



## BP Global Oil Americas Pipeline and Tank Provisions



2020 Edition

## INDEX

Definitions and Interpretation - Applicable to Both Parts One and Two Page 1

### Part One – Applicable to Pipeline Deliveries

Section 1	-	Delivery	Page 1
Section 2	-	Measurement and Sampling; Independent Inspection	Page 1
Section 3	-	Title and Risk of Loss	Page 1
Section 4	-	Nominations	Page 1
Section 5	-	Imbalances (Buy/Sell) or Exchange	Page 1
Section 6	-	Re-grades	Page 2

### Part Two – Applicable to Tank Deliveries

Section 1	-	Delivery	Page 2
Section 2	-	Measurement and Sampling; Independent Inspection	Page 2
Section 3	-	Title and Risk of Loss	Page 3
Section 4	-	Nominations	Page 4
Section 5	-	Imbalances (Buy/Sell) or Exchange	Page 4

## **BP Global Oil Americas Pipeline and Tank Provisions**

### **DEFINITIONS AND INTERPRETATION – APPLICABLE TO BOTH PARTS ONE AND TWO**

The following terms shall have the meanings specified below when capitalized throughout the Agreement:

“**Agreement**” means the Special Provisions, any applicable Appendices, the GTCs, and these BP Global Oil Americas Pipeline and Tank Provisions.

“**FIP**” means free into pipeline.

“**GTCs**” means the BP Global Oil Americas General Terms and Conditions for Purchases and Sales of Crude Oil, Refined Petroleum, and Related Products (2020 Edition).

“**ILX**” means an in-line transfer.

“**Pipeline Delivered**” means out of the pipeline.

All other capitalized terms used herein but not defined above or within a Section below shall have the meanings given to them in the GTCs. In the event of an inconsistency between the GTCs and these BP Global Oil Americas Pipeline and Tank Provisions, these provisions shall prevail for all pipeline or tank transactions.

### **PART ONE – APPLICABLE TO PIPELINE DELIVERIES FIP, FOB, ILX OR PIPELINE DELIVERED**

#### **Section 1. Delivery**

The Goods shall be delivered by the Seller to the Buyer FIP, FOB, ILX or Pipeline Delivered at the relevant flange of the pipeline, as set out in the Special Provisions.

#### **Section 2. Measurement and Sampling**

The quality of the Goods shall be assessed, and the quantity shall be measured, pursuant to the requirements of the relevant pipeline.

#### **Section 3. Title and Risk of Loss.**

Title to and risk of loss or damage to any Goods delivered shall be transferred from the Seller to the Buyer: (a) in the case of FIP and FOB deliveries, when the Goods pass into the entry flange of the relevant pipeline; (b) in the case of ILX deliveries, in accordance with the procedures of the relevant pipeline, and (c) in the case of Pipeline Delivered deliveries, when the Goods pass the outlet flange of the relevant pipeline.

#### **Section 4. Nominations**

The Seller or the Buyer (as applicable) shall make nominations in accordance with the standard operating procedures of the relevant pipeline operating company. If delivery is made to or from a pipeline and a Party (“X”) fails to make or take delivery as required by the Agreement or otherwise conform to a pipeline tariff, the damages recoverable by the other Party (“Y”) shall include any demurrage, penalties or fees assessed for such failure by the pipeline operating company. Any such damages shall be paid by X to Y in accordance with Section 6 of the GTCs following the delivery of a notice containing a pipeline charge statement to X reflecting such damages.

#### **Section 5. Imbalances (Buy/Sell) or Exchange**

If this Agreement is a buy-sell or exchange, the Parties shall each use commercially reasonable efforts to maintain an even buy-sell or exchange balance on a month-to-month basis, as near as pipeline or In Situ (as defined in Part Two of these BP Global Oil Americas Pipeline and Tank Provisions) conditions will permit. For the avoidance of doubt,

this Section 5 shall not apply to a buy-sell or exchange transaction where one leg of the transaction provides for delivery by means other than pipeline or In Situ.

If this Agreement is a buy-sell or exchange of crude oil, and if because of pipeline allocation, events beyond the control of a party, or a Force Majeure Event, an imbalance in volume of greater than one thousand (1000) barrels (whether or not in excess of the total contract volume) between the buy-sell or exchanged grade volumes is created for a month (the “**Shortfall Month**”), then the Parties shall resolve the volume difference as follows:

- 5.1 the under-delivered volume necessary to correct the imbalance (“**Payback Volume**”) shall be delivered during the calendar month immediately following the Shortfall Month;
- 5.2 if some or all of the Payback Volume cannot reasonably be delivered in the next calendar month, it shall be delivered as soon as reasonably possible in a subsequent month;
- 5.3 the price for the Payback Volume shall be the price under this Agreement for the Shortfall Month, and not for the month of actual delivery;
- 5.4 the Parties may at their option and by mutual agreement elect to cure the imbalance by having the Party that received a higher volume redeliver Payback Volume of such grade back to the originally delivering Party in a subsequent month; and
- 5.5 such re-delivery shall be made at the price for the Shortfall Month and not the price for the month of delivery.

