CAPLINE SYSTEM
RULES OF POLICY AND PROCEDURE
FOR USE AT ST. JAMES VESSEL DOCK

In order that each Participant be able to avail himself of his undivided interest in the Capline docks at St. James, when and if it sees fit, the following policy will be placed into effect:

1. DEFINITIONS

1.1 The following terms used herein shall have the respective meanings indicated below:

(1) "Allocated Berth Time" means the number of hours in a month that a Participant is permitted to have a vessel tied to the dock, determined in accordance with paragraph 3.1, as adjusted by the other provisions of these rules, including but not limited to the provisions of paragraphs 4.3, 5.1(3), and 5.1(5) hereof.

(2) "Scheduled Berth Time" means the total number of hours that a particular vessel is expected to be tied to the vessel dock. This is currently set at 31 hours per vessel.

(3) "Actual Berth Time" means the total number of hours a particular vessel is actually tied to the vessel dock, excluding any delay in unloading requested or caused by the Operator.

(4) "Berth Time" means Allocated Berth Time, Scheduled Berth Time and/or Actual Berth Time.

(5) "Firm Arrival Date" means 0700 of the arrival date for a vessel established by Shipper with Operator when a vessel is scheduled and at least five (5) days (excluding Saturday, Sunday, and holidays) in advance of vessel arrival, as set forth in paragraph 4.4.
This five-day period is the minimum notification period.

(6) "On-Schedule Vessel" means a vessel that is available at St. James dock during the 72 hour period (window) beginning at 0700 the day prior and ending at 0700 the second day after its Firm Arrival Date, as set forth in

paragraph 4.5. Due to the variations in river conditions and to ensure safe operations, to be considered as "On Time" a vessel must arrive at Southwest Pass eighteen (18) hours prior to close of its window at St. James.

(7) "Off-Schedule Vessel" means any vessel other than an On-Schedule Vessel.

(8) "Month" means a calendar month.

(9) "Primary Vessel" means any vessel scheduled by a Shipper with a Participant who has sufficient Allocated Berth Time to cover the vessels Scheduled Berth Time.

(10) "On-Schedule Primary" means any vessel scheduled by a Shipper with a Participant who has sufficient Allocated Berth Time to cover the vessels Scheduled Berth Time and is available at the St. James dock during the 72 hour period (window) beginning at 0700 the day prior and ending at 0700 the second day after its Firm Arrival Date, as set forth in paragraph 4.5.

(11) "Accepted Vessel" means a vessel of a Shipper whose nomination has been accepted.

(12) "Secondary Vessel" means any vessel scheduled by a Shipper with a Participant who does not have sufficient Allocated Berth Time to cover the vessels Scheduled Berth Time.

(13) "Operator" means the Operator of the Capline System.

(14) "System" means the Capline System.

(15) "Capline Agreement" means the Agreement between Marathon Pipe Line LLC, et al, dated August 1, 2007, as amended, providing for the construction, operation, and maintenance of the Capline System.

(16) "Participant" means a party owning an interest in the Capline System.

(17) "Shipper" means a company that moves crude by way of pipeline or dock via a Participant's space.

(18) "Nomination" means the amount of crude that the Shipper plans to move across the dock and into the pipeline during the course of the month.

2. BERTH UTILIZATION FACTOR

2.1 For the purposes of allocating the use of the dock, a berth utilization factor of 85 percent will be used. This factor will be reviewed on a continuing basis and will be adjusted by the Operator as operating conditions require and/or as significant modifications to dock facilities and associated tankage occur.

3. ALLOCATION OF DOCK USE BASED ON TIME

3.1 Dock facilities (meters and lines) have a stated capacity of 30,000 BPH; however, throughput is totally dependent on capabilities of the vessels. Therefore, each Participant will be allowed his ownership percentage stated in hours per day at the dock after applying the 85 percent berth utilization factor.

