

**SETTLEMENT AGREEMENT REGARDING
2009-2015 INTERSTATE RATES
FOR THE TRANS ALASKA PIPELINE SYSTEM**

This Settlement Agreement (“Agreement”) is executed as of this 14th day of December, 2017, by BP Pipelines (Alaska) Inc. (“BPPA”), ConocoPhillips Transportation Alaska, Inc. (“CPTAI”), ExxonMobil Pipeline Company (“EMPCo”), Koch Alaska Pipeline Company, LLC (“KAPCO”), and Unocal Pipeline Company (“Unocal”) (collectively, the “TAPS Carriers”);¹ the State of Alaska (“the State”); Anadarko Petroleum Corporation (“Anadarko”); Tesoro Alaska Company LLC (“Tesoro”); Flint Hills Resources Alaska, LLC (“Flint Hills”); and Petro Star Inc. (“Petro Star”), each of which is referred to herein as a “Party” and collectively as the “Parties.” The State, Anadarko, Tesoro, Flint Hills, and Petro Star are also referred to herein as the “Non-TAPS Parties.” In consideration of the provisions set forth in this Agreement, the Parties hereby agree as follows:

1. Regulatory Approval.

(a) Following the execution of this Agreement, the Parties shall jointly submit it and an explanatory statement to the Federal Energy Regulatory Commission (“FERC” or the “Commission”) for approval as an Offer of Settlement and shall cooperate fully,

¹ The TAPS Carriers fall into two groups. KAPCO and Unocal (the “Exiting Carriers”) have provided final notice of their withdrawal from TAPS effective as of August 1, 2012. KAPCO has completed its exit from TAPS. Unocal is in the process, subject to applicable government approvals, of completing the transfer of its TAPS interests to BPPA, CPTAI and EMPCo (the “Remaining Carriers”). The Exiting Carriers’ rights and obligations under this Agreement, therefore, relate only to their Interstate Rates in effect during the period prior to August 1, 2012.

each at its own expense, in supporting all the agreements identified in Section 1(b) and in securing all necessary governmental approvals for this Agreement.

(b) This Agreement shall be filed concurrently with a request for FERC approval of an agreement containing a variable tariff methodology to govern the TAPS Carriers' interstate rates for the period beginning January 1, 2016 ("FERC VTM Agreement") and a request for approval or acceptance by the Regulatory Commission of Alaska ("RCA") of a settlement agreement involving the TAPS Carriers' 2008-2019 intrastate rates ("2008-2019 Intrastate Rate Agreement"). This Agreement, the FERC VTM Agreement, and the 2008-2019 Intrastate Rate Agreement are referred to herein collectively as the Three Agreements. This Agreement is contingent upon final approval or acceptance of each of the Three Agreements by the applicable agency without condition or modification in an order that is final and no longer subject to judicial review ("Final Regulatory Approval").

(c) If Final Regulatory Approval is not obtained by May 1, 2018, or if, before that date, the applicable regulatory agency or a reviewing court rejects, modifies or imposes conditions on any of the Three Agreements, then, unless the Parties agree otherwise in writing, this Agreement shall immediately terminate and the Parties shall not be bound by this Agreement. In that event, for the avoidance of doubt, the TAPS Carriers shall have no obligation to pay interstate refunds or the litigation payment described in Section 5, and nothing shall prejudice the pending FERC and appellate court matters identified in Section 2 or the rights of the Parties with respect to those matters.

2. Resolution of Pending Matters.

(a) Upon Final Regulatory Approval, this Agreement and the FERC VTM Agreement, which is incorporated by reference into this Agreement as if fully set forth herein, shall settle with prejudice all aspects of the challenges to the TAPS Carriers' interstate rates that are currently pending in the FERC dockets identified in Attachment A ("Settled FERC Dockets") as well as the petitions for review filed by the TAPS Carriers with the United States Court of Appeals for the District of Columbia Circuit in case Nos. 16-1013, 16-1018, 16-1022, 16-1025 and 16-1026 (which challenged *BP Pipelines (Alaska) Inc.*, 153 FERC ¶ 61,233 (2015) ("Opinion No. 544") and are consolidated in case No. 16-1013) as well as case Nos. 16-1196, 16-1197 and 16-1201 (which challenged *BP Pipelines (Alaska) Inc.*, 155 FERC ¶ 61,054 (2016) and are consolidated in case No. 16-1196) (collectively, the "Settled D.C. Circuit Cases").

