



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



ASL provides liquid hydrocarbons quality bank services on various pipelines and gathering systems and in that capacity engages in and carries on the business of calculating and effecting adjustments among shippers for the differences in quality of liquid hydrocarbons originated by such shippers into and thereafter withdrawn from the common stream at reception and delivery points when commingled with other liquid hydrocarbons in the pipelines. The adjustments are effected by a process of debits and credits and interchange of funds among such shippers involved. This process assures that no shipper will be materially damaged or allowed to benefit by changes in gravity or sulfur due to the intermixing of petroleum in a pipeline system.

Current Pipeline Quality Banks



Pipeline Quality Banks				
Camino Real	Receipt	Gravity & Sulfur	Posting	\$0.30 / \$2.00
Continental Resources	Receipt	Gravity	Posting	\$0.15
Delta Crimson	Receipt	Gravity	Posting	\$0.15
Ellwood	Receipt	Gravity	Posting	\$0.41
Line 600	Receipt	Gravity	Posting	\$0.41
Northam	Receipt	Gravity	Posting	\$0.41
Ventura	Receipt/Delivery	Gravity	Posting	\$0.41
Allegheny	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Caesar	Receipt/Delivery	Gravity & Sulfur	Price-Based	\$0.11 / \$0.95
Chops	Receipt	Gravity & Sulfur	Price-Based	\$0.11 / \$0.97
Poseidon	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Proteus Endymion	Receipt/Delivery	Gravity & Sulfur	Price-Based	\$0.28 / \$0.98
Double Eagle	Receipt	Gravity	Set Price	\$0.30
Capline	Receipt/Delivery	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
Delta North	Receipt	Gravity	Table-Based	\$0.15
Grand Isle	Receipt	Gravity	Table-Based	\$0.15 / \$1.00
ShipShoal	Receipt/Delivery	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
South Marsh Island	Receipt	Gravity	Table-Based	\$0.15
South Pass 49	Receipt	Gravity	Table-Based	\$0.15
South Pass West Delta	Receipt	Gravity	Table-Based	\$0.15
Tarpon	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
TexStar	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
Whitecap	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00



