

Texas Intrastate Tariff No. PL-3

PRISM LIQUIDS PIPELINE, LLC

LOCAL TARIFF

APPLYING

ON

PETROLEUM CONDENSATE

AS SPECIFIED HEREIN

BETWEEN

POINTS WITHIN TEXAS

SUBJECT TO THE REGULATIONS NAMED HEREIN

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

Effective January 1, 2012

Issued By:

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SECTION I

RULES AND REGULATIONS OF THE RAILROAD COMMISSION OF TEXAS
OIL & GAS RULE 71, PIPELINE TARIFFS
(AMENDED EFFECTIVE AUGUST 25, 2003)

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of Petroleum Condensate 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 two percent (2%) of basic sediment, water, or other impurities above a point six (6) 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 three thousand (3000) barrels of Petroleum Condensate in any one (1) day: and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported there from 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 III: Petroleum Condensate Specifications)**
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 ninety degrees Fahrenheit (90°F), 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 Petroleum Condensate is declared to be forty-two (42) gallons at 231 cubic inches per gallon at sixty degrees Fahrenheit (60°F).
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.
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 (5) days from the date of order of delivery at destination. **(Amended by Section II-5 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.

7. **Minimum Quantity to be Received** – A pipeline shall not be required to receive less than one (1) tank carload 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 five hundred (500) barrels.
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** –
 - a. Except as provided in paragraph (b) of this section, all crude oil tendered to a pipeline for transportation 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 and testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks. **(Amended by Section II-6 of this Tariff.)**
 - 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:
 - (i) Lease Automatic Custody Transfer (LACT) equipment, provided that 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;
 - (ii) any device or method, approved by the Commission or its delegate, which yields accurate measurements of crude oil or condensate. **(Amended by Section II-6 of this Tariff.)**
 - c. Adjustments to the quantities determined by the methods described in subparagraphs (a) or (b) of this paragraph shall be made 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 delivered by the pipeline. In allowing the deductions, it is not the intention of the commission to affect any tax or royalty obligation imposed by laws of Texas on any producer or shipper of crude oil. **(Amended by Section II-6 and II-10 of this Tariff.)**
 - d. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters. **(Amended by Section II-6 and II-10 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 twenty-four (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 rule, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for 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 II-8 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 (5) days after notice of readiness to delivery, 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 forty-eight (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.
12. **Notice of Claims** – Notice of claims for loss, damage or delay in connection with the shipment of oil must be made in writing to the pipeline within ninety-one (91) days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within ninety-one (91) days after a reasonable time for delivery has elapsed.
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 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.** – 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.
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 apportionment.
17. **Interchange of Tonnage** – Pipelines shall provide the necessary connections and facilities for the exchange of tonnage of 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.

18. **Receipt and Delivery (Necessary Facilities for)** – Each pipeline shall install and maintain facilities for the receipt and delivery of marketable Petroleum Condensate of Shippers at any point on its line if the Commission finds that a necessity exists therefore, and under regulations by the Commission.
19. **Fires, Lightning and Leakage, Reports of Loss From** –
 - a. Each pipeline shall immediately notify the Commission, 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 (5) barrels escapes. 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 is 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 rule shall not apply if the loss occurs because of negligence of the pipeline.
 - 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 the 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 (5) years.

SECTION II

SUPPLEMENTAL RULES AND REGULATIONS

1. **Abbreviations and Definitions** –

- | | | |
|-----------|---|---|
| API | - | American Petroleum Institute |
| ASTM | - | American Society for Testing Materials. |
| Carrier | - | Prism Liquids Pipeline LLC |
| Consignee | - | The party, including a connecting pipeline system, to which Shipper has ordered delivery of Petroleum Condensate. |
| Delivery | - | The transfer from Carrier at destination to Consignee. |