Example - A 10% owner's dock capacity is calculated as follows:

85% x 24 hours x 10% = 2.04 hours per day.

This Participant would receive 61.2 hours of Allocated Berth Time in a 30-day month. The 61.2 hours of Allocated Berth Time received in the example above can be used by the Participant regardless of the vessel's unloading capabilities.

4. SCHEDULE OF VESSELS AT THE DOCK

4.1 For the purpose of scheduling vessels at the dock, it will be assumed that each vessel will maintain an average discharge rate per hour that has historically been established at St. James. By this means, each vessel as scheduled can be assigned an approximate amount of Scheduled Berth Time at the time it is scheduled.

4.2 To provide an even crude supply to Capline, provide for equitable line use by each Participant, and avoid delays in discharging due to overloading connecting carriers at Patoka, vessels will be scheduled by each Shipper, insofar as possible, to arrive ratably throughout the month, which is in accordance with the spirit of paragraph 4.4(2)(a) of the Agreement for Operation and Maintenance of the Capline System.

4.3 Vessel schedules should be forwarded to the Operator as early as possible, but must be submitted no later than noon on the 15th day of the month prior to the month in which vessels are scheduled to arrive at St. James. Each vessel scheduled must include the date and

volume to be tendered. A limit on volume of 500,000 barrels on high viscosity crudes and 600,000 barrels on all other crude types will be observed due to ratability and tankage constraints. If not given with the initial vessel schedule, the following information must be provided before the minimum notification period specified in 1.1(5).

(1) Name of vessel

(2) Agent and Inspector

(3) Volume (if different from initial schedule)
(limited to 500,000 barrels on high viscosity crudes and 600,000 barrels on all other crude types)

(4) Type of crude oil

(5) Arrival Date

Every vessel is required to be cleared for terminal fit and terminal acceptance (vetting clearance). Criteria for terminal fit is length over all (LOA), draft and dead weight tonnage (DWT). In conjunction with terminal fit, every vessel proposed for use must receive a terminal acceptance (vetting clearance) to ensure that it is of suitable quality. No vessel will be allowed to dock without meeting these two requirements.

By the first workday following the 25th of the month prior to the month in which the vessel is scheduled to arrive, Shippers will be notified of the Firm Arrival Dates for the Accepted vessels, which will be allowed under the above procedures. If for any month any Participant requires fewer vessels than would be permitted by his Allocated Berth Time for such month, the Participant may distribute this excess Berth Time among those Participants requiring more than their Allocated Berth Time for such month. It is the obligation of the Participant needing additional Berth Time to petition other Participants for the additional Berth Time.

4.4. When accepting vessel schedules from the Shippers, the Operator shall make a reasonable effort to schedule vessel arrivals so as to minimize bunching, which would result in delays in docking each vessel. Each vessel scheduled will receive a Firm Arrival Date as stated in paragraph 4.3. The Operator will make a reasonable effort in meeting the arrival dates noted in a Shipper's nomination. The Operator realizes that these arrival dates correspond with planned cargo lifting dates. If more than two Shippers submit a nomination to arrive on the same day, the Shipper with the higher current Shipper accuracy will be given priority when assigning Firm Arrival Dates.

A Shipper Accuracy Report will be determined as follows:

Every Shipper will have an accuracy percentage calculated each month. A Shipper's 100 percent factor will be reduced by an amount equal to the percentage difference between the volumes in a Shipper's nomination and the volumes actually received. This will be the Shipper's accuracy for a month.

- A Shipper's current Shipper accuracy will be equal to the average of the prior two months calculations. If a Shipper has not submitted a nomination or discharged in the last twelve months, their current Shipper accuracy will be equal to 100 percent. Zero divided by zero is equal to 100 percent in this calculation. If a Shipper has submitted a nomination or discharged intermittently during the last twelve months, the data used to calculate its current Shipper accuracy will be the latest two months in which the Shipper submitted a nomination or discharged.

