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GAS SERVICES DIVISION
AUSTIN, TEXAS

Texas R.R.C. No. 1

GEL TEXAS PIPELINE, LLC

LOCAL TARIFF

**CONTAINING
RULES AND REGULATIONS
GOVERNING
THE INTRASTATE TRANSPORTATION
OF
CRUDE PETROLEUM
BY
PIPELINE**

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

EFFECTIVE: September 1, 2016

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SECTION 1
RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS
RULE §3.71. PIPELINE TARIFFS.

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of crude petroleum as a common carrier shall be subject to and governed by the following provisions. Common carriers specified in this section shall be referred to as "pipelines," and the owners or shippers of crude petroleum by pipelines shall be referred to as "shippers."

(1) ALL MARKETABLE OIL TO BE RECEIVED FOR TRANSPORTATION. By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than 2.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the Commission may require. (Amended by Section 2, Item No. 15. F of this Tariff.)

(2) BASIC SEDIMENT, HOW DETERMINED--TEMPERATURE. In determining the amount of sediment, water, or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water, or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than 90 degrees Fahrenheit, except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper.

(3) "BARREL" DEFINED. For the purpose of these sections, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit. (Amended by Section 2, Item No. 5 of this Tariff.)

(4) OIL INVOLVED IN LITIGATION, ETC.--INDEMNITY AGAINST LOSS. When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss. (Amended by Section 2, Item No. 85 of this Tariff.)

(5) STORAGE. Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination. (Amended by Section 2, Item No. 150 of this Tariff.)

(6) IDENTITY OF OIL, MAINTENANCE OF OIL. A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value. (Amended by Section 2, Item No. 20 of this Tariff.)

(7) MINIMUM QUANTITY TO BE RECEIVED. A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels. (Amended by Section 2, Item No. 30 of this Tariff.)

(8) GATHERING CHARGES. Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation, and for delivery.

(9) MEASURING, TESTING, AND DEDUCTIONS (REFERENCE SPECIAL ORDER NUMBER 20-63,098 EFFECTIVE JUNE 18, 1973).

- A. Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.
- B. As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:
1. lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1, or;
 2. any device or method, approved by the Commission or its delegate, which yields accurate measurements of crude oil or condensate.
- C. Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540, American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the Commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.
- D. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

(Amended by Section 2, Items No. 25, 120, and 125 of this Tariff.)

(10) DELIVERY AND DEMURRAGE. Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon 24 hours' notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to paragraph (6) of this section, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (5) of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel; and thereafter at a

rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof. (Amended by Section 2, Item No. 75 of this Tariff.)

(11) UNPAID CHARGES, LIEN FOR AND SALE TO COVER. A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto. (Amended by Section 2, Item No. 90 of this Tariff.)

(12) NOTICE OF CLAIM. Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed. (Amended by Section 2, Item No. 105 of this Tariff.)

(13) TELEPHONE-TELEGRAPH LINE--SHIPPER TO USE. If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.

(14) CONTRACTS OF TRANSPORTATION. When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

(15) SHIPPER'S TANKS, ETC.--INSPECTION. When a shipment of oil has been offered for transportation, the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this section. (Amended by Section 2, Item No. 25 of this Tariff.)

(16) OFFERS IN EXCESS OF FACILITIES. If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionate. (Amended by Section 2, Item No. 45 of this Tariff.)

(17) INTERCHANGE OF TONNAGE. Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the Commission finds that a necessity exists for connection, and under such regulations as said Commission may determine in each case. (Amended by Section 2, Item No. 70 and Item No. 155 of this Tariff.)

(18) RECEIPT AND DELIVERY--NECESSARY FACILITIES FOR. Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the Commission finds that a necessity exists therefor, and under regulations by the Commission. (Amended by Section 2, Item No. 70 and Item No. 155 of this Tariff.)

(19) REPORTS OF LOSS FROM FIRES, LIGHTNING, AND LEAKAGE.

- A. Each pipeline shall immediately notify the Commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. Each pipeline shall file the required information with the Commission in accordance with the appropriate Commission form within 30 days from the date of the spill or leak.
- B. No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war, or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This section shall not apply if the loss occurs because of negligence of the pipeline. (Amended by Section 2, Item No. 100 of this Tariff.)
- C. Common carrier pipelines shall mail (return receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the Commission for that particular spill or leak within 30 days of filing the required reports with the Commission. Registration with the Commission by landowners and residents for the purpose of receiving spill or leak reports shall be required every five years, with renewal registration starting January 1, 1999. If a landowner or resident is not registered with the Commission, the common carrier is not required to furnish such reports to the resident or landowner.