(b) Within ten (10) business days after both the payment of all refunds and litigation payments provided for in Paragraph 3(a) and Paragraph 5 in full conformity with this Agreement, and receipt by the Non-TAPS Parties of written notice from each TAPS Carrier that they have paid all of the refunds and litigation payments required by this Agreement: (i) each Non-TAPS Party shall withdraw its protests and complaints in the Settled FERC Dockets (except Docket Nos. IS16-76-000, IS15-522-000, and IS15-580-000), and (ii) the TAPS Carriers shall withdraw their petitions for review in the Settled D.C. Circuit Cases.

(c) Within thirty (30) business days of the payment of all of the refunds specified in Section I-5(d) of the FERC VTM Agreement, in full conformity with the terms of the FERC VTM Agreement, each Non-TAPS Party shall withdraw its protests

and complaints in Docket Nos. IS15-522-000, IS15-580-000, IS16-76-000, IS16-312-000, IS16-313-000, and IS16-327-000.

(d) The Parties shall cooperate fully, each at its own expense, to take any additional steps necessary to obtain approval for the termination of the Settled FERC Dockets and the Settled D.C. Circuit Cases.

3. FERC Tariff Settlement Rate and Refunds.

(a) Within thirty (30) days after Final Regulatory Approval, each TAPS Carrier shall pay refunds, with interest at the FERC Interest Rate, for the period from May 29, 2011 through December 31, 2015 (the “Refund Period”) based on the difference between (1) the FERC Tariff Settlement Rates shown in Section 3(b), and (2) the rates used by each TAPS Carrier to pay interim refunds under Ordering Paragraph D as required by FERC in *BP Pipelines (Alaska) Inc.*, 155 FERC ¶ 61,054 (2016), and accepted by the Commission subject to refund and further investigation in *ConocoPhillips Transportation Alaska, Inc.*, 155 FERC ¶ 61,294 (2016), including the litigation surcharge of \$0.0463 that was in effect during the period from May 29, 2011 through June 30, 2015 (the “Interim Refund Rates”). Each TAPS Carrier shall issue individual refund reports to its shippers within 30 days after paying refunds.

(b) The FERC Tariff Settlement Rates for each applicable period within the Refund Period are shown below. The FERC Tariff Settlement Rates include the litigation surcharge of \$0.0463 that was in effect during the period from May 29, 2011 through June 30, 2015.

FERC TARIFF SETTLEMENT RATES

5/29/2011- 3/31/2012	4/1/2012- 3/31/2013	4/1/2013- 3/31/2014	4/1/2014- 3/31/2015	4/1/2015- 6/30/2015	7/1/2015- 12/31/2015
\$4.7803	\$5.1013	\$5.2443	\$5.7143	\$5.1773	\$5.1310

(c) Each TAPS Carrier shall calculate the total amount of refunds due to, or from, each of its shippers for the Refund Period by (a) taking the total of all refunds due each shipper with interest at the FERC Interest Rate for periods when the Interim Refund Rates are higher than the FERC Tariff Settlement Rates and (b) deducting any amounts with interest at the FERC Interest Rate related to periods when the FERC Tariff Settlement Rates are higher than the Interim Refund Rates. In the event that this total is a negative amount for any TAPS Carrier with respect to any of its shippers, the TAPS Carrier shall charge and the shipper shall pay to the TAPS Carrier the difference between the Interim Refund Rate and the FERC Tariff Settlement Rate with interest. In this event, the Carrier shall provide notice to such a shipper of the calculated surcharge consistent with the timing required for the payment of refunds pursuant to Section 3(a) above, and the affected shipper shall make the payment within thirty (30) days after receipt of such notice.

(d) The FERC Interest Rate is the annual percentage rate of interest and method of compounding identified by the FERC for oil pipelines in accordance with

Section 340.1(c)(2) of the Commission's regulations that is in effect for the period for which interest is being calculated.

