity.

**“Volume Commitment”**: a commitment by an Expansion Shipper for the transportation of volumes on the Expanded Capacity in accordance with a throughput and deficiency agreement.

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## PRORATION POLICY

### II. Nominations and Proration Procedures

#### A. Minimum Batch Size and Segregated Batches

Minimum batch size quantities apply to the transportation of Product by Carrier. The Minimum Batch Size applies to transportation of fungible batches of Product. In the event of allocation of pipeline capacity space, segregated batches of Product will not be transported by Carrier for New Shippers.

#### B. Expansion Shippers and Committed Expanded Capacity

Nominations by Expansion Shippers up to the level of their Volume Commitment in the Committed Expanded Capacity shall not be subject to prorationing, except as provided below in Section II.D. of this Exhibit B. Nominations by Expansion Shippers in excess of their Volume Commitment in the Committed Expanded Capacity shall be considered nominations to ship in the Available Capacity, and the Expansion Shippers shall be treated as a Regular Shipper or a New Shipper, as applicable, with respect to such nominations.

In the event that the Committed Expanded Capacity is not fully utilized by Expansion Shippers, that capacity shall be made available to accommodate nominations by New Shippers and Regular Shippers based on their Line History. To the extent nominations exceed the amount of Committed Capacity that is not fully utilized by Expansion Shippers, Carrier shall allocate the capacity pro rata among nominating shippers based on the lesser of each shipper's Line History or its actual nomination. Line History will not be generated by actual shipments made by New Shippers or Regular Shippers in the Committed Expanded Capacity. Additionally, Line History will not be generated by shipments made by an Expansion Shipper in the Committed Expanded Capacity, unless, prior to the expiration of the ten (10) year term of the Expansion Shipper's throughput and deficiency agreement, such Expansion Shipper renews said agreement for an additional five-year period, in which case such Expansion Shipper will be deemed to have Line History up to the level of its Volume Commitment in the Committed Expanded Capacity in accordance with Bengal's then-applicable method for tracking Line History.

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## PRORATION POLICY

### C. Prorationing

If, for any month, more Product is nominated to Carrier than can be transported by Carrier, then Carrier shall apportion the nominations received among shippers as follows: (i) up to 25,000 barrels per cycle of Available Capacity shall be allocated to each New Shipper; (ii) the remaining Available Capacity shall be allocated among Regular Shippers pro rata based on the lesser of each Regular Shipper's Line History or its actual nomination. Any remaining Available Capacity not allocated through steps (i) and (ii) shall be allocated pro rata among all remaining unallocated nominations.

Allocations will be granted in multiples of 25,000 barrels per cycle (5,000 bpd), which is the minimum batch size at origin and is also the predominate increment in which product is traded. Shippers with Line History between multiples of 25,000 will be rounded to a multiple of 25,000 based on the following criteria:

0 < Ticket History < 5,499 barrels per 5 day cycle: No allocated space  
5,500 < Ticket History < 30,499 barrels per 5 day cycle: 25,000 barrels of allocation  
30,500 < Ticket History < 55,499 barrels per 5 day cycle: 50,000 barrels of allocation  
55,500 < Ticket History < 80,499 barrels per 5 day cycle: 75,000 barrels of allocation  
80,500 < Ticket History < 105,499 barrels per 5 day cycle: 100,000 barrels of allocation

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## PRORATION POLICY

### D. Reduction in Pipeline Capacity

In the event Carrier is unable to transport an approximate 305,000 barrels per day of average daily Available Capacity because of any reduction in capacity on the Expanded Bengal 24" Pipeline, Carrier will establish a portion of the capacity then available as the Expanded Capacity.

In such circumstances,

1. the Expanded Capacity will be calculated by multiplying:
  - i) the ratio of the Expanded Capacity prior to the reduction (estimated at 55,000 bpd) divided by the capacity of the Expanded Bengal 24" Pipeline prior to reduction (estimated at 305,000 bpd),  
*times*
  - ii) the capacity then available.

(If the estimated volumes stated above were the actual capacities, then the Expanded Capacity would be equal to 18% (55,000/305,000) of the capacity then available.)

2. the Expansion Shippers will have the ability to nominate and ship, in aggregate, up to 90% of the available Expanded Capacity.

### III. LINE FREEZE

From time to time, Carrier may find it necessary to close and lock nominations on a certain line segment to assure sufficient pipeline capacity exists to process existing nominations for that cycle for that line segment. This process is called a freeze or freezing the line. During a line freeze, Carrier will allocate space on the affected segment(s) to or with existing, valid nominations for that line segment that were in effect when the line freeze was announced, not based on ticket history.