- E - Fahrenheit
- In Line Inventory - The Petroleum Condensate in Carrier's custody following Receipt in the Pipeline System and before Delivery to the Consignee.
- Liq. Vol. - Liquid Volume.
- NIL - Zero or no trace as in 0.00 ppm.
- Petroleum Condensate - Refers to crude petroleum which means the direct virgin liquid hydrocarbon production from oil or gas wells, or a blend of such with indirect liquid production in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude petroleum or for acceptability to be commingled with other crude petroleum. Further, crude petroleum must, be ASTM methods, substantially distilled below seven hundred degrees (700°) Fahrenheit.
- Pipeline System - All tanks, lines, valves, fittings, and appurtenant equipment required to transport Petroleum Condensate from origin to destination.
- Ppm - Parts per million
- psia - Pounds per square inch absolute.
- Psig - Pounds per square inch guage.
- Receipt - The transfer from shipper at origin to Carrier.
- Shipper - The party or parties who enter into an agreement with Carrier for the transportation of Petroleum Condensate under the terms and conditions of this Tariff.
- Tariff - Unless otherwise indicated the term Tariff means this Texas Intrastate Tariff, supplements thereto and successive issues thereof.
- Tender - An offer by a shipper to the carrier of a stated quantity of Petroleum Condensate for transportation from origin to destination in accordance with these Rules and Regulations.
- Vol. % - Percent by volume.
- Wt. % - Percent by weight

2. **Owner and Operator** – The Pipeline System covered by this Tariff is owned by Woodlawn Pipeline Co., Inc., but leased and operated by Prism Liquids Pipeline LLC,

(Carrier). Notices should be directed to Carrier at the address set forth on the cover page and payments should be directed to Carrier at the address specified in the invoices.

3. **Transportation Covered** – Carrier makes available pipeline transportation between origin and destination, subject to the terms and conditions of this Tariff. Transportation through the Pipeline System from other origin points or to other destination points, intermediate between origin and destination, will be provided on reasonable, nondiscriminatory rates and terms, consistent with efficient operational practices, by specific arrangement with Carrier.
4. **Additional Specifications and Notice Required** –
 - a. Any Shipper desiring to tender Petroleum Condensate for transportation hereunder shall, on or before the 25th day of the month, give notice to Carrier of the quantity of Petroleum Condensate to be tendered during the following month.
 - b. Carrier may require from each Shipper a certificate from a qualified, competent independent laboratory setting forth, in detail, the specifications of each shipment of Petroleum Condensate proposed for transportation. Additionally, before or after acceptance of the tender of shipment, Carrier shall have the right to conduct such tests on the Petroleum Condensate proposed for shipment as Carrier deems appropriate.
 - c. Any additive or inhibitor to be included in any shipment must first be approved by Carrier before such shipment will be accepted for transportation.
 - d. No Petroleum Condensate will be accepted which has been contaminated by any excessive metals or chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic and/or lead. Topped crude mixtures, chemical plant by-products, and refinery residues will not be accepted for shipment.
5. **Origin and Destination Facilities** – Carrier shall only provide such storage as is incident and necessary to transportation of Petroleum Condensate received for transportation under this Tariff. Carrier does not provide storage facilities at the delivery points. Petroleum Condensate will be received for transportation only when Shipper and Consignee have provided equipment and facilities, including storage facilities, satisfactory to Carrier for receiving Petroleum Condensate without delay at points of destination from Carrier.
6. **Testing, Measuring and Metering** – All shipments for transportation shall be tested, measured or metered by a representative of Carrier prior to, or at the time of, receipt from the Shipper for delivery to Carrier, but the Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, measuring or metering. Quantities shall be measured in accordance with methods set forth in the American Petroleum Institute Manual of Petroleum Measurement Standards, Chapter 5 – Metering. Full deduction will be made for all impurities. The net balance, after deduction, will be the quantity deliverable by Carrier. Carrier will furnish to each Shipper a monthly statement of: (1) volumes received by Carrier for the account of that Shipper, (2) volumes delivered for Shipper's account to each Consignee, and (3) volumes in inventory.
7. **Transportation Charges** – Transportation charges will be assessed by Carrier, at the rates named herein on the basis of the quantity received by Carrier from the Shipper. Transportation charges will be adjusted on the basis of the quantity actually delivered at destination as provided for herein. The payment to Carrier of transportation and all other lawful charges accruing on the Petroleum Condensate accepted by Carrier for transportation may be required before the release of said Petroleum Condensate.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges, and in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this Tariff until such requirement is fully met.