(e) No further refunds shall be paid for the period prior to May 29, 2011.

(f) The refunds and other consideration set forth in this Agreement shall be the Non-TAPS Parties' full, exclusive, and complete compensation and relief as to the TAPS Carriers' interstate rates for the period prior to January 1, 2016, and shall extinguish all current and future claims they each may have with regard to those rates. No challenge seeking any form of relief may be made by the Non-TAPS Parties with respect to the TAPS Carriers' interstate rate collections prior to January 1, 2016, after the execution of this Agreement provided that the refunds and other consideration have been paid in full compliance with this Agreement for those periods.

(g) For the period from and including January 1, 2016 through June 30, 2018 ("Transition Period"), and subject to the rights of Non-TAPS Parties set forth in Section I-4(d) of the FERC VTM Agreement, the refunds required by Section I-5 of the FERC VTM Agreement shall be the Non-TAPS Parties' full, exclusive, and complete compensation and relief as to the TAPS Carriers' interstate rate collections for the Transition Period, and shall extinguish all current and future claims they each may have with regard to tariff collections during the Transition Period. No challenge seeking any form of relief may be made by the Non-TAPS Parties with respect to the TAPS Carriers' interstate rate collections for the Transition Period after the execution of this Agreement provided that the refunds and other consideration have been paid in full compliance with this Agreement and the FERC VTM Agreement for the Transition Period.

(h) Notwithstanding the foregoing, nothing in this Agreement prejudices the Parties' rights with respect to issues associated with the dismantlement, removal and restoration ("DR&R") of TAPS.

4. Use of FERC Tariff Settlement Rates for Purposes of State Royalty, Production Tax and Contracts for the Sale of Royalty Oil.

The State agrees that for any Alaska producer affiliated with a TAPS Carrier the FERC Tariff Settlement Rates identified in Section 3(b) of this Agreement are the reasonable costs of transportation for purposes of AS 43.55.150(a)-(b) and 15 AAC 55.193 to the extent applicable to pipeline tariff rates for TAPS, for May 29, 2011, through December 31, 2015, and that the FERC Tariff Settlement Rates identified in Section 3(b) of this agreement are just and reasonable for the purposes of 15 AAC 55.193 to the extent applicable to pipeline tariff rates for TAPS. The Department of Revenue will not use the methodology set forth under 15 AAC 55.197 to determine the FERC TAPS cost of transportation for production tax purposes for the time period May 29, 2011 through December 31, 2015. The State agrees that for any Alaska producer affiliated with a TAPS Carrier, to the extent leases and royalty settlement agreements refer to TAPS tariff rates for purposes of calculating royalty, the reasonable costs of transportation for the period from May 29, 2011, through December 31, 2015 shall be the FERC Tariff Settlement Rates identified in Section 3(b) of this Agreement. Included at Attachment B to this Agreement are letters from the Alaska Commissioner of Revenue and the Alaska Commissioner of Natural Resources affirming their agreement with this provision and agreeing that the FERC Tariff Settlement Rates shall be used as the reasonable cost of transportation on TAPS for State royalty and production tax purposes for the period from May 29, 2011, through December 31, 2015. This paragraph is not for the benefit of and

does not create any rights for any Non-TAPS Party or any parent, subsidiary or affiliate of a Non-TAPS Party and no Non-TAPS Party or a parent, subsidiary or affiliate of a Non-TAPS Party may rely on or use this paragraph for any purpose. Similarly, this paragraph does not prejudice the rights of any Non-TAPS Party, parent, affiliate, or subsidiary, and neither the State nor any Party may rely on this paragraph to the detriment of any Non-TAPS Party, parent, affiliate, or subsidiary in any proceeding.

5. Litigation Payments. Within thirty (30) days of Final Regulatory Approval, the TAPS Carriers identified in Confidential Attachment C shall pay the Non-TAPS Parties identified in that attachment the amounts shown in order to defray litigation costs incurred and in consideration of litigation costs that will be avoided as a result of this Agreement. Except as provided in Attachment C, each Party shall bear its own litigation costs in this matter.