  If two Shippers have the same current Shipper Accuracy, prior months will be added in the calculation until there is a difference.
- A Shipper will be adjusted down only once per window during the process of scheduling Firm Arrival Dates.

Example –

May		**Shipper "A"**		**Shipper "B"**
Actual bbls. by tickets		2,300,000		385,421
Barrels nominated:	2 @ 500.0 =	1,000,000	1 @ 500.0 =	500,000
	2 @ 600.0 =	1,200,000	1 @ 400.0 =	400,000
		2,200,000		900,000

Accuracy calculation: =

Shipper "A" = 2,200,000 – 2,300,000 = 100,000;

100,000 / 2,200,000 = 4.5%;

100% - 4.5% = 95.5% Shipper accuracy

Shipper "B" = 900,000 – 385,421 = 514,579;

514,579 / 900,000 = 57.2%;

100% - 57.2% = 42.8% Shipper accuracy

June		**Shipper "A"**		**Shipper "B"**
Actual bbls. by tickets		1,693,986		761,010
Barrels nominated:	1 @ 500.0 =	500,000	2 @ 380.0 =	760,000
	2 @ 600.0 =	1,200,000		
		1,700,000		760,000

Accuracy calculation:

Shipper "A" = 1,700,000 – 1,693,986 = 6,014

6,014 / 1,700,000 = .4%

100% - .4% = 99.6% Shipper Accuracy

Shipper "B" = 760,000 – 761.010 = 1,010

1,010 / 760,000 = .1%

100% - .1% = 99.9% Shipper Accuracy

Current Shipper accuracy for August would be:

Shipper "A" = 95.5% + 99.6% / 2 = 97.55%

Shipper "B" = 42.8% + 99.9% / 2 = 71.35%

A Shipper's accuracy cannot exceed 100%.

4.5 Once a Firm Arrival Date has been established, this will remain as the target date for the vessels arrival at St. James. This date can only be changed prior to opening of its window and changes must observe the minimum notification period specified in 1.1(5). If less than the minimum notification period is given, the vessel will be assigned the next available Firm Arrival Date. Likewise, vessels of Shippers who submit a nomination late (after 1200/25 c.t.) will be assigned the next available Firm Arrival Date.

4.6 Vessel substitution for a scheduled vessel that has been established, as an On-Schedule Primary will be permitted up to twenty-four (24) hours before the scheduled arrival date provided the substitute vessel volume is within 10 percent of the originally scheduled vessel and of the same crude category (sweet/intermediate/sour). If a Shipper elects to substitute a vessel, the replacement vessel is required to be cleared for terminal fit, terminal acceptance (vetting clearance) and be available at Southwest Pass eighteen (18) hours before the close of its window at St. James in order to remain an On-Schedule Primary.

4.7 It is recognized that, for various reasons, a vessel may not perform as expected, thereby requiring Actual Berth Time for which another Shipper has a vessel scheduled. In order to minimize the necessity for rerouting vessels on short notice and to maximize dock use, the following practices will be observed:

(1) Any vessel scheduled by a Shipper with a Participant who has sufficient Allocated Berth Time to cover the vessels Scheduled Berth Time will be designated a Primary Vessel.

(2) Any vessel scheduled by a Shipper with a Participant who does not have sufficient Allocated Berth Time to cover the vessels Scheduled Berth Time will be designated a Secondary Vessel.

(3) A Secondary Vessel will be allowed to dock if, in the opinion of the Operator, the cargo can be discharged and onshore tankage cleared prior to the arrival of the next scheduled Primary Vessel.

(4) For purposes of determining docking priority, a Primary Vessel will take precedence over a Secondary Vessel, regardless of whether either one is an On-Schedule Vessel or an Off-Schedule Vessel.

(5) A vessel that encounters a problem discharging (mechanical or otherwise) which cannot be corrected within a three-hour period, shall clear the dock to allow a waiting vessel to dock and discharge, even if the problem has been resolved. In determining dock priority between the vessel having

discharge problems and any other vessel, said vessel shall be deemed as newly arrived at the time the problem was resolved.