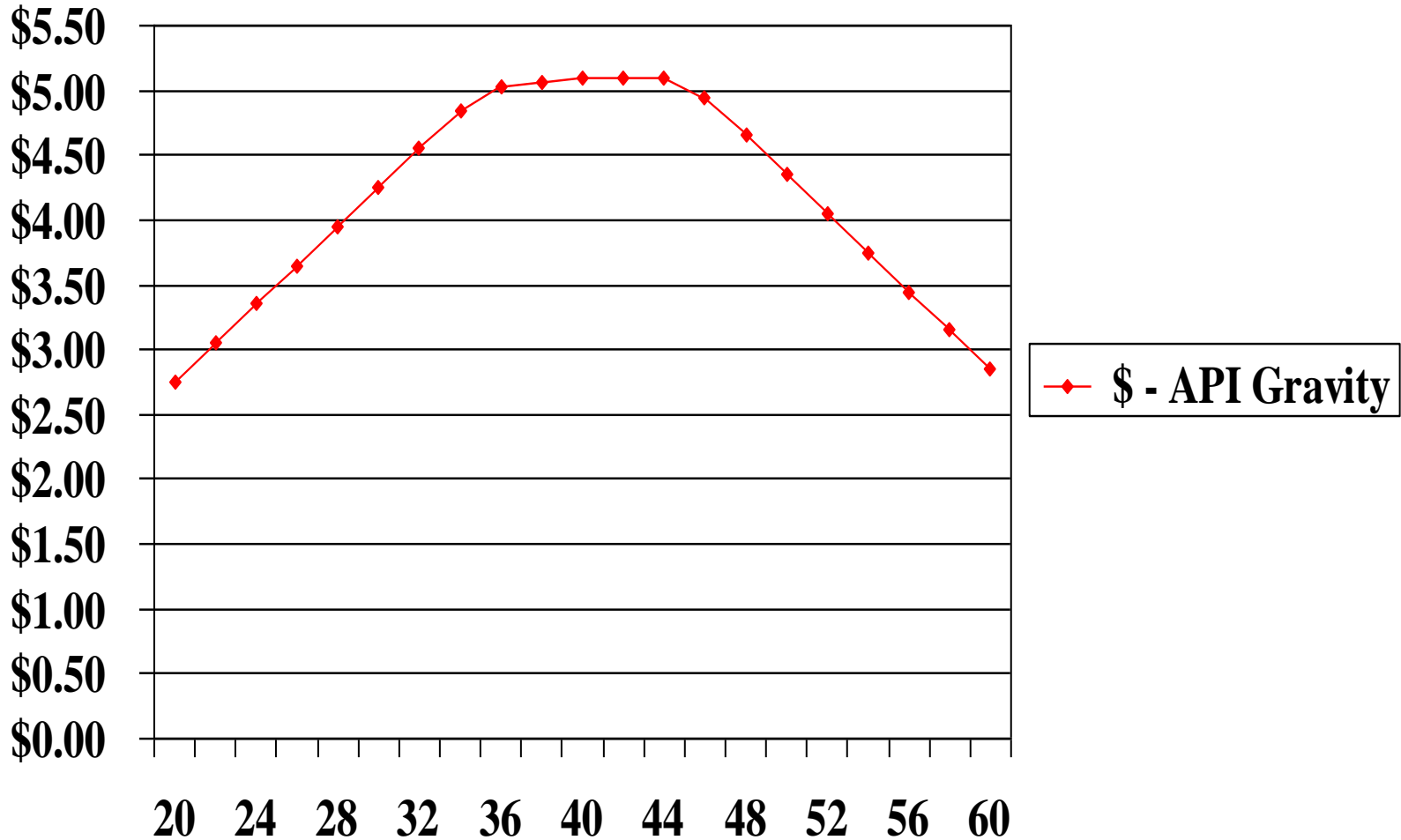
Platform Quality Banks

Bald Pate GB 260	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Front Runner GC338	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
GB 72	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
GC 680	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Lucius	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Marco Polo GC 608	Receipt	Gravity & Sulfur	Price-Based	\$0.26 / \$1.49
Mississippi Canyon 365	Receipt	Gravity & Sulfur	Price-Based	\$0.15 / \$1.00
SMI 205	Receipt	Gravity & Sulfur	Price-Based	\$0.41 / 41.49
EW 921	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
Grand Isle 116	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.00
Medusa - MC 582	Receipt	Gravity & Sulfur	Table-Based	\$0.15 / \$1.01