6. Future Rates. All interstate rates established by the TAPS Carriers for periods after December 31, 2015, whether through the FERC VTM Agreement, or otherwise if the FERC VTM Agreement expires or is terminated, shall reflect the following agreements:

(a) Starting rate base balances (in \$ millions) as of December 31, 2015, are as follows:²

Land	\$18.245
Carrier Property in Service	\$9,035.029
Accrued Depreciation	\$8,082.052
Net Carrier Property in Service	\$952.977
Net AFUDC	\$172.382
Working Capital	\$65.630
Accumulated Deferred Income Taxes	\$158.888
Net Deferred Return	\$173.417
Net Trended Original Cost Rate Base	\$1,205.519
Construction Work in Progress	\$169.877

(b) The TAPS Carriers shall be permitted to amortize \$300 million in Strategic Reconfiguration project costs over the remaining life of the pipeline used for FERC ratemaking depreciation purposes. This amortized amount shall be in the cost of service, but shall not be in rate base and shall not earn a return. The accrued amortization as of December 31, 2015, is \$46.723 million.

(c) Except as provided in Section 6(b), the TAPS Carriers shall not include in rates any costs charged to any Authorization for Expenditure related to the Strategic Reconfiguration project (“SR AFE”). The Strategic Reconfiguration project is the project

² The rate base balances underlying the FERC Tariff Settlement Rates in this proceeding for the years 2011 through 2014 are shown in Attachment D.

addressed in Opinion No. 544 including the portion of the project related to Pump Station No. 1. The SR AFEs are listed in Attachment E. Except for costs charged to the SR AFEs listed in Attachment E, no Party shall challenge the recovery of any cost included in the TAPS Carriers' interstate rates as imprudent or otherwise impermissible on the ground that such costs, or the specific activity set that gave rise to such costs, was part of the Strategic Reconfiguration project or was otherwise found to be imprudent in Opinion No. 544; provided, however, that no costs charged to an SR AFE on Attachment E can be reassigned to AFEs that are not on Attachment E.

(d) The litigation payments referenced in Section 5 shall not be included in TAPS rates.

(e) With respect to ad valorem tax costs:

(i) If at any time during the period after December 31, 2015, the TAPS Carriers incur any supplemental ad valorem tax payments, including payments made by the TAPS Carriers pursuant to a settlement with the relevant taxing jurisdictions, associated interest charges, and any payment of opposing counsel's legal fees related to tax obligations for a prior tax year (collectively, "Supplemental Ad Valorem Taxes"), such Supplemental Ad Valorem Taxes will be included in rates through a five-year surcharge computed on a barrel-mile basis commencing on the first day of the calendar month occurring 90 days after the supplemental ad valorem tax is paid. The five-year surcharge will be subject to true-up for actual

volumes so that Supplemental Ad Valorem Taxes are neither overcollected nor undercollected.

- (ii) If at any time during the period after December 31, 2015, the TAPS Carriers receive refunds or credits for ad valorem taxes that were included in rates for any prior tax year, the TAPS Carriers will refund the excess amounts to ratepayers through a five-year rate sur-credit commencing on the first day of the calendar month occurring 90 days after a final decision ordering the refund or credit. The five-year rate sur-credit will be computed on a barrel-mile basis and will be subject to true-up for actual volumes so that the amount of any such refund or credit is neither overpaid nor underpaid.
- (iii) No party shall challenge a tariff filing by the TAPS Carriers to recover or refund Supplemental Ad Valorem Taxes in accordance with Section 6(e) of this Agreement. FERC's approval of this Agreement constitutes all authority necessary for the TAPS Carriers to implement such tariff filings to recover or refund Supplemental Ad Valorem Taxes in accordance with this Agreement.

7. Entirety. This Agreement, including any Agreements specifically incorporated by reference into this Agreement, constitutes the entire agreement among the Parties concerning the subject matter hereof and supersedes all oral negotiations, prior understandings and prior agreements of the Parties concerning the subject matter hereof.

8. Amendments. This Agreement may be modified, amended or supplemented only by a written instrument executed by all Parties.

