Allocation Specialists, Ltd. (ASL) is a small specialty company that specializes in the administration of quality bank operations, trading center trade documentation, and pipeline/terminal scheduling and revenue accounting. We have been in business for ten years, with five full-time and two part-time employees. We are currently under contract for the administration of approximately forty two million barrels per month, which moves through fifteen quality banks. ASL has worked diligently to develop our image as a customer focused value driven service provider for the crude oil industry.

ASL is owned and operated by Don Shipley and myself. Both Don and I are early retirees from the Oil Industry. Don brings thirty-three years of accounting, financial, and business development experience and I add thirty-five years of field operations, control center operations, asset management, and oil movement management experience. So, as you can see, we offer you the experience and knowledge needed to understand and manage your oil movements.

Les Franklin, as Manager of Pipeline Scheduling is leading our efforts in these areas. Les brings thirty years of experience with Permian Basin, Mid-Continent including Capline and Cushing, East Texas, Gulf Coast, and most recently California pipeline systems scheduling and revenue accounting experience. We are experts in scheduling trunklines, gathering systems, and understand pipelines from book to physical, to pipeline loss allowance, to shipper inventory management, to drag reducing agents.

ASL has developed and implemented a full service scheduling and revenue accounting system which provides a complete service for your oil movements needs from field “run” tickets, monthly and daily scheduling, loss/gain reporting, invoicing, receivables, cash posting, and financial reporting. Invoices and reports can be distributed to shippers and our customers by e-mail, hard copy, or fax, depending on your needs. Financial reports include revenue and throughputs by crude grade, shipper, tariff, and pipeline system. Results for our initial customer have been excellent. In the first month we closed all pipelines for all shippers by the sixth workday, and collected all receivables for all customers by month end. The second month was closed on the 3rd workday and all receivables collected from all customers before month end. We feel we could add value to your oil movements processes and welcome the opportunity to discuss these processes with you.
December SMT Materials
Cushing Terminal
CUSHING MANIFOLD EXAMPLE

22" PLAINS

24" BASIN

10"

6"
Scheduling & Accounting Process

25th
Nominations & Transfers

26th-30th
Monthly Schedule

1st-31st
Field Tickets

2nd-5th Closing
Loss/Gain Analysis
Allocation of actuals
Report Processing

2nd-5th Reports
Loss/Gain, Book vs.
Physical, Pipeline Carrier
Shipper, Connecting
Carrier,
Shipper Invoices,
State Reports

6th-7th
Financial
Revenue Report

7th-8th
Manage Shipper
Inventory

7th-9th
Feed, Calculate, and
distribute Quality Bank

12th-31st
Invoice/Cash
Monitoring/Posting/
Reporting/Aging
CUSHING DS DELIVERIES

- CUSHING PONCA 10"
- OSAGE 20"
- OZARK 22"
- COFFEYVILLE
- TULSA 10"
- WEST TULSA 10"
- CENTURION
- WYNNEWOOD
- VALERO
- CUSHING
IMPLEMENTATION PLAN

- Set the official starting date
- Notification to pipelines and terminals
- All Shippers add the specification to the purchase contracts
- Shippers send letter to pipelines advising them to provide administrator monthly shipper information.
- All samples to be taken from the pipeline composite samplers.
- Select laboratory for testing
- Select the administrator
- Shippers sign service agreement with administrator
- All shippers required to participate in the program
ASL IMPLEMENTATION RECOMMENDATION

- **Phase one**
  Sample all batches on outbound pipelines delivering domestic sweet. Test every third batch. If there is an off specification batch, test the batch before and after. (three to six months)

- **Phase two**
  Test all inbound pipelines delivering domestic sweet to Cushing. (three to six months)

- **Phase three**
  Test transfers between terminals for off-specification crude.
ASL SERVICE PROPOSAL

- ASL would administer the oversight program as a service to the Pipeline Shippers.

- All Shippers on Cushing outbound pipeline handling domestic sweet would participate in the program. ASL would have a service agreement with each Shipper.

- ASL would pay for shipping and testing of samples and allocate the sample test and ASL administrative cost to the shippers on a volume pro-rata basis.

- ASL will compile test results monthly by pipeline and distributed to the individual pipeline, the shippers by pipeline and the connecting terminals.

- ASL will maintain a historical data base.