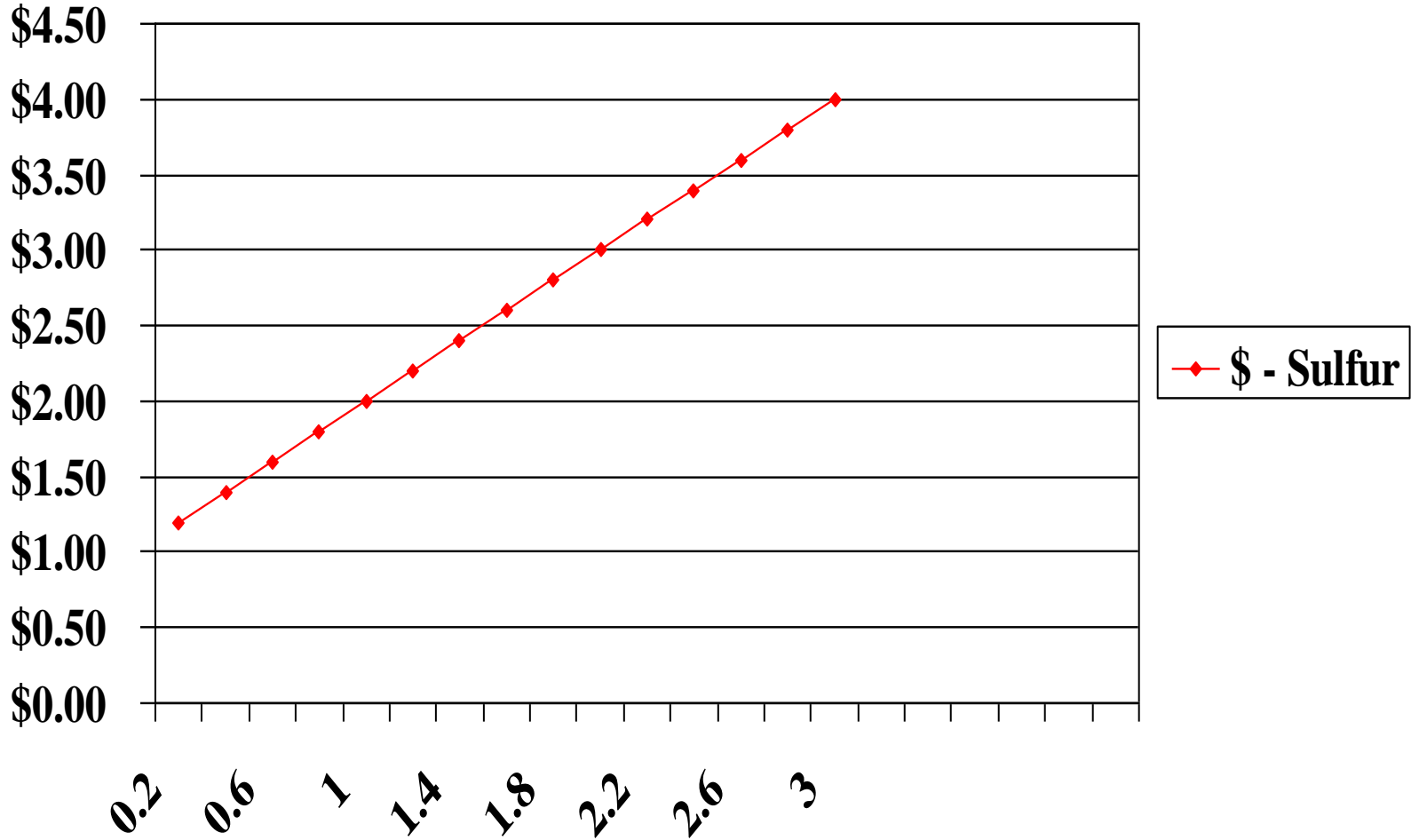
NGL Quality Banks

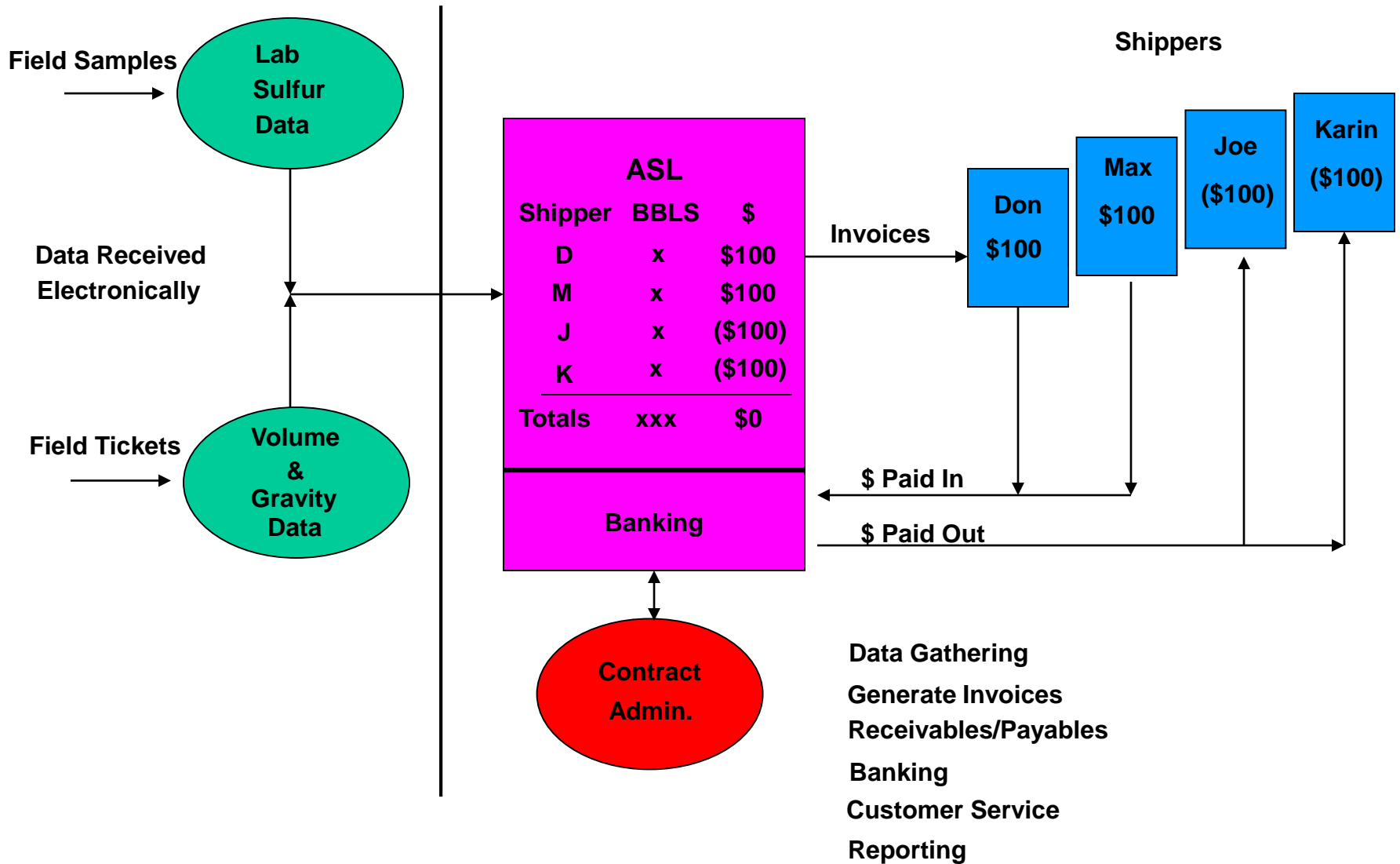
Cochin
Manta Ray
Texas Pipeline

Gravity Differential Table



Sulfur Differential Table







Field Locations

Various Tickets

Split Tickets



PL10

Volume	Gravity	Sulfur
10,000	31.5	1.0
10,000	32.5	1.5
10,000	30.5	.95
10,000	31.5	1.0
40,000	31.5	1.0

Shipper	Volume	Gravity	Sulfur
A	10,000	31.5	1.0
B	20,000	31.5	1.0
C	10,000	31.5	1.0
	40,000		