9. Standard for Review of Modifications. Once approved by the FERC, the standard of review for any modifications to the Agreement by the FERC acting *sua sponte*, the Parties acting unanimously, or third parties shall be the ordinary just and reasonable standard (not the “most stringent” or “public interest” standard). The standard of review for any modification of the Agreement at the request of one or more but less than all Parties shall be the most stringent standard permissible under applicable law. Nothing in this Agreement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3). For purposes of this section, a third party is a party that does not control, is not controlled by, and is not under common control with any Party to this Agreement.

10. No Precedential Effect. The Parties expressly understand and agree that this Agreement constitutes a negotiated settlement for the sole purpose of resolving the matters agreed to herein. No Party shall be prejudiced or bound by this Agreement in any proceeding except as specifically provided herein, nor shall any Party be deemed to have conceded, approved, accepted, agreed to or consented to any concept, theory, or principle underlying or supposed to underlie any position taken by any other Party in the proceedings resolved by this Agreement. This Agreement shall not constitute an admission of liability or an admission against interest by any Party, and shall not be cited or relied on as precedent by one Party to the detriment of the other in any proceedings other than those referenced herein, except to the extent necessary to enforce the provisions of this Agreement.

11. Signatories. The signatories hereby represent and warrant that they have full authority to execute this Agreement on behalf of their respective Parties.

12. Interpretation. The language of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against any Party. No Party shall be deemed to be the drafter of this Agreement, and no provision of the Agreement shall be interpreted for or against any Party based upon a Party being deemed to be a drafter of the Agreement or any provision of the Agreement. Headings of articles and sections of this Agreement are solely for the convenience of the Parties and are not a part of this Agreement.

13. Governing Law. This Agreement shall be governed by and construed in accordance with federal law, including FERC precedent and policy to the extent applicable as it pertains to interstate rates and any other matters subject to the Commission's jurisdiction, and otherwise by the law of the State of Alaska, without regard to conflicts of laws principles. The rights and obligations set forth in this Agreement may be enforced in an action before FERC. To the extent any issues exist that are not enforceable at FERC, they may be enforced in an action before the courts of the State of Alaska.

14. Parties in Interest. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective lessees, successors and assigns. Except as provided in Section 4, nothing in this Agreement, express or implied, confers upon any person or entity other than the Parties, or their successors or assigns, any rights or remedies under or by reason of this Agreement.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

16. No Waiver. Unless otherwise specifically provided in this Agreement or other applicable law, no failure to exercise, and no delay in exercising any right, power, or remedy under this Agreement shall impair or be construed as a waiver of such right, power or remedy of a Party, nor shall any failure to exercise or delay in exercising any right, power, or remedy be construed to be an acquiescence in any breach or default under this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date shown on the first page of this Agreement.

pch

BP PIPELINES (ALASKA) INC.

STATE OF ALASKA

By: *Damian Bilbao*

By: _____

Printed Name: DAMIAN BILBAO

Printed Name: _____

Title: PRESIDENT BPPA

Title: _____

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

ANADARKO PETROLEUM
CORPORATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXXONMOBIL PIPELINE COMPANY

TESORO ALASKA COMPANY LLC

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

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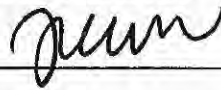
BP PIPELINES (ALASKA) INC.

By: _____

Printed Name: _____

Title: _____

STATE OF ALASKA

By:  _____

Printed Name: Jahna Lindemuth

Title: Attorney General

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

By: _____

Printed Name: _____

Title: _____

ANADARKO PETROLEUM
CORPORATION

By: _____

Printed Name: _____

Title: _____

EXXONMOBIL PIPELINE COMPANY

By: _____

Printed Name: _____

Title: _____

TESORO ALASKA COMPANY LLC

By: _____

Printed Name: _____

Title: _____

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BP PIPELINES (ALASKA) INC.

STATE OF ALASKA

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

ANADARKO PETROLEUM
CORPORATION

ST By: Scott Jepsen

By: _____

Printed Name: Scott Jepsen

Printed Name: _____

Title: President

Title: _____

EXXONMOBIL PIPELINE COMPANY

TESORO ALASKA COMPANY LLC

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

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BP PIPELINES (ALASKA) INC.