(20) PRINTING AND POSTING. Each pipeline shall have paragraphs (1)-(19) of this section printed on its tariff sheets, and shall post the printed sections in a prominent place in its various offices for the inspection of the shipping public. Each pipeline shall post and publish only such rules and regulations as may be adopted by the Commission as general rules or such special rules as may be adopted for any particular field.

SECTION 2 SUPPLEMENTAL RULES AND REGULATIONS

The requirements of this Section 2 will be in addition to the requirements of Section 1. In case of discrepancies in the requirements between the Sections, Section 2 will take precedence and govern over Section 1. Carrier offers transportation service of Crude Petroleum, between the origin and destination points subject to this tariff, solely by means of segregated batches pursuant to the minimum batch quantity and quality specifications set forth below, and does not offer common stream transportation of Crude Petroleum. Carrier reserves the right to revise this tariff at any time to provide for, among other things, common stream transportation of Crude Petroleum, or additional forms of batched transportation, including revised quality specifications applicable thereto.

Item No. 5. DEFINITIONS:

“API” means American Petroleum Institute and its successor.

“A.P.I. Gravity” means gravity determined in accordance with American Society for Testing Materials (including any successor, “ASTM”) Designation 4052, or any successor publication.

“Assay” means a laboratory analysis of Crude Petroleum to include the following: A.P.I. Gravity, Reid vapor pressure, composition, pour point, water and sediment content, sulfur content, viscosity, distillation, hydrogen sulfide, flash/boiling point and other characteristics as may be required by Carrier.

“Barrel” means forty-two (42) United States gallons of Crude Petroleum at a temperature of sixty degrees Fahrenheit (60° F) and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure. (Amends Section 1 (3) of this Tariff.)

“Carrier” means GEL Texas Pipeline, LLC. “Carrier” shall also have the same meaning as “pipeline” as established in Section 1 of this Tariff.

“Committed Shipper” means a Shipper who has entered into a TSA with Carrier.

“Consignee” means anyone to whom custody is to be given at the specific instructions of a Shipper when Crude Petroleum is delivered out of Carrier’s system.

“Crude Petroleum” means a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities and which has not been processed through a crude oil distillation tower.

“Nomination” means a written designation by a Shipper to Carrier of a stated quantity of Crude Petroleum to be tendered to Carrier for transportation from a specified origin point(s) to a specified destination point(s), as listed in the Table of Rates herein, over a period of one Operating Month in accordance with these rules and regulations.

“Operating Month” for a Shipper or Transferor means any calendar month in which Carrier either transports Crude Petroleum or recognizes and records a change in ownership of Crude Petroleum for the account of such Party. For purposes hereof the calendar month shall be deemed to begin at 7:00 a.m. (Central Time) on the first day of such month.

“Party” means Carrier or a Shipper or a Transferor, as applicable, and “Parties” means both Carrier and a Shipper or Carrier and a Transferor, or Carrier and a Transferee, as applicable.

“Prime Rate” means the prime rate of interest as published under “Money Rates” in the Wall Street Journal.

“Shipper” means the Party that uses Carrier’s system for the transportation of Crude Petroleum subject to and in accordance with these rules and regulations, any TSA, and the applicable rate on the Table of Rates herein.

“Tender” means an offer by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin point(s) to a specified destination point(s) listed in the Table of Rates herein.

“Transferee” means the Party to whose account ownership of Crude Petroleum is transferred by Transferor upon the Carrier’s approval.

“Transferor” means the Party who requests Carrier to recognize and record a change in ownership of Crude Petroleum from its account to a designated Transferee’s account.

“TSA” means a transportation services agreement between a Shipper and Carrier.

Item No. 10. SHIPMENT OF INDIRECT PETROLEUM PRODUCTS:

Indirect petroleum products will be accepted for transportation only on condition that they have been mixed with direct products of oil wells, or on condition that they can be mixed with direct products of oil wells in the tanks or lines of Carrier at the point tendered, and provided that both the indirect products and the direct oil well products are a mixture of hydrocarbons that existed in liquid phase in underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities and which has not been processed through a crude oil distillation tower and are owned by the same Shipper and are consigned to the same destination. Carrier reserves the right to require that all deliveries of indirect petroleum products with a vapor pressure in excess of atmospheric pressure be made from pressurized tanks. Shipper shall provide arrangements whereby such tanks shall be kept under constant pressure during the time liquid is being run from said tanks by charging, from an external source, the vapor space of the tanks with vapors of the same indirect petroleum being run.