#### **Section 6. Re-grades**

If the grade purchased and sold has changed as a result of transportation on a pipeline (“**Re-grade**”), then the Parties shall mutually agree pricing on such grade to reflect the Re-grade.

### **PART TWO – APPLICABLE TO DELIVERIES INTO TANK, IN SITU AND EX TANK**

#### **Section 1. Delivery**

The Goods shall be delivered by the Seller to the Buyer into a tank (“**Into Tank**”), by stock transfer (“**In Situ**”) or out of a tank (“**Ex Tank**”), as set out in the Special Provisions.

#### **Section 2. Measurement and Sampling; Independent Inspection**

- 2.1 Performance of Measurement and Sampling Obligations:
  - 2.1.1 The Parties shall jointly agree to a licensed independent inspector to perform all Measurements. The relevant Party (or both Parties in the case of In Situ) who has the storage agreement with the relevant storage company shall arrange for access by such inspector to the Terminal. All costs associated with a Measurement shall be shared equally between the Parties.
  - 2.1.2 Subject to Sections 2.1.3 and 2.1.4 below and unless otherwise mutually agreed by the Parties in writing, Measurements shall be carried out in accordance with Approved Industry Practice. The Parties each agree to instruct the inspector to provide Inspector’s Reports to both Parties. In the event the inspector fails to send the Inspector’s Reports to both Parties, the Party receiving the report shall deliver a copy of the report to the other Party on its request.
  - 2.1.3 Quantity shall be measured as follows:
    - (a) in the case of Ex Tank deliveries, quantity shall be measured in the following order of priority:
      - (i) using proven meters (if available) at the Seller’s tank manifold exit point; or

- (ii) if proven meters are unavailable, by manual measurement of the Seller's static tank which at all times have liquid level above or below the critical zone by a minimum of six (6) inches and minimum of one-eighth (1/8) inch above the datum plate, except for gasoline or gasoline components stored in tanks at KMI Pasadena, Galena Park or Carteret Terminals, in which case the floating roofs shall be afloat above the critical zone by a minimum of two (2) inches.
  - (iii) if the Seller's tank is active or is unable to be measured manually, pursuant to any other generally accepted industry methodology.
- (b) in the case of Into Tank deliveries, quantity shall be measured in the following order of priority:
- (i) using proven meters (if available) at the Buyer's tank manifold entry point; or
  - (ii) if proven meters are unavailable, by manual measurement of the Buyer's static tank which at all times have liquid level above or below the critical zone by a minimum of six (6) inches and minimum of one-eighth (1/8) inch above the datum plate, except for gasoline or gasoline components stored in tanks at KMI Pasadena, Galena Park or Carteret Terminals, in which case the floating roofs shall be afloat above the critical zone by a minimum of two (2) inches
  - (iii) if the Buyer's tank is active or is unable to be measured manually, pursuant to Section 2.1.3(a)(ii) above.
- (c) in the case of In Situ deliveries, as specified in the Special Provisions.

2.1.4 Quality shall be determined as follows:

- (a) in the case of Ex Tank deliveries, sampling shall be undertaken by volumetrically correct composite sampling of the Seller's static tank, or, if the Seller's tank is active, as mutually agreed by the Parties;
- (b) in the case of Into Tank deliveries, sampling shall be undertaken at the tank manifold entry point at the time of delivery or, if not available, by volumetrically correct composite sampling of the Seller's static tank (or, if the Seller's tank is active, as mutually agreed by the Parties);
- (c) in the case of In Situ deliveries, the quality shall be determined by volumetrically correct composite sampling of the relevant tank; and
- (d) for the avoidance of doubt, where delivery is made from more than one (1) tank, then the quality shall be determined by volumetrically correct composite sampling from each of the Seller's static tanks (or, if applicable as provided above, as mutually agreed by the Parties) and then blended according to the proportions from each tank.

2.1.5 The Buyer may at its own expense, upon prior reasonable notice to the Seller, require the Seller to use reasonable efforts to ensure that the Buyer's representative may witness any Measurement.

2.2 Inspector's Reports

The Inspector's Reports shall be used to prepare invoices hereunder.

**Section 3. Title and Risk of Loss**

Title to and risk of loss or damage to any Goods delivered shall be transferred from the Seller to the Buyer as follows:

- 3.1 in the case of delivery Ex Tank, as the Goods passes the outlet flange of the Seller's storage tank from which the Goods are being delivered;
- 3.2 in the case of delivery Into Tank, as the Goods passes the inlet flange of the Buyer's receiving storage tank;  
or
- 3.3 in the case of delivery In Situ, in accordance with the Terminal's standard operating procedures, and where not inconsistent therewith, as agreed by the Parties as specified in the Special Provisions, or otherwise.

**Section 4. Nominations**

In the case of delivery Ex Tank, In Situ or Into Tank, the Seller or the Buyer (as applicable) shall make nominations in accordance with the standard operating procedures of the relevant storage company.

**Section 5. Imbalances (Buy/Sell) or Exchange**

Part One Section 5 of these BP Global Oil Americas Pipeline and Tank Provisions shall apply equally for In Situ transactions.