5. BERTH TIME ALLOCATION

5.1 It is expected that each Participant's Allocated Berth Time for a month will not exactly equal the Scheduled Berth Time required for a given number of vessel unloadings desired by each Participant. Therefore, Berth Time will be allocated each month as follows:

(1) Each Shipper so scheduling will be assigned Scheduled Berth Time for each vessel shipment permitted under its Participants Allocated Berth Time for the month. Participant's unused Allocated Berth Time will be reassigned on the basis listed below:

(2) After all schedules have been made in accordance with subparagraph (1) next above, the unused Allocated Berth Time which remains will be assigned as follows: If for any month any Participant requires fewer vessels than would be permitted by his Allocated Berth Time for such month, the Participant may distribute this excess Berth Time among those Participants requiring more than their Allocated Berth Time for such month, based on the ratio of its ownership in the System. It is the obligation of the Participant needing additional Berth Time to petition the other Participants for the additional Berth Time.

(3) Actual Berth Time scheduled by a Shipper under subparagraph (2) next above which is in excess of its Participant's Allocated Berth Time for the month will be deducted from such Participant's Allocated Berth Time for the second succeeding month. A Participant with unused Allocated Berth Time who receives insufficient allocation under subparagraph (2) next above for a full vessel will have its excess hours (including any received under said subparagraph (2) added to its Allocated Berth Time in the second succeeding month.

(4) Any Participant who overused its Allocated Berth Time in the current month will have deducted from its Allocated Berth Time in the second succeeding month a number of hours equal to its overuse in the current month. Any Participant with underuse of its Allocated Berth Time in the current month will have added to its Allocated Berth Time in the second succeeding month a number of hours no greater than its underuse in the current month. The total adjustment for underuse for any month will be limited to the amount of overuse by other Participants and will be apportioned among the underusers in proportion to their underuse.

(5) In the event the circumstances permit the unloading of a full vessel in excess of the Participant's Allocated Berth Time for the month, and if this operation does not delay or penalize any other Participant with unused Allocated Berth Time, such overuse will not be deducted from the Participant's future Allocated Berth Time. In the event the unloading of such vessel does result in delays to other Participants, those actual hours of delay will be charged against the Participant who is overusing his allocation and will be deducted from his Allocated Berth Time in the second succeeding month.

(6) If a Shipper has a vessel scheduled on the first day of a given month and circumstances permit it to make delivery on the last day of the previous month, such hours of Actual Berth Time will be charged against the month in which the unloading was scheduled. Conversely, if a vessel is scheduled to arrive on the last day of a given month and arrives on the first day of the succeeding month, the vessel will be an On-Schedule Vessel, and its Actual Berth Time will be charged in the month of the scheduled arrival.

(7) Allocated Berth Time, which is unscheduled for a Participant in any one-month, will not be carried forward into the succeeding month. A Participant who does not schedule any Berth Time during the month will receive neither penalty nor additional Berth Time in the succeeding month for other Participant's under or overuse of their allocations in such month.

6. VESSEL ARRIVALS AND DEPARTURES

6.1 On-Schedule Vessels will be discharged in order of arrival as onshore tankage permits. The Operator may adjust a vessel by one position when necessary to optimize the operations of the System. Also, the Operator may hold a Shipper's vessel out until prior barrels are pulled from Patoka, where discharging will adversely affect the receipt of other barrels. At the end of a month, prior to establishing the final line fill, current month "On-Schedule" vessels will be given priority over the following month's "On-Schedule" vessels; if this will reasonably ensure under then current operating conditions that the current month's oil will have the opportunity to be delivered out of the System at Patoka.