Item No. 15. SPECIFICATIONS AS TO QUALITY AND LEGALITY OF SHIPMENTS:

Carrier shall have no obligation to accept, transport, or deliver any commodity other than Crude Petroleum that meets the quality specifications herein, and Shipper shall not tender to Carrier Crude Petroleum that does not meet such specifications; provided, however, that to the extent a TSA contains more restrictive and/or additional quality specifications than the specifications set forth in A-H below, the quality specifications in the TSA shall control. Except where Carrier determines, in its sole discretion, that accepting non-conforming Crude Petroleum for transportation will not adversely affect its system operations, Carrier will not knowingly accept any Crude Petroleum offered for transportation other than good and merchantable Crude Petroleum of acceptable character which, when measured and tested by Carrier or Carrier’s representative at the receipt point, meets all of the following specifications:

- A. Sulfur content by weight not greater than three percent (3%).
- B. A.P.I. Gravity of at least 17 degrees and not more than 55 degrees.
- C. Reid vapor pressure not greater than 10.0 psia measured at 37 degrees Celsius or 100 degrees Fahrenheit.
- D. Viscosity not greater than 45 cSt at 20 degrees Celsius or 68 degrees Fahrenheit
- E. Pour point not greater than -7 degrees Celsius or 20 degrees Fahrenheit.

- F. Basic sediment, water or other impurities less than one percent (1%) by volume. (Amends Section 1 (1) of this Tariff.)
- G. Hydrogen Sulfide not greater than 10 ppm in the vapor space.
- H. Benzene not greater than three percent (3%).

Crude Petroleum delivered to Carrier's facilities which does not meet the foregoing quality specifications (the "Quality Specifications") may, at Carrier's election, be deemed non-conforming. In addition to the Quality Specifications, Carrier reserves the right to reject Crude Petroleum containing physical or chemical characteristics that may render such Crude Petroleum not readily transportable by Carrier or that may otherwise cause disadvantage to Carrier. Further, Carrier shall reject Crude Petroleum containing contaminants including, but not limited to, chemicals such as chlorinated and/or oxygenated hydrocarbons and/or heavy metals such as lead and/or vanadium or which, in Carrier's reasonable opinion constitutes or may constitute a hazard to personnel or equipment or gives Carrier reasonable grounds of apprehension of loss or damage to any person, or other products or property. If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities contaminated, non-conforming or hazardous Crude Petroleum, such Shipper will be excluded from further entry into the applicable segments of Carrier's system until such time as the Quality Specifications and the other conditions specified above are met. Any liability associated with contaminated, non-conforming or hazardous Crude Petroleum or disposal of any contaminated, non-conforming or hazardous Crude Petroleum shall be borne by the responsible Shipper.

Item No. 20. SEGREGATION AND VARIATIONS IN QUALITY AND GRAVITY (Amends Section 1 (6) of this Tariff.):

Carrier offers transportation service pursuant to these rules and regulations solely by means of segregated batches. Carrier will endeavor, pursuant to accepted pipeline industry operating practices, to make delivery of Crude Petroleum at the destination point specified in Shipper's Nomination which is substantially the same Crude Petroleum as that received from Shipper at the point of origin. For such segregated batches, Shipper must provide Crude Petroleum in such quantities and at such specified times as may be necessary to permit such segregated shipments to be transported by Carrier's facilities. As a condition to Carrier's acceptance of its Nomination for transportation, Shipper (as well as its Consignee and any Transferor and Transferee associated with the nominated shipment) agrees that Carrier will not be liable for failure to deliver the identical Crude Petroleum, or for any variations in the Quality Specifications and/or gravity of Crude Petroleum occurring while such segregated shipment is in Carrier's custody.

Item No. 25. QUALITY TESTING AND VERIFICATION (Amends Section 1 (9) and (15) of this Tariff.):

Upon request of Carrier, Shipper is required to furnish Crude Petroleum Assays so that quality determinations can be made. Carrier reserves the right to approve of an independent laboratory to be used to providing the Assay. If Carrier determines that Shipper's Crude Petroleum does not meet the Quality Specifications, contains contaminants or hazardous substances, or in the opinion of Carrier, differs materially in character from Crude Petroleum being transported by Carrier, transportation may be refused or offered under such terms and conditions as agreed to by Carrier and Shipper.

