



Effective: July 1, 2020

Policy and Procedures Applicable to Shipper Over/Short Balancing and Pipeline Loss Allowance Settlement

1. This document (the "Policy") governs the resolution by Carrier of Over/Short Positions and PLA on the Pipeline. This Policy is subject to Carrier's rates, rules, and regulations tariff on file and in effect with the applicable regulatory authority, as such tariff may be modified by Carrier from time to time (the "Tariff"). In the event of any inconsistency, the Tariff controls.
2. By submitting a Nomination to Carrier for Services on the Pipeline, each Shipper agrees to the provisions of this Policy.
3. Definitions
 - a) "Bakken / Cushing Diff" means the arithmetic average of the daily weighted averages of the Bakken Cushing Diff, as published by Argus for each trading day for the month of delivery when traded prompt.
 - b) "Carrier Imbalance Price" means the price, by Crude Type, outlined in Schedule A.
 - c) "CMA" means the arithmetic average of the NYMEX Light Sweet Crude Oil futures (CL) first nearby contract settlement price for each business day that is determined during the month of delivery.
 - d) "Crude Type" means a type of Crude Petroleum set forth on Schedule A, which is incorporated into this Policy.
 - e) "NYMEX HCL / NYMEX CL Diff" means the arithmetic average of the settlement prices of the NYMEX Light Sweet Crude Oil futures (CL) contract associated with the month of delivery when trading as the first nearby contract, subtracted from the arithmetic average of the settlement prices of the NYMEX WTI Houston Crude Oil futures (HCL) contract associated with the month of delivery when trading as the first nearby contract.
 - f) "Over/Short Position" means the absolute value of the Shipper's imbalance position on the Pipeline for a Crude Type calculated by Carrier and reported to the Shipper on its month-end statement
 - g) "PLA" means Pipeline Loss Allowance.
 - h) "Schedule A" means the schedule of Crude Types and Quality Pools that is published on Carrier's Website and updated from time to time.
 - i) "WCS Houston Diff" means the arithmetic average of the daily weighted averages of the WCS Houston Diff, as published by Argus for each trading day for the month of delivery when traded prompt.
 - j) "White Cliffs / Bakken Diff" means Bakken / Cushing Diff subtracted from the White Cliffs / Cushing Diff.
 - k) "White Cliffs / Cushing Diff" means the arithmetic average of the daily weighted averages of the White Cliffs Cushing Diff, as published by Argus for each trading day for the month of delivery when traded prompt.
 - l) "WTI Diff to CMA NYMEX" means the arithmetic average of the daily weighted averages of the WTI Diff to CMA NYMEX, as published by Argus for each trading day for the month of delivery when traded prompt.
 - m) "WTI Midland / Cushing Diff" means the arithmetic average of the daily weighted averages of the WTI Midland Diff, as published by Argus for each trading day for the month of delivery when traded prompt.
 - n) "WTS Midland / Cushing Diff" means the arithmetic average of the daily weighted averages of the WTS Midland Diff, as published by Argus for each trading day for the month of delivery when traded prompt.
 - o) "WTS Midland / WTI Midland Diff" means WTI Midland / Cushing Diff subtracted from the WTS Midland / Cushing Diff.

Other capitalized words used in this Policy are defined in the Tariff, unless otherwise specified.

4. Settlement

- a) At the end of each month, Carrier will settle with each Shipper with an Over/Short Position by Crude Type at the destination point for such Crude Type. If the Carrier Imbalance Price for such Crude Type is greater than \$0.00 per Barrel, then the settlement price will be set by multiplying the Shipper's Over/Short Position by the Carrier Imbalance Price for such Crude Type. If the Carrier Imbalance Price for such Crude Type is less than or equal to \$0.00 per Barrel, then the settlement price will be set by multiplying the Shipper Over/Short Position by \$0.00 per Barrel.
- b) At the end of each month, Carrier will settle PLA with all shippers by Crude Type at the Destination Point for such Crude Type. If the Carrier Imbalance Price for such Crude Type is greater than \$0.00 per Barrel, then the PLA settlement price will be set by multiplying the volume of PLA by the Carrier Imbalance Price for such Crude Type. If the Carrier Imbalance Price for such Crude Type is less than or equal to \$0.00, then the corresponding volume of PLA will be retained by the Carrier as in-kind settlement as specified in the Tariff with no payment owed to the Shipper.



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**Schedule A¹
Crude Types and Quality Pools**

Pool #1 - High TAN (Total Acid Number) Heavy

- AWB – Access Western Blend
- BHB – Borealis Heavy Blend
- CDB – Christina Lake Blend
- CNX – Canadian Natural High Tan
- FRB – Fort Hills Reduced Carbon Dilbit Blend
- KDB – Kearl Lake Dilbit
- PDH – Long Lake Heavy Dilbit Blend
- SHD – Surmont Heavy Dilbit
- WDB – Western Canada Dilbit

Pool #2 – Low TAN Heavy

- COLD – Cold Lake
- CHV – Conventional Heavy
- SMA – Surmont Mix A
- WCS – Western Canadian Select

Pool #3 – Medium Sour

- WTSR – West Texas Sour

Pool #4 – Light

- CASH – Cashion Crude Oil
- DJB – DJ Basin (White Cliffs Crude)
- NIO – Niobrara
- UHC – U.S. Sweet Clearbrook
- WTL – West Texas Light

Pool #5 – Domestic Sweet

- DSW – Domestic Sweet

Pool #6 – Intermediate

- WTI – West Texas Intermediate
- BKN – Bakken Crude

Quality Pool	Carrier Imbalance Price
High TAN Heavy	CMA (+) plus WCS Houston Diff
Low TAN Heavy	CMA (+) plus WCS Houston Diff
Medium Sour	CMA (+) plus WTI Diff to CMA NYMEX (+) plus NYMEX HCL / NYMEX CL Diff (+) plus WTS Midland / WTI Midland Diff
Light	CMA (+) plus WTI Diff to CMA NYMEX (+) plus NYMEX HCL / NYMEX CL Diff (+) plus White Cliffs / Bakken Diff
Domestic Sweet	CMA (+) plus WTI Diff to CMA NYMEX (+) plus NYMEX HCL / NYMEX CL Diff
Intermediate	CMA (+) plus WTI Diff to CMA NYMEX (+) plus NYMEX HCL / NYMEX CL Diff

¹ Carrier may consider shipment of Crude Types that are not listed above, and may include such Crude Types in one of the listed pools. Carrier shall make shipment and pool determinations.