6.2 An early arrival will receive no bonus, but will be considered as an Off-Schedule Vessel until 0700 of the day prior to its Firm Arrival Date at which time it will be considered an On-Schedule Vessel. All Off-Schedule Vessels, whether early or late, will be discharged in order of arrival as dock time and onshore tankage permit, if no On-Schedule Vessels are waiting to discharge.

7. INSTRUMENT SUPPORT DOCK USE

7.1 In order to substantiate Actual Berth Time required by each vessel at St. James, the terminal personnel will prepare a Vessel Performance Report describing:

(1) Vessel volume

(2) Average discharge rate at dock

(3) Berth Time in hours

(4) Barrels per hour of Berth Time

(5) Any delay requested or caused by Operator

(6) Any delay requested or caused by the vessel

One copy of this report shall be provided to each of the following:

(1) Receiving carrier

(2) Oil Movements Department of the Operator

(3) St. James Terminal

7.2 Such report shall be the basis upon which allocations and adjustments shall be made under these rules.

PORT OF ST. JAMES

DOCK RESTRICTIONS

BERTH	1 (SWEET & SOUR)	2 (SWT/INTERMED.) Out Of Service
CLASS	C	C
Load at Dock (Max.) in Displacement	104,000 L/T	104,000 L/T
Length (Dock)	1,100 Ft.	1,100 L/T
Max. Ship Length	1,000 Ft.	1,000 L/T
Draft (Normally)	40 Ft.	40 Ft.
BERTHING		
Tugs (Normally		
Up to 100,000 DWT	3 Tugs	3 Tugs
Over 100,000 DWT	3 Tugs	3 Tugs
Max. Approach Speed	2 to 3 In/Sec	2 to 3 In/Sec
Max. Wind Velocity	50 MPH	50 MPH
Vessel Manifold	Mid-ship	Mid-ship
Dock Unloading Arms	Two – 16 In.	Two – 16 In.
Reach Above High Water	52 Ft.	52 Ft.
Connecting Flange (Shore)	150 ANSI – 16”	150 ANSI – 16”
Max. Operating Press.	150 ANSI	150 ANSI
Max. Unloading Rate	30,000 BPH	30,000 BPH
Max. Dock Line fill		
Dock #1	11,767 Barrels	
Dock #2	11,446 Barrels	
Dock #1-D	7,295 Barrels	
Dock #2-D	5,573 Barrels	

MISCELLANEOUS

Cargo tank washing may be permitted, if approval is requested prior to arrival, in order that Capline can survey equipment and operating procedures.

No fresh water or bunker fuel available from shore. Bunkering at docks permitted under certain conditions. Approval to bunker must be obtained from Capline prior to start of any bunkering operation.

Agents, who order pilots and tugs, when requested directly by the ship, must immediately advise Capline in order to eliminate any delay in arrival of the next ship.