Carrier reserves the right to sample Crude Petroleum of Shipper without prior notice at facilities that connect to Carrier's system, and shall have the right to ingress and egress upon the property of Shipper or Shipper's designee for such purpose. If, upon investigation, Carrier determines the Crude Petroleum does not conform to the Quality Specifications and Carrier has not been given prior notice, or if the Crude Petroleum contains contaminated or hazardous substances, which, in the opinion of Carrier, may materially affect the quality of Crude Petroleum or Carrier's operations, Shipper will be liable for the cost of Carrier's investigation in addition to other remedies specified in these rules and regulations.

Carrier may, without prior notice, advise Shippers as to the specific results of any Assay.

The test method(s) used in any Assay shall comply with industry practice and accepted standards, including the methods published by the ASTM, the API, and the United States Environmental Protection Agency. Carrier may waive the requirement for any specific test to be included in an Assay. In the event of a discrepancy or conflict between the results of Carrier's Assay and the Assay of Shipper, the results of Carrier's Assay shall prevail.

Item No. 30. NOMINATIONS AND MINIMUM/MAXIMUM BATCH QUANTITY (Amends Section 1 (7) of this Tariff.):

The Carrier is under no obligation to accept a Tender of Crude Petroleum for shipment for any Operating Month unless Shipper submits its Nomination to Carrier in writing by 7:00 a.m. Houston, Texas time on or before the 25th day of the preceding calendar month. Such Nomination shall specify the volume of Crude Petroleum for such upcoming month and the timing of such deliveries, the quality specifications of such Crude Petroleum, an appropriate Safety Data Sheet and any other pertinent information, including all documentation required by law concerning the receipt, handling and storage of the Crude Petroleum.

Crude Petroleum tendered for shipment through the lines of Carrier will be received if Shipper gives 48 hours advance written notice of the following information with respect to the Crude Petroleum being transported: the quality specifications of the Crude Petroleum, the proposed date and time of physical delivery to Carrier of quantities tendered for transportation, the point of receipt, the point of delivery, the Consignee, the volume of such delivery as well as providing any documentation required by law. Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that Shipper or Consignee has made provisions for prompt receipt thereof at destination.

A Nomination shall be accepted only when the total quantity of Crude Petroleum shall be made available by Shipper on a ratable basis over the course of the Operating Month, or in such quantities and at such times specified by Carrier.

Carrier shall not be obligated to accept a Nomination, or to receive a Tender, for a segregated batch in a quantity less than fifty thousand (50,000) Barrels or more than two hundred fifty thousand (250,000) Barrels.

Crude Petroleum will be transported only under a Nomination accepted by Carrier from origins to destinations when a tariff covering such pipeline movement is lawfully in effect.

Item No. 35. LINE FILL AND TANK BOTTOM INVENTORY:

Shipper shall provide its pro rata share of the Crude Petroleum necessary for pipeline fill, unavailable stocks below tank connections, and reasonable additional minimum quantities required for the efficient operation of Carrier's system.

Item No. 40. FINANCIAL ASSURANCES:

Carrier may at any time and from time to time request, and Shipper shall provide promptly if Carrier so requests, financial security for the payment of charges to be paid by Shipper to Carrier for transportation service ("Financial Assurances"). If requested by Carrier, Shipper's Financial Assurances must be provided to Carrier prior to Carrier accepting Shipper's initial Nomination for transportation of Crude Petroleum. Carrier shall thereafter have the option to refuse Nominations, in whole or in part, from Shipper, and to suspend further receipts and deliveries, until adequate Financial Assurances are provided. Shipper shall provide notice of any change in its financial situation that would adversely affect Shipper's ability to pay Carrier for transportation service hereunder.

The Financial Assurances that Carrier may request from Shipper shall include, but shall not be limited to, the following:

- A. Prepayment of the charges applicable to such volumes nominated by Shipper; or
- B. An irrevocable letter of credit or other equivalent financial guarantees satisfactory to Carrier, which shall remain in effect until payment in full for all service has been received by Carrier, at which time Carrier shall, upon request, return and/or cancel such letter of credit or equivalent financial guarantee forthwith. The following must be acceptable to Carrier: (i) the terms of any letter of credit; (ii) the adequacy of any equivalent financial guarantees; and (iii) the identity of the issuing institution of any letter of credit or equivalent financial guarantee.