STATE OF ALASKA

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

ANADARKO PETROLEUM
CORPORATION

By: _____

By: 

Printed Name: _____

Printed Name: A Scott Moore

Title: _____

Title: SVP Midstream Marketing

EXXONMOBIL PIPELINE COMPANY

TESORO ALASKA COMPANY LLC

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

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BP PIPELINES (ALASKA) INC.

STATE OF ALASKA

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

ANADARKO PETROLEUM
CORPORATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____



EXXONMOBIL PIPELINE COMPANY

TESORO ALASKA COMPANY LLC

By: Gerald S. Frey

By: _____

Printed Name: Gerald S. Frey

Printed Name: _____

Title: President

Title: _____

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date shown on the first page of this Agreement.

BP PIPELINES (ALASKA) INC.

STATE OF ALASKA

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

CONOCOPHILLIPS
TRANSPORTATION ALASKA, INC.

ANADARKO PETROLEUM
CORPORATION

By: _____

By: _____

Printed Name: _____

Printed Name: _____

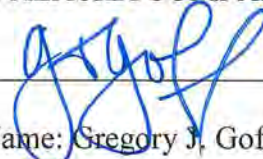
Title: _____

Title: _____

EXXONMOBIL PIPELINE COMPANY

TESORO ALASKA COMPANY LLC

By: _____

cf By: 

Printed Name: _____

Printed Name: Gregory J. Goff

Title: _____

Title: President

KOCH ALASKA PIPELINE
COMPANY, LLC

By: 

Printed Name: STEPHEN. K. KRAMER

Title: PRESIDENT, KOCH PIPELINE
ALASKA

FLINT HILLS RESOURCES
ALASKA, LLC

By: _____

Printed Name: _____

Title: _____

UNOCAL PIPELINE COMPANY

By: _____

Printed Name: _____

Title: _____

PETRO STAR INC.

By: _____

Printed Name: _____

Title: _____

KOCH ALASKA PIPELINE
COMPANY, LLC

By: _____

Printed Name: _____

Title: _____

FLINT HILLS RESOURCES
ALASKA, LLC

By:  _____ SSP

Printed Name: Jeff Ramsey

Title: President & CEO

UNOCAL PIPELINE COMPANY

By: _____

Printed Name: _____

Title: _____

PETRO STAR INC.

By: _____

Printed Name: _____

Title: _____

KOCH ALASKA PIPELINE
COMPANY, LLC

By: _____

Printed Name: _____

Title: _____

FLINT HILLS RESOURCES
ALASKA, LLC

By: _____

Printed Name: _____

Title: _____

UNOCAL PIPELINE COMPANY

By: Sandy Stark

RMC Printed Name: Sandy Stark

Title: Finance Officer

PETRO STAR INC.

By: _____

Printed Name: _____

Title: _____

KOCH ALASKA PIPELINE
COMPANY, LLC

By: _____

Printed Name: _____

Title: _____

FLINT HILLS RESOURCES
ALASKA, LLC

By: _____

Printed Name: _____

Title: _____

UNOCAL PIPELINE COMPANY

By: _____

Printed Name: _____

Title: _____

PETRO STAR INC.

By:  _____

Printed Name: Rony Chapados

Title: CFO/President

ATTACHMENT A

List of Settled FERC Dockets

BP Pipelines (Alaska) Inc.

Docket No. IS09-348-000
Docket No. IS09-395-000
Docket No. IS10-204-000
Docket No. IS10-491-000
Docket No. OR11-10-000
Docket No. IS11-335-000
Docket No. IS12-458-000
Docket No. OR12-20-000
Docket No. IS13-62-000
Docket No. IS13-108-000
Docket No. IS13-506-000
Docket No. OR13-12-000
Docket No. OR13-27-000
Docket No. IS15-88-000
Docket No. IS16-76-000

ExxonMobil Pipeline Company

Docket No. IS09-391-000
Docket No. IS09-177-000
Docket No. IS10-200-000
Docket No. IS10-547-000
Docket No. IS11-336-000
Docket No. IS12-397-000
Docket No. IS13-55-000
Docket No. IS13-496-000
Docket No. IS14-575-000
Docket No. IS15-580-000

ConocoPhillips Transportation Alaska, Inc.