***** Draft restrictions for Docks #1 and #2 revised 4/1/88.

****** High water conditions only.

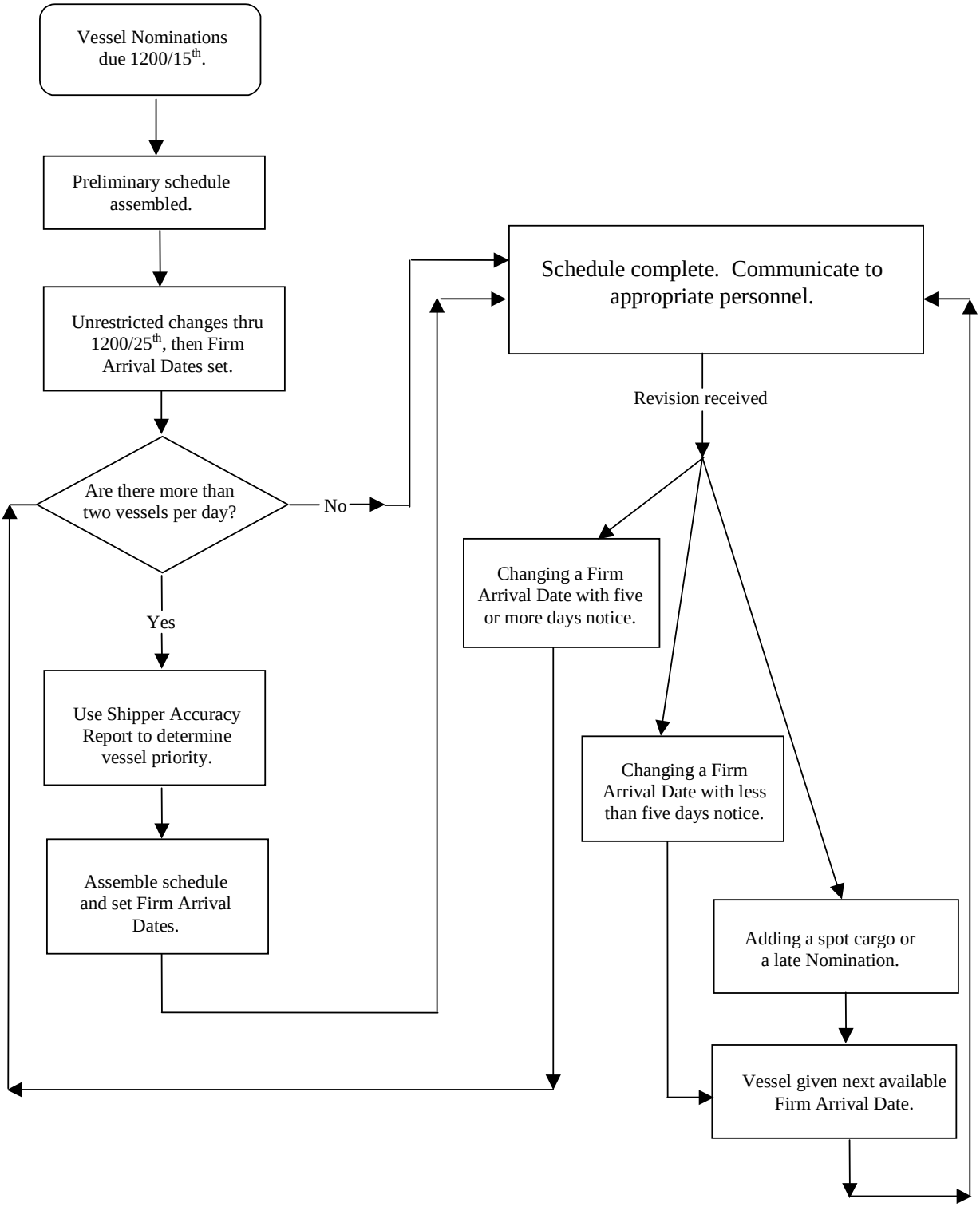
Stand-by tugs will be required, at the Operator’s discretion, during high water conditions.

- Dock 1 is labeled as a sour dock, but is in service and being utilized for all sweet vessels. Sour vessels are moving through the 1-D (debottle-necking) lineup. If the dock is used for sweet vessels, Operator will discharge through the regular lineup, which has a 2k bbl line fill from the unloading arms up to the meter.
- Dock 2 has structural damage and is “Out Of Service”.
- Dock 3 – Floating Dock is out of service and physically disconnected. Dock lines are filled with Inhibited water and were Decommissioned in 1998. Dock 3 is mothballed in place, drained and piping disconnected approximately 50 feet from the manifold.
- Dock 4 is “Out of Service” as of August 1993. All piping from the docks across the roadway was removed.

MEASUREMENT AND CRUDE QUALITY

Reference the Capline Measurement and Quality Manual for the Crude Oil Guidelines, which are appropriate to the maintenance of pipeline operations and to protect the System from degradation and contamination. All crude oil received from vessels is subject to the Capline System approval guidelines.

Flowchart: Capline Vessel Schedule



Flowchart: Capline Vessel Schedule