Item No. 45. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF CAPACITY (Amends Section 1 (16) of this Tariff.):

- A. When, based upon all valid Nominations submitted by Shippers in compliance with these rules and regulations, the total volumes nominated for transportation on a line segment exceed the capacity of such line segment, based on Carrier's determination as to the operationally available capacity of such line segment, the transportation furnished by Carrier shall be apportioned among all Shippers on an equitable basis. Line segments will be prorated separately if necessary.
- B. Available capacity in each segment will be allocated among "Regular Shippers" (as defined below) and any "New Shippers" (as defined below) as follows:
 - 1. Up to ninety percent (90%) of the available capacity will be allocated to Regular Shippers on a pro-rata basis using the lesser of volumes nominated or their Representative Volume (as defined below).
 - 2. Up to ten percent (10%) of the available capacity will be allocated to New Shippers, if any, on the lesser of volumes nominated or a pro-rata share of such capacity based on the number of New Shippers submitting Nominations.
 - 3. Any remaining available capacity will be allocated among all Shippers on a pro-rata basis using the volume of Nominations that remains unfulfilled, if any.
- C. For purposes of this Item No. 45, "Representative Volume" means the monthly average of Shipper's twelve consecutive month volumes for such segment consisting of (a) the current Nomination for the next Operating Month, (b) the accepted Nomination for the instant Operating Month and (c) the net volume received from such Shipper by Carrier in the ten Operating Months immediately prior to the instant month. A Shipper that signs a TSA with respect to a particular segment(s) shall have a Representative Volume for the first year of service equal to the volume specified in its TSA.
- D. A "Regular Shipper" is any Shipper having a record of movements on the line segment being prorated, during each month of the preceding twelve months. A "New Shipper" is a Shipper who is not a Regular Shipper on such segment. In no event will any portion of capacity allocated to a New Shipper be used in such a manner that it will increase the allocated capacity of another Shipper beyond the allocated capacity that Shipper is entitled to under the provisions stated in this Item No. 45. Carrier may require written assurances from responsible officials of Shippers regarding use of allocated capacity stating that this requirement has not been violated.
- E. Each Shipper shall be required to certify that it is not engaging in any device, scheme or arrangement whatsoever to make its allocated capacity available to another Shipper before Carrier will accept a Nomination from such Shipper. In the event any Shipper shall receive and use any allocated capacity

from a Shipper, then in the month following discovery of such violation, the allocated capacity of such Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of such Shipper will be reduced to the extent of excess capacity used.

- F. Each New Shipper whose Representative Volume consists only of the current Nomination for the next Operating Month shall be required to certify that it is not affiliated with any other Shipper before Carrier will accept a Nomination from such Shipper. For purposes of this provision, the term "affiliate" includes any person or entity that, directly or indirectly, controls another Shipper, is controlled by another Shipper, or is controlled by the same person or entity that controls another Shipper, and the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any person or entity whether through the ownership of voting securities or by contract or otherwise.
- G. No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. If a Shipper is unable to deliver Crude Petroleum equal to the volume allocated to it, Carrier will reduce that Shipper's capacity otherwise allocated for the succeeding month by the amount of allocated capacity not utilized during the preceding month if apportionment is necessary.

Item No. 50. APPLICATION OF RATES:

Crude Petroleum accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of the Nomination.

Item No. 55. LIABILITY OF CARRIER:

Carrier in possession of Crude Petroleum shall not be liable for any loss thereof; damage thereto; or delay caused by fire, storm, flood, epidemics, Act of God, riots, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessary of the Government of the United States in time of war or default of Shipper, Transferee or Consignee or from any other cause not attributable to the negligence of the Carrier, except as otherwise provided in Shipper's TSA. In case of loss of any Crude Petroleum from any such causes, after it has been received for transportation and before the same has been delivered to Consignee, Shipper shall stand a loss in such proportion as the amount of its shipment, already delivered to Carrier, bears to all of the Crude Petroleum then in the custody of Carrier, for shipment via the lines or other facilities in which the loss or damage occurs, and Shipper shall be entitled to have delivered only such portion of its shipment as may remain after deduction of its due proportion of such loss, but in such event Shipper shall be required to pay charges only upon the quantity delivered.

EXCEPT AS AGREED TO BY SHIPPER AND CARRIER IN WRITING, CARRIER'S LIABILITY FOR DAMAGES HEREUNDER IS LIMITED TO DIRECT, ACTUAL DAMAGES ONLY AND CARRIER SHALL NOT BE LIABLE TO SHIPPER FOR SPECIFIC PERFORMANCE, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES OR SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, IN TORT, CONTRACT OR OTHERWISE, OF ANY KIND, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PERFORMANCE, THE SUSPENSION OF PERFORMANCE, THE FAILURE TO PERFORM, OR THE TERMINATION OF THE SERVICES CONTEMPLATED HEREBY, EVEN IF IT HAS BEEN ADVISED OF THEIR POSSIBLE EXISTENCE.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH SHIPPER AND ITS AFFILIATES' SOLE AND EXCLUSIVE REMEDY FOR CRUDE PETROLEUM LOSSES SHALL BE LIMITED TO THE VALUE OF THE CRUDE PETROLEUM LOST (DETERMINED BY SUCH METHODS AS MAY REASONABLY BE DETERMINED BY CARRIER, TO THE EXTENT NOT OTHERWISE PROVIDED IN SUCH SHIPPER'S TSA, IF ANY) AND SHALL NOT INCLUDE ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES,

INCLUDING LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, IN TORT, CONTRACT OR OTHERWISE, OF ANY KIND.