50,000	29.5	.80
30,000	28.4	.80
80,000	29.1	.80

A	15,000	29.1	.80
D	12,000	29.1	.80
E	53,000	29.1	.80
	80,000		



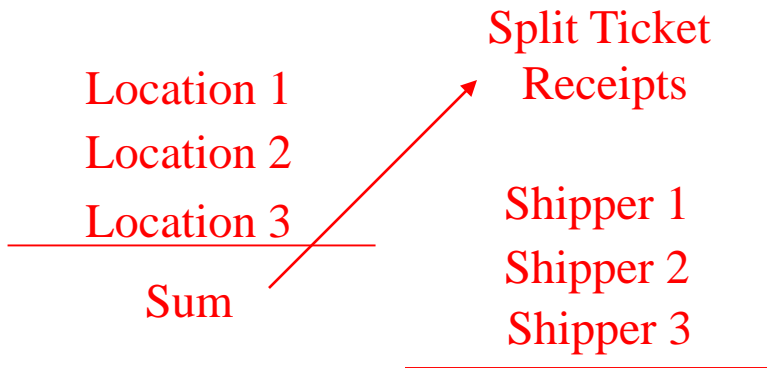
PL30

10,000	36.1	.60
6,000	35.8	.63
4,000	35.8	.59
20,000	35.9	.61

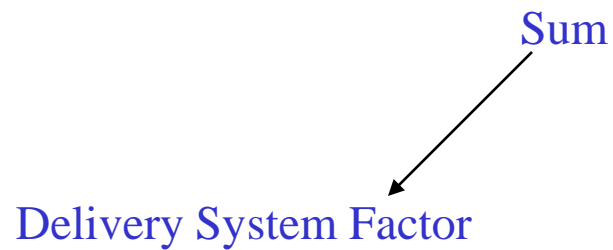
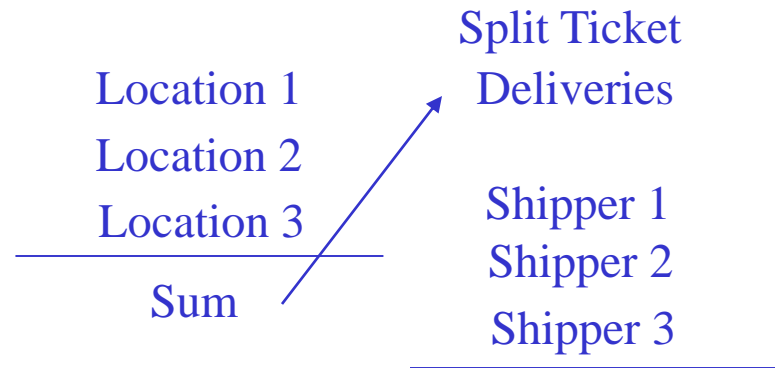
B	8,000	35.9	.61
C	12,000	35.9	.61
	20,000		



Various Tickets
Receipts



Various Tickets
Deliveries



Bank Invoicing

Diagram showing the flow from both 'Receipt System Factor' and 'Delivery System Factor' to 'Bank Invoicing'.



Shipper	BBL's Received	API Gravity	Gravity Diff. \$	BBL's Rec'd x Gravity Diff.
A	100	29.8	4.220	\$422.00
B	150	38.6	5.060	<u>\$759.00</u>
Total	250			\$1,181.00

COMMON STREAM WEIGHTED AVERAGE GRAVITY VALUE: $1181/250=4.724$

SHIPPER A:

WEIGHTED AVERAGE GRAVITY VALUE: $\$422.00/100=4.220$

CALCULATION: $(4.724 - 4.220) \times 100 = \50.40

TOTAL SHIPPER A PAYS THE BANK:

\$50.40

SHIPPER B:

WEIGHTED AVERAGE GRAVITY VALUE: $\$759.00/150=5.060$

CALCULATION: $(4.724 - 5.060) \times 150 = \(50.40)

TOTAL SHIPPER B RECEIVES FROM THE BANK:

\\$(50.40)

NET \$0.00

Quality Bank Calculations - Sulfur



Shipper	BBL's Received	API Gravity	Actual Sulfur	Sulfur Ratio	Sulfur Diff.	BBL's Rec'd x Sulfur Diff.
A	100	29.8	1.2	1.03544	2.24	\$224.00
B	150	38.6	1.6	.98172	2.57	<u>\$385.50</u>
Total	250					\$609.50

COMMON STREAM WEIGHTED AVERAGE SULFUR VALUE: $609.50/250=2.43800$

SHIPPER A:

WEIGHTED AVERAGE SULFUR VALUE: $\$224.00/100=2.24000$

CALCULATION: $(2.43800 - 2.24000) \times 100 = \19.80

TOTAL SHIPPER A RECEIVES FROM THE BANK: \$(19.80)

SHIPPER B:

WEIGHTED AVERAGE SULFUR VALUE: $\$385.50/150=2.57000$

CALCULATION: $(2.43800 - 2.57000) \times 150 = \19.80

TOTAL SHIPPER B PAYS THE BANK: \$19.80

NET \$0.00