8. **Demurrage Charges** – Carrier shall notify the Consignee of the arrival at destination of each shipment. Upon arrival at destination, the Petroleum Condensate will be delivered to the Consignee into facilities provided by the Consignee. In order to provide space for succeeding shipments and deliveries and to otherwise prevent or relieve congestion in Carrier's facilities, Carrier may give notice to Shippers to remove their Petroleum Condensate from Carrier's facilities. Petroleum Condensate specified in the notice which is not removed at the close of 24 hours from said notice will be subject to a demurrage charge of ten cents (\$.50) per barrel per day until removed.
9. **Connection Contracts Required** – Separate connection agreements in accordance with this Tariff and these regulations covering further details may be required of the proposed Shipper before any duty of transportation shall arise. These connection agreements may include information relating to current and future design requirements of the Pipeline System.
10. **Liability of Shipper** – Shipper, while any product herein described is being transported in the Pipeline System, or in any appurtenant storage or other facilities, shall be liable for its proportionate share of any losses experienced on the Pipeline System.
11. **Ownership and Return of Linefill** – Linefill shall be provided by Shippers and title to same shall remain in Shippers. Each month Carrier shall adjust the linefill so that each Shipper shall provide its prorata amount of linefill based upon a ratio of the total shipments by the Shipper to the total shipments over the respective line for the preceding month. If any Shipper shall cease to ship Petroleum Condensate then upon written notice to Carrier the Shipper's linefill shall be returned to Shipper as part of its last shipment of Petroleum Condensate.

SECTION III

PETROLEUM CONDENSATE SPECIFICATIONS

- 1. Carrier will receive only Petroleum Condensate for transportation under this Tariff subject to contaminant restrictions and product parameters in paragraph 2 of SECTION III. Petroleum Condensate not meeting these specifications will not be accepted unless waived in writing by Carrier.
- 2. Containment restrictions and product parameters:

Petroleum Condensate

ASTM Test

	Product Property	Method	Test Results
(1)	Vapor Pressure At 100°F, psig maximum	D-323-58	15
(2)	Sediment and Water % S&W maximum	D-96-88	1.0
(3)	API Gravity At 60°F, degrees minimum At 60°F, degrees maximum	D-287	45 70
(4)	Sulfur Wt. % maximum	D-4294	0.2
(5)	Organic Chloride ppm maximum	Dorhman Microcoulometer	5
(6)	Other Contaminants		NIL

SECTION IV

RATES

1. The rates published in this Tariff are for transportation within the State of Texas, Counties of Panola and Harrison, and such transportation is subject to the rules and regulations contained herein, and to all applicable rules, regulations and orders of the Railroad commission of Texas and other governmental authorities having jurisdiction.
2. Rates are in cents per barrel applying on PETROLEUM CONDENSATE from the established receiving facilities to the established delivery facilities at points and for products named below:

Origin Points	Delivery Point	Condensate & Crude
Duke Energy Field Services East Texas Plant (Carthage, Panola County, Texas)	<u>Plains All American Pipeline, L.P.</u> Harrison County, Texas	<u>105</u> i, ii ✓
Prism Liquids Pipeline LLC Blocker Lateral Connection Carthage, Panola County, TX	<u>Plains All American Pipeline, L.P.</u> Harrison County, Texas	<u>115</u> i, ii ✓
Prism Liquids Pipeline LLC Cheairs Lateral Connection Carthage, Panola County, TX	<u>Plains All American Pipeline, L.P.</u> Harrison County, Texas	<u>115</u> i, ii ✓
Woodlawn Plant Woodlawn Pipeline Company Harrison County, TX	<u>Plains All American Pipeline, L.P.</u> Harrison County, Texas	<u>90</u> i, ii ✓

- i In addition to all other applicable transportation charges, Shipper shall pay an unloading charge of five cents (\$.050) for each barrel of Petroleum Condensate delivered by tank truck into the truck facilities of Carrier.
- ii Should Transporter agree to accept for shipment any volumes not meeting specifications listed in section III, an additional charge of (\$4.20/BBL) will be assessed on these volumes.

SECTION V

EXPLANATION OF REFERENCE MARKS

- ▲ Change in wording (only the underlined information has a change in wording).
- √ New (only the underlined information is new).
- Unchanged Rate.