Item No. 70. ORIGIN AND DESTINATION FACILITIES REQUIRED (Amends Section 1 (17) and (18) of this Tariff.):

Carrier will receive Crude Petroleum only at established origin points on its system, only when tendered for shipment to established destination points on Carrier's system, and only when Shipper has provided satisfactory facilities for handling receipts and deliveries, consistent with the minimum batch quantity specified in Item No. 30. Crude Petroleum will be received at established origin points only from pipelines, tanks, or other facilities which are provided by Shipper, or connecting carrier. Shipper or Shipper's representative, as applicable, shall be required, at Carrier's request, to enter into a connection agreement governing the responsibilities associated with the design, fabrication, installation, construction, ownership, and operations of the interconnection between Carrier and Shipper or Shipper's representative, as the case may be, in form and substance acceptable to Carrier, in its sole discretion. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks, and other pertinent facilities to be provided at an established point of origin to meet the operating conditions of Carrier's facilities at such point.

Item No. 75. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION (Amends Section 1 (10) of this Tariff.):

After a shipment has had time to arrive at destination, and on 24 hours' notice to Consignee, Carrier may begin delivery of such shipment to Consignee at Carrier's current rate of pumping. If Shipper or Consignee is unable or refuses to receive said shipment, a demurrage charge of two and five-tenths cents (2.5 cents) per Barrel per 24 hours shall accrue from the time said notice expires, on that part of such shipment which is not received by Consignee. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only. Carrier reserves the right, if deemed necessary to clear its pipeline system, to make arrangements for disposition of the Crude Petroleum. Any expenses incurred by Carrier in making such arrangements shall be borne by Shipper or Consignee.

Item No. 85. TITLE; CRUDE PETROLEUM INVOLVED IN LITIGATION (Amends Section 1 (4) of this Tariff.):

Carrier shall not be obligated to accept any Crude Petroleum, when nominated for transportation, which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind (except for liens for borrowed money or arising under applicable laws), and Carrier may require of Shipper satisfactory evidence of its perfected and unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Petroleum for transportation, Shipper warrants and guarantees that Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by Carrier as to title.

Item No. 90. PAYMENT OF TRANSPORTATION AND OTHER CHARGES (Amends Section 1 (11) of this Tariff.):

Shipper or Consignee shall pay all applicable transportation charges, and all other lawful charges accruing on Crude Petroleum delivered to and accepted by Carrier for shipment, and if required, shall prepay or guarantee the same before acceptance by the Carrier, or pay the same before delivery. Carrier shall have a lien on all Crude Petroleum in its possession belonging to Shipper or Consignee to secure the payment of any and all unpaid transportation charges, or any lawful charges that are due Carrier that are unpaid by Shipper or Consignees, and may withhold such Crude Petroleum from delivery until all unpaid charges have been paid.

Except as otherwise provided in Shipper's TSA, if any charge remains unpaid after the due date of Carrier's invoice, then such amount due shall bear interest from the date of the invoice until paid, calculated at an annual rate equivalent to 120% of the Prime Rate in effect at the close of the business day on which payment was due, or the maximum rate allowed by law, whichever is the lesser.

Item No. 95. INTERRUPTION AND CURTAILMENT:

Carrier may interrupt, curtail or reduce transportation service to Shippers for such periods of time as it may reasonably require for the purpose of effecting or allowing any repairs, maintenance, replacement, upgrading or other work related to Carrier's system and related facilities or downstream facilities in circumstances which do not constitute a Force Majeure event. If such interruption is due to a planned outage, Carrier shall make a reasonable effort to give prior notice of any operational interruption and, to the extent possible, Carrier shall provide Shipper with reasonable notice of any scheduled shut down for maintenance. Carrier will use commercially reasonable efforts to minimize the extent and duration of any interruption and the impact of such interruption on the operation of Carrier's system.

During such periods of interruption, Carrier shall curtail transportation and, if necessary, allocate available capacity in accordance with the procedures set forth in Item No. 45.