Docket No. IS09-384-000
Docket No. IS10-205-000
Docket No. IS10-476-000
Docket No. IS11-306-000
Docket No. IS12-498-000
Docket No. IS13-480-000
Docket No. IS13-125-000
Docket No. IS14-596-000
Docket No. IS15-522-000

Koch Alaska Pipeline Company, L.L.C.

Docket No. IS10-54-000
Docket No. IS10-496-000
Docket No. IS11-328-000

Unocal Pipeline Company

Docket No. IS09-176-000
Docket No. IS10-52-000
Docket No. OR10-3-000
Docket No. IS10-490-000
Docket No. IS11-3-000
Docket No. IS11-546-000

ATTACHMENT B

**Letters from Commissioner of Alaska Department of Revenue
and Commissioner of Alaska Department of Natural Resources**



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

COMMISSIONER'S OFFICE

550 W. 7th #1400
Anchorage, AK 99501
Main: 907.269.8431
Fax: 907.269.8918

November 15, 2017

Martin M. Weinstein
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900 East Benson Boulevard
Anchorage, AK 99519

Tom Jantunen
ConocoPhillips Transportation Alaska, Inc.
700 G Street, ATO 2090
Anchorage, AK 99501

Anna Taylor Knull
ExxonMobil Pipeline Company
800 Bell Street - PL-EMB-707F
Houston, TX 77002

Steve Kromer
President, Koch Pipeline Company, LLC
4111 E.37th St. North
Wichita, KS 67201-2256

Robert McMillin
Unocal Pipeline Company
4800 Fournace Place, Room W734D
Bellaire, Texas 77401-2324

Re: *Federal Energy Regulatory Commission ("FERC") Settlement Rates for Transportation on Trans Alaska Pipeline System ("TAPS")*

Dear Ms. Knull and Messrs. Weinstein, Jantunen, McMillin and Kromer:

Pursuant to Section 4 of the Settlement Agreement Regarding 2009-2015 Interstate Rates for the Trans Alaska Pipeline System ("Agreement"), this letter affirms my agreement that, for any Alaska producer affiliated with a TAPS Carrier, to the extent leases and royalty settlement agreements refer to TAPS tariff rates for purposes of calculating royalty, the reasonable costs of transportation for the period from May 29, 2011, through December 31, 2015 shall be the FERC Tariff Settlement Rates identified in Section 3(b) of this Agreement.

Sincerely,

A handwritten signature in blue ink that reads "Andrew Mack".

Andrew T. Mack
Commissioner



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

COMMISSIONER'S OFFICE

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103 Willoughby Avenue, 11th Floor
PO Box 110620
Juneau, Alaska 99801-0400
Phone: 907-586-2300
Fax: 907-586-2887

November 15, 2017

Martin M. Weinstein
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700 G Street, ATO 2090
Anchorage, AK 99501

Anna Taylor Knull
ExxonMobil Pipeline Company
800 Bell Street - PL-EMB-707F
Houston, TX 77002

Steve Kromer
President, Koch Pipeline Company, LLC
4111 E.37th St. North
Wichita, KS 67201-2256

Robert McMillin
Unocal Pipeline Company
4800 Fournace Place, Room W734D
Bellaire, Texas 77401-2324

Re: *Federal Energy Regulatory Commission ("FERC") Settlement Rates for Transportation on Trans Alaska Pipeline System ("TAPS")*

Dear Ms. Knull and Messrs. Weinstein, Jantunen, McMillin and Kromer:

Pursuant to Section 4 of the Settlement Agreement Regarding 2009-2015 Interstate Rates for the Trans Alaska Pipeline System ("Agreement"), this letter affirms my agreement that, for any Alaska producer affiliated with a TAPS Carrier, the FERC Tariff Settlement Rates identified in Section 3(b) of this Agreement are the reasonable costs of transportation for purposes of AS 43.55.150(a)-(b) and 15 AAC 55.193 to the extent applicable to pipeline tariff rates for TAPS, for May 29, 2011, through December 31, 2015, and that the FERC Tariff Settlement Rates identified in Section 3(b) of this agreement are just and reasonable for the purposes of 15 AAC 55.193 to the extent applicable to pipeline tariff rates for TAPS. The Department of Revenue will not use the methodology set forth under 15 AAC 55.197 to determine the FERC TAPS cost of transportation for production tax purposes for the time period May 29, 2011 through December 31, 2015.