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## **SCHEDULING PROCESS**

The Bengal scheduler prepares schedules for Bengal's system. The available schedule provide detailed information about the date, time, and volume of deliveries. There are two parts to a schedule that is produced by the scheduler, the operating schedule and the long-range schedule.

### Operating Schedule

The first part of the schedule is the operating schedule. The operating schedule projects the date and times of events for ten days into the future. This part of the schedule has been reviewed in detail by the scheduler in the preparation of a quality pipeline operation, given various product grades and pipeline operations occurring during a particular period of time.

### Long Range Schedule

The second part of the schedule is the long-range schedule, which is produced by Bengal's computer system. It starts at the end of the operating schedule and extends to thirty days from the current date. Events in the long-range schedule are reviewed by the computer and assigned dates and times based on the sequence of products established by the scheduler. These dates and times are approximate times and can vary depending on future events in the schedule. These times may vary by one or two days but provide a good estimate for future events.

### Updating of Schedules

The Bengal pipeline schedule is normally updated daily. If there is a dramatic change of dates and times in the operating schedule, then a schedule will be updated as soon as possible.

### Scheduling Process

Bengal's scheduling process begins every business day at 7:15 a.m. ET until 4:00 p.m. ET. When the scheduler arrives in the morning, nomination changes that were entered after hours the previous business day are reviewed. The scheduler will also review the operations of the pipelines that have occurred during the night. After the new schedule is prepared, the schedule information in the computer is updated for the shippers and Bengal's field personnel to review.

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## **SCHEDULING PROCESS**

If a nomination is changed on the pipeline after the process of assigning dates and times to each batch has begun, the change will not be in the new schedule. Instead, it will appear on the next schedule update. Therefore, a change to a nomination can be made one morning and not be in the schedule that is produced that day.

Every hour throughout the day, the scheduler will review nomination changes to ensure that Bengal is able to handle the changes. Most changes are made without difficulty. Bengal's system allows flexibility for shippers to make changes to nominations based on the shipper's needs. Occasionally, a change is made that Bengal cannot handle for various reasons,. When this occurs, the shipper is notified and the nomination is changed back to its original form.

Bengal's goal is to provide shippers with lifting and delivering times that are reliable. The people that work for shipper companies must make arrangements to supply and receive product based on the times provided by Bengal. As a result, it is necessary for Bengal to put a deadline on when changes can be made. These deadlines are discussed under the topic NOMINATION DUE DATES.

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## **PRODUCT DELIVERIES**

Safe Receipt of Petroleum Product: Bengal will not initiate delivery of the shipper's nominated product until such time as Bengal receives notice from the receiving facility of a clear path. The receiving facility's indication of a clear path shall serve as its notice that it is currently prepared, without disruption to pipeline operations, to accept the entire nominated volume.

Nominated volumes will not exceed the shipper's available capacity to receive said volume into one or more tanks. Shippers may make tank switches during a delivery; provided, however, Bengal shall have no obligation to adjust the pipeline flow rate or to provide shippers flow rate changes to accommodate a tank switch.

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## **TARIFF**

Bengal is a common carrier that is regulated by the Federal Energy Regulatory Commission (FERC). As a common carrier, Bengal publishes tariffs covering its rules and regulations and transportation charges. These tariffs are filed with the FERC. Bengal's current Rules and Regulations Tariff along with all Supplements, specify the rules governing shipping on Bengal's system. The current rates tariff specifies the transportation charges that will be applied to product movements. The tariffs are included in Section 2 of this manual.

Updated tariffs are always available on our website at [www.bengalpipeline.com](http://www.bengalpipeline.com) or through the FERC.

### Rates

The current rate tariffs are listed in the Tariff Section of this Manual. The rates are listed in cents per barrel from an origin point to a destination area. Several of these "areas" will cover more than one of the specifically designated locations found in Bengal's location codes as used for scheduling purposes. The scheduling locations are more narrowly defined than a tariff location. (local rates)

### Product Loss Charge

The product loss allocation is a charge, which is designed to balance the account maintained on behalf of the shippers, assessed on each delivered barrel to recover, but not over recover, losses resulting from evaporation and downgrading of product in the operation of the pipeline. The charge being made to shippers at present time is 4.0 cents per delivered barrel. This amount is based on losses incurred by Bengal during its normal pipeline operations, which result from product degradation and product loss. This charge will be adjusted from time to time based on the performance of the account maintained on behalf of shippers. Any changes will be communicated to shippers through an email and a bulletin issued thirty (30) days prior to the change going into effect.