Item No. 100. FORCE MAJEURE (Amends Section 1 (19)(B) of this Tariff.):

Neither Shipper nor Carrier shall be considered in default in the performance of its obligations hereunder (except for Shipper's obligations to make monetary payments or provide Financial Assurances), or be liable in damages or otherwise for any failure or delay in performance, when such failure is caused by reasons beyond the reasonable control of such Party, such as due to a strike, lockout, concerted act of workers or other industrial disturbance, fire, explosion, named storm, earthquake, flood or other natural catastrophe, civil disturbance, riot or armed conflict whether declared or undeclared, acts of terrorism, act of public enemy, war, curtailment, rationing or allocation of normal sources of supply of labor, materials, transportation, energy, or utilities, act of God, epidemic or pandemic, compliance with any act of government and any government regulations (whether or not valid, including the denial, delay, revocation, non-renewal or termination of a permit or license), loss or failure of, accident or damage to equipment or machinery (unless such loss, failure, accident or damage is caused by the gross negligence or willful misconduct of the Party claiming excuse hereunder), the delay or inability of such Party to acquire or retain any rights-of-way or easements or embargo ("Force Majeure"); *provided that* the ability of Shipper or Carrier to obtain better economic terms for the services provided hereunder shall not constitute Force Majeure.

In the event either Shipper or Carrier is rendered unable, wholly or in part, by a Force Majeure event to carry out its obligations or perform under these rules and regulations, it is agreed that on such Party's giving notice and full particulars of such Force Majeure event (including the nature of such event, its effect upon the notifying Party and an estimate of the extent and duration of any such Force Majeure event), in writing to the other Party within a reasonable time after the occurrence of the cause relied on, the obligations of both Parties hereto (except for Shipper's obligation to make monetary payments or provide Financial Assurances), so far as they are affected by such Force Majeure event, shall be suspended during the continuance of any inability to perform so caused, but for no longer period, and such cause shall, so far as possible using commercially reasonable efforts of such Party, be remedied with all reasonable dispatch, except that neither Party shall be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests.

Item No. 105. CLAIMS, SUITS AND TIME FOR FILING (Amends Section 1 (12) of this Tariff.):

Except as otherwise provided in Shipper's TSA, as a condition precedent to recovery from Carrier for loss, damage, or delay in connection with shipment of the Crude Petroleum, claims must be filed in writing with Carrier within 91 days after delivery, loss, or delay of the Crude Petroleum occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed.

Item No. 120. GAUGING AND TESTING (Amends Section 1 (9) of this Tariff.):

Crude Petroleum nominated to Carrier for transportation shall be gauged or metered and may be tested by a representative of Carrier prior to its receipt from Shipper, but Shipper shall have the right to be present or represented at the gauging and testing. Quantities shall be computed from the tank tables on a 100 percent volume basis, or, when agreed upon, quantities may be measured through meters. All shipments will be received and delivered with volume corrected as to temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit. The Centrifuge method, or other methods agreed upon, shall be used for ascertaining the percentage of basic sediment, water or other impurities in the shipment and the full amount of basic sediment, water and other impurities, thus determined, shall be deducted from the corrected volume. Carrier shall have the right to enter upon the premises where Crude Petroleum is received and have access to any and all tanks, storage receptacles, or meters for the purpose of gauging, metering or testing and to make any examination, inspection, measurement or test authorized in these rules and regulations.

Item No. 125. DEDUCTIONS AND QUANTITIES DELIVERABLE (Amends Section 1 (9) of this Tariff.):

- A. All shipments of Crude Petroleum of A.P.I. Gravity of 50 degrees or above shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the facilities of Carrier, with Crude Petroleum of A.P.I. Gravity of 49.9 degrees or less according to the following table:

A.P.I. GRAVITY		% DEDUCTION	
50°	Through	59.9°	1%
60°	Through	74.9°	2%
75°	Through	84.9°	3%
85°	Through	94.9°	4%
95°	Through	104.9°	5%
105°	Through	120.9°	6%

- B. Except as otherwise provided in Shipper's TSA, two-tenths of one percent (0.2%) of the volumes of Crude Petroleum received into Carrier's facilities shall be deducted from such volumes and shall be retained by Carrier to cover loss due to shrinkage and evaporation incident to transportation on Carrier's facilities, and the volumes delivered to Shipper from Carrier's facilities shall be net of such deduction ("Loss Allowance").