Sincerely,

A handwritten signature in blue ink, appearing to be "M. Jantunen", written over a horizontal line.

Commissioner, Department of Revenue
State of Alaska

ATTACHMENT C

Confidential Litigation Payment

REDACTED

PRIVILEGED AND CONFIDENTIAL MATERIALS REMOVED

ATTACHMENT D

Stipulated Rate Base Balances for 2011-2014

Line No.	Description	2011	2012	2013	2014
1	Land	\$18.65	\$18.65	\$18.65	\$18.25
2	Carrier Property in Service	\$8,665.72	\$8,778.71	\$8,840.69	\$8,892.27
3	Accrued Depreciation	\$8,085.22	\$8,098.84	\$8,091.82	\$8,084.44
4	Net Carrier Property in Service	\$580.50	\$679.88	\$748.87	\$807.83
5	Net AFUDC	\$78.84	\$104.90	\$123.72	\$139.61
6	Working Capital	\$41.68	\$43.99	\$55.40	\$68.20
7	Accumulated Deferred Income Taxes	\$110.43	\$118.14	\$131.23	\$144.41
8	Net Deferred Return	\$176.42	\$174.81	\$176.75	\$175.10
9	Net Trended Original Cost Rate Base	\$767.00	\$885.44	\$973.51	\$1,046.33

ATTACHMENT E

SR AFEs

AFE No.	Description
C116	OCC Training Simulator System Integration
F370	SCADA Host Replacement
F541/F543/F585/F586	Linewide Fire & Gas Upgrades
F612	Mainline Pump Unit Module Vibration Dampening - PS03
F711	PS01 Post Startup Optimization
F717	PS01 Pump Module Vibration Mitigation
F730	PS03 Post Startup Optimization
F732	PS03 Post Start Up Optimization
F735	PS03 System Upgrades
F740	PS 04 Automation & Electrification Post Startup Optimization
F741	PS04 System Upgrades
F742	PS04 Pump Module Vibration Mitigation
F547	Rampdown Controls Design and PS 08 Security Prototype
F565	PS09 Overstressed Discharge Tee
F718	PS01 SIPPS Completion - Funding Source Only
F731	PS03 Retained Buildings, Fire & Gas Upgrades Completion
F736	PS03 Accelerated Lifecycle Replacements
F738	PS03 SIPPS Completion
F748	Pump Station 4 SIPPS
F750	SR Indirect Allocable AFE
S016	Rampdown Station Facility Disp
S020	PS 1, 3, 4 & 9 Electrification & Automation (PS 05 Upgrades)
S021	Strategic Recon-PS1,3,4 Electr
S023	OSCP Reconfiguration
S024	Station Controls Upgrades-PH 1
S025	OSCP Implementation
S026	Pump Station 5 Upgrades
S028	Rampdown Station Upgrades

S031	OSCP SR Requirements for Conditions of Approval
S033	SR Tie-In "T" Removals
S034	SCADA WAN Equipment Upgrade
S035	Pump Station 5 Upgrades
S036	Lifecycle Replacements Electrified Stations
S038	Safety Integrity Pressure Protection System ("SIPPS")
S040	PS 1 Gas Chiller
S041	PS 1, 3, 4 & 9 Retained Buildings, Fire & Gas Upgrades
S042	PS05 Retained Building, Fire & Gas Upgrades
S043	2006 SR OSCP Required Mitigations
S049	PS 1, 3, 4 Caretaker & PS 3 Planning
S120	PS 01 Electrification and Auto
S320	PS03 Automation & Electrification Completion
S420	PS04 Electrification & Automation Completion
S920	PS09 Automation & Electrification Post Start Up Completion
W033	SR Tie in 'T' Removals/Pipe Cleaning/Systems Isolation - PS 9
W046	PS01 EA T Removal
W047	SR Tie in 'T' Removals/Pipe Cleaning/Systems Isolation - PS 3
W048	PS04 SR Electrification Tees