## **TICKETS**

Bengal issues tickets, via Transport4. Tickets are generated and issued by Transport4 in real time, in a variety of modes to include: fax, e-mail, and on demand via the internet. Bengal furnishes tickets only to the three parties on an origin or delivery ticket. These three parties are the shipper, the supplier or consignee, and the tankage provider supplying or receiving the product. Any other party wishing to have this ticket information must get it through one of the three parties listed on the ticket.



## **Bengal Pipeline**

Tickets sent electronically are normally processed around 4 A.M. EST daily, including weekends and holidays.

Please contact Transport 4 for re-transmission of missing, misplaced or old tickets. Users of the on-line Transport4 internet system should note that invalidated tickets are available for viewing in real time as they occur.

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## TICKETS

Custody tickets are faxed, upon request, to shipper origin/destination terminals or tankage locations immediately following the ticket transaction (real-time). These tickets, when faxed, are invalidated, but, nonetheless, are desirable to many of our customers in the local operations environment. If, as a terminal manager or tankage provider you wish to receive your tickets on a real-time basis via facsimile, please contact Transport 4.

### Meter Ticket Data Description

**Ticket #:** Number of ticket – up to four digits and possibly an alpha character. An alpha character is used to indicate changes to the original ticket.

**Process Date:** The date the ticket is accepted by Bengal Pipeline Company mainframe.

**Ticket Type:** 00 – ORIGINAL  
04 – CHANGE  
07 – DUPLICATE

**Pipeline Number:** Bengal's number of the mainline where the custody transfer occurred.

**Carrier:** Bengal Pipeline Company  
Insert Address Here

**Ticket Receiver:** SH – SHIPPER  
SU – SUPPLIER  
CN – CONSIGNEE  
WH – TANKAGE OWNER

**Ticket Receiver –**

(Name and address): Field copy will only have company name – no address. Custody ticket and office copy will have company name and address. Maximum of 40 characters per line. Maximum of five (5) lines.

**Batch Code:** The 10 character Bengal batch number.

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## TICKETS

### Receipt/

Delivery Code: 10 – RECEIPT – CUSTODY (into tanks)  
11 – RECEIPT – CUSTODY (into line)  
16 – RECEIPT – CUSTODY (out of tanks – credit)  
12 – RECEIPT – GATHERING LOCATION  
21 – DELIVERY – CUSTODY (from line)  
22 – DELIVERY – CUSTODY (from tanks)  
24 – TRANSMIX DELIVERY (out of tanks)  
32 – DELIVERY CREDIT

Product Code: P (always “P” to indicate Products)

### Origin/Delivery

Location: Alphanumeric Bengal name for the origin or delivery location.

### Ticket

Date & Time: The date and time of the ticket prepared, if an adjustment ticket, then the date and time the adjustment ticket is prepared.

### Starting

Date & Time: The date and time the origination or delivery is started or a new ticket is started.

### Ending

Date & Time: The date and time origination or delivery is completed or a ticket switch is made.

### Tank No. /

Description: The Bengal tank number or the shipper tank number and name whichever item is appropriate.

Shipper: Name of company shipping the batch. Maximum of 40 characters.

Consignee: Any company supplying or receiving all or part of the batch. Maximum of 40 characters.

Tankage: Any company providing tankage for all or part of the batch. Maximum of 40 characters.

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## TICKETS

Connecting  
Carrier: Another pipeline to which the product is delivered or from which the product is received. Maximum of 40 characters.

Observing  
API Gravity: The observed API gravity – maximum of three digit plus one decimal position.

Distributed  
Meter Factor: Composite factor of all meters used for the batch delivery or receipt.

Observed  
Temperature: The temperature at which the API gravity was made - maximum of three digits plus one decimal position.

Temperature  
Correction  
Factor: Calculated API temperature correction factor – one digit plus four decimal positions.

API Gravity  
@ 60<sup>0</sup> F: API gravity corrected to 60 degrees F. – maximum of three digits plus one decimal position.

Pressure  
Correction  
Factor: Calculated API pressure correction factor – one digit plus four decimal positions.

Composite  
Correction  
Factor: Resulting factor of multiplying distributed meter factor, temperature correction factor, and pressure correction factor – maximum of one digit plus four decimal positions.

Average  
Temperature  
Degree  
Fahrenheit: Average temperature of the product during the receipt or delivery – maximum of three digits plus one decimal position.

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## TICKETS

Average

Pressure PSI: Average meter pressure during the receipt or delivery of the product – maximum of three digits.

Volume of

Water: The number of barrels of water deducted from the receipt or delivery – maximum of six digits.

Meter Number: Bengal Pipeline Company number of meter or meters used during the receipt or delivery – maximum of two digits.