Item No. 130. EVIDENCE OF RECEIPTS AND DELIVERIES:

Crude Petroleum received from Shipper and delivered to the Consignee shall, in each instance, be evidenced by tickets, showing opening and closing tank gauges or meter readings, as applicable, temperature, basic sediment and water, and any other data essential to the determination of quantity. Unless otherwise agreed by Carrier, such tickets shall be jointly signed by representatives of Carrier and Shipper or Consignee, as appropriate, and shall constitute full receipt for the Crude Petroleum received or delivered.

Item No. 135. UNLOADING/LOADING AND PUMPING CHARGES:

Shipments unloaded from barges or other vessels, tank trucks, railcars, or third party pipelines into facilities of Carrier, loaded aboard barges or other vessels, tank trucks, railcars and/or delivered into Shipper's or Consignee's tanks or third party pipelines where Carrier has to perform additional pumping or other services or provide facilities may be subject to a per-Barrel charge if specified on individual tariffs making reference to these rules and regulations. Such charges will be in addition to all other transportation charges.

Item No. 140. INTRASYSTEM CHANGE IN OWNERSHIP:

Notice of change in ownership of Crude Petroleum will be recognized and recorded only where such Crude Petroleum entered the Carrier's System and only on a monthly basis. Statements denoting ownership transactions will be provided to the applicable Transferors and Transferees. Carrier will not provide any information as to the quality of the Crude Petroleum subject to changes in ownership except for A.P.I. Gravity on current receipts when requested. A Transferor will be permitted to make only one transfer at a location per month. The Transferee will thence become Shipper and pay all tariff charges from the transfer location.

Carrier shall not be obligated to recognize and record changes in ownership of Crude Petroleum during any Operating Month unless the Transferor and Transferee requesting the Carrier to recognize and record the change in ownership shall, each, on or before the 25th day of the preceding calendar month provide written notice to the Carrier containing like data relative to the kind, quantity, source, location, Transferor and Transferee of the Crude Petroleum. Carrier shall not be obligated to accept any modification in said notice unless confirmed in writing by the Transferor and Transferee on or before the last day of the calendar month preceding the Operating Month.

When the quantity of the Crude Petroleum received during the Operating Month is not equivalent to the quantity of the Crude Petroleum subject to the notice of change in ownership, the Carrier will recognize and record the change in ownership only to the extent of the quantity received.

A notice of change in ownership of Crude Petroleum shall be deemed a warranty that the Transferor has unencumbered title to the Crude Petroleum identified in its notice at the time of change in ownership.

Item No. 150. STORAGE IN TRANSIT (Amends Section 1 (5) of this Tariff.):

Carrier may have working tanks required to support its transportation operations, but has no other available tankage. Therefore, unless otherwise specifically stated in a tariff making reference to these rules and regulations, Carrier does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized under individual tariffs.

Item No. 155. PIPEAGE OR OTHER AGREEMENTS (Amends Section 1 (17) and (18) of this Tariff.):

Separate pipeage and other agreements in association with pipeline connections, Carrier's pipeline system and other related matters in accordance with this tariff shall be required by Carrier before any obligation to provide transportation shall arise.

Item No. 160. EASEMENTS:

Each Shipper shall, and shall cause its affiliates to, grant Carrier and its affiliates without charge, a right of way easement to install, maintain, repair, alter, use, operate and remove such parts of any of Carrier's pipelines or other facilities at any destination or receipt point at which such Shipper's Crude Oil may be delivered as are or shall be located in, on, through and across the land of such Shipper or its affiliates and a right of ingress to and from such pipelines and other facilities.

Item No. 165. RATES

TABLE OF COMMITTED SHIPPER RATES

Rates in Dollars per Barrel, Payable in United States Currency

<u>Origin</u>	<u>Destination</u>	<u>Volume</u>	<u>Rate ⁽¹⁾</u>
Department of Energy ("DOE") Pipeline Texas City, Texas	ExxonMobil Pipeline Company ("EMPCo") Webster Tank Farm Webster, Texas	40,000 Barrels per Day or less	\$0.8000
		40,001 Barrels per Day or greater	\$0.6000

[1] All Committed Shippers will receive the benefit under the incentive fee structure based on volumes transported or paid for (in lieu of being transported) by all shippers. If the total volume during the calendar month exceeds an average rate of 40,000 Barrels per day, the rate for each Barrel up to and including an average of 40,000 Barrels per day shall be \$0.8000 per Barrel, and the rate for each barrel above an average of 40,000 Barrels per day shall be \$0.6000 per Barrel. The rates and average volumes stated herein shall be based on actual days in the calendar month.