Prover Report: The number of the prover report for the meter – maximum of three digits.

Meter Factor: The meter factor from the prover report for the meter – maximum of one digit plus four decimal positions.

Distribution

Percent: The percentage of the products, which went through each meter used – maximum of three digits plus one decimal position.

Meter Total: The total meter counts of all meters used during the receipt or delivery covered by this ticket. No corrections factors or water deduction made. Maximum of seven digits.

Net Quantity: The net barrels received or delivered – meter total times composite correction factor less volume of water. Maximum of seven digits.

Unit of

Measure: NB (always NB – net barrels).

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## OTHER TRANSPORTATION SERVICES

### Segregated Batches of Specialty Products

Segregated batches require dedicated assets and special handling and can have the effect of reducing the total capacity of the pipeline. Therefore, shippers seeking to move segregated batches may be required to enter into term dedicated asset agreements with Bengal. Space for segregated movements is made available based on a minimum quantity of 75,000 barrels per movement. Final approval for shipment of a specialty product must be granted by Bengal and is subject to review by Quality Assurance. All products must meet established specifications unless otherwise approved by Bengal and shipment of certain products may require additional provisions to ensure that the quality of adjacent batches is maintained.

### Product Title Transfers

Our shippers have expressed an interest in Bengal providing and supporting a service feature that would facilitate and document the transfer of product ownership within its in-transit storage facilities. Through our Inline Product Title Transfer (IPTT) service, shippers desiring to “source” product batches out of Bengal’s in-transit storage facilities are accommodated. Our nominations, ticketing, inventory and invoicing processes each support this service. The IPTT service provides our shippers the option of transferring all obligations associated with being the shipper of a batch to another shipper while the subject product volume remains within Bengal’s custody. The “Product Title Transfer Ticket” that documents the transaction serves to close the product title transfer process between Bengal shippers and terminates the selling shipper’s obligation to Bengal as a shipper beyond that point.

If you have questions concerning how this process works please contact the scheduler.

### Baton Rouge Barge Dock

Please reference Colonial Pipeline Company’s shipper manual for information on the Baton rouge Barge Dock facility.

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## VOLUME VARIANCES

Bengal defines volume variances as gains and losses and these gains and losses are indicated on settlement statements (see invoicing Section 3). Gains and losses are generated on a routine basis.

### Product Gains

The interface between different products is cut into the product with the lower quality specifications. As a result, surplus inventory of certain products is generated as a part of normal operations. This product is allocated to the shippers and shipped to shippers that generate enough surplus to make a batch.

The surplus that is not allocated to shippers as a part of the monthly settlement process is assigned via spot and contract bids that are open to all shippers. Shippers are notified of product available for assignment via the bulletin system.

### Planned Adjustments For In-Transit Volume Gain/Loss

To reduce the effects of kerosene shortages, it is necessary to lift some additional volume to offset that volume downgraded to regular fuel oil. The Bengal scheduler will determine the volume required for each shipper (1.0 to 3.0 mdbl) and subtract it from the kerosene nomination. These reduced volumes are identified in the nomination record under the location code of FGL or VST.

When a five-day movement has completed lifting in the origin area, expected barrel losses are assigned to specified batches to account for the volume downgraded to fuel oil.

The barrels added or reduced on specified batches must be taken into account in all subsequent changes or references to these batches.

Occasionally, as a result of its operations, special coding may be required to handle various product gains and losses or while in inventory in a shipper's account on Bengal. This is possible wherever breakout tankage is available. Examples of these codes are:

- 003 – Product gains to be distributed to a shipper.
- FGL – Product lost in-transit to mainline batch cutting.
- VST – Product short in tankage.
- FGG – Product gained in-transit due to mainline batch cutting.

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## VOLUME VARIANCES

Shipper advisement of these adjustments is accessible via Bengal's computer system and is reflected in shipper's nominations.

### Ticket Discrepancies

In the course of routine product transportation a shipper may dispute a ticketed volume. Bengal's meters are proved on a regular basis and shippers may, at their request, witness a meter proving. Should a shipper dispute a ticketed volume, the volume will be reconciled in accordance with current API measurement practices. Bengal meters have an accepted tolerance of up to +0.05% of the measured volume. Manual tank gauging has an accepted tolerance of +0.25% of the measured volume. Based on these two tolerances, the typical accepted combined tolerance is +.30%. To reconcile differences between tank & ticket volumes, Bengal and the shipper must first validate their own measurement processes (correctly applied factors, accurate calculations, physical property corrections, et. al.) Once validated and necessary corrections are made, measurement errors outside of this tolerance will be corrected.