

**Texas R.R.C. No. 11**  
Cancels Texas R.R.C. No. 2

**SUNOCO PIPELINE L.P.**  
TEXAS LOCAL TARIFF

CONTAINING

**RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION OF

**CRUDE PETROLEUM**

The rates named in this tariff apply to the intrastate gathering and transportation of Crude Petroleum by pipeline. The general rules and regulations published herein apply only under tariffs making specific reference to this tariff; such reference will include supplements thereto and successive issues thereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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### EXPLANATION OF REFERENCE MARKS:

- [C] Cancel
- [N] New
- [W] Change in wording only

**SECTION I**  
**RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS**  
**RULE 71, PIPELINE TARIFFS**

**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 (3,000) barrels of petroleum 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.

**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 rules, a "barrel" of crude petroleum is declared to be forty-two (42) gallons of 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.

**6. IDENTITY AND 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. [W] MEASURING, TESTING, AND DEDUCTIONS.**

- (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:
  - (i) 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;
  - (ii) 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.

**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 Item No. 6 of this section, 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 Item No. 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Item No. 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 ten (10) days of one-tenth of one cent (\$.001) per barrel; and thereafter at a rate of three-fourths of one cent (\$.0075) per barrel, for each day of twenty-four (24) hours or fractional part thereof.

**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 CLAIM**

Notice of claim 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 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.

**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 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.

**18. RECEIPT AND DELIVERY - FOR NECESSARY FACILITIES**

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.

**19. REPORTS OF LOSS FROM FIRES, LIGHTNING, AND LEAKAGE**

- (A) Each pipeline shall immediately notify the Commission, by telegraph, telephone, or letter, 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 report in writing to the Commission, by the fifteenth (15th) day of the calendar month, the estimated amount of loss of oil by fire or leakage from its tanks and pipelines for the preceding month; but not including leakage or evaporation ordinarily incident to transportation.
- (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 Item No. 19 shall not apply if the loss occurs because of negligence of the pipeline.
- (C) [N] 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.

## SECTION II

### SUPPLEMENTAL SUNOCO PIPELINE L.P. RULES AND REGULATIONS GOVERNING CRUDE PETROLEUM TRANSPORTATION BY PIPELINE

#### 5. DEFINITIONS

"API" means the American Petroleum Institute.

"ASTM" means the American Society for Testing Materials.

"Carrier" or "Pipeline" means Sunoco Pipeline L.P. and other common carrier pipelines participating herein.

"Consignee" means the party to whom a Shipper [W] has directed delivery of Petroleum under the terms of this tariff.

[N] "Consignor" means the party from whom a Shipper has directed receipt of Petroleum under the terms of this tariff.

"Indirect Products" means the liquid products resulting from the operation of gasoline recovery plants, gas recycling plants, and condensate or distillate recovery equipment in oil and gas fields, or the mixture of such products.

"Nomination" means a written designation by a Shipper to Carrier of an approximate quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier over a period of one Operating Month in accordance with these Rules and Regulations.

"Operating Month" for Shipper or Transferor means any month in which Carrier either transports Petroleum or recognizes and records a change in the ownership of Petroleum for the account of such party. For purpose hereof, the month shall be deemed to begin on the first day of such month at 0700 hours until the first day of the succeeding month at 0659 hours [Central Standard or Central Daylight Savings Time, whichever is in effect on the date specified].

"Petroleum" refers to crude petroleum which means the direct virgin liquid products of oil wells ("Crude Oil"), or a mixture of the direct virgin liquid products of oil wells with the Indirect Products, as provided in Item No. 20, [N] or liquids that result from the cooling and/or pressure changes of produced natural gas ("Condensate"). Once these liquids are processed at gas plant or refineries or in any other manner, they are no longer considered Condensates. Condensate commingled with crude is no longer considered Condensate.

"Reid vapor pressure" means the absolute vapor pressure at one-hundred degrees Fahrenheit (100°F) of volatile Petroleum or Indirect Products, herein expressed in pounds per square inch, as determined by test method ASTM D-323.

"Shipper" as herein used means the party who contracts with Carrier for transportation of Petroleum in accordance with these Rules and Regulations.

"Shipper Transfer" means the physical transfer of a stated quantity of Petroleum in custody of Carrier from a Shipper to another Shipper at point of origin.

"Sour Crude Oil" means Petroleum with a sulfur content [W] equal to or greater than five-tenths of one percent (0.5%) by weight, as determined by test method ASTM D-1552 or ASTM D-4294.

[N] "Summer Months" means the months of May, June, July, August, September, and October.

"Sweet Crude Oil" means Petroleum with a sulfur content of less than five-tenths of one percent (0.5%) by weight, as determined by test method ASTM D-1552 or ASTM D-4294.

"Tender" or "Tendering" means an offer of delivery by a Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin point or points of Carrier to a specified destination point or points of Carrier in accordance with these Rules and Regulations.

"Title Transfer" means transfer of ownership reported in the records of Carrier of a stated quantity of Petroleum in the custody of Carrier from one entity, the "Transferor", to another, the "Transferee", at point of destination.

[N] "Winter Months" means the months of January, February, March, April, November, and December.

#### 10. ESTABLISHMENT OF GRADES

Carrier will [W] establish the grades of Petroleum it will regularly transport as a common stream between particular origin point or points and destination point or points of Carrier. Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to transport particular grades of Petroleum.

**15. TENDERS**

All Shippers tendering Petroleum to Carrier will promptly provide Carrier with all Nomination information required by Carrier to schedule the shipment of Petroleum which Shipper desires to be made to satisfy Carrier that Tenders are in good faith and can be transported in conformance with Carrier's tariffs. Carrier may refuse to accept Petroleum for transportation until Shipper has provided Carrier with such information.

Tenders shall become operative in the order in which they are received and accepted by Carrier. Carrier at its option and for its convenience may transport such Petroleum by intermittent pumpings.

Carrier will not be obligated to accept a Tender for any Operating Month unless the Shipper submits its Nomination to the Carrier on or before the twenty-fifth (25th) day of the preceding calendar month.

**20. MIXTURES**

The Indirect Products will be accepted and transported as a mixture with Crude Oil, only under the following conditions:

- 1) The Reid vapor pressure of the Indirect Product shall not exceed forty (40) pounds per square inch, nor the API gravity exceed one-hundred twenty (120) API degrees;
- 2) The resultant mixture contains no more than twenty percent (20%) by volume of Indirect Products, and conforms to the quality specifications of Item No. 25.

The Indirect Products portion of the mixture will be accepted for transportation at reception points other than the one at which the Crude Oil portion is received, provided that the Shipper, the Consignee, and the destination are the same, and that operating conditions and the Carrier's facilities permit the Indirect Products portion to be mixed with the Crude Oil of the same Shipper or Consignee. Carrier reserves the right to limit the volume and/or the rate of injection of Indirect Products, as operating conditions warrant.

The Crude Oil and Indirect Products will be measured and tested separately for determining volumes received. Each such measurement will be made in accordance with Item No. 40.

Mixtures will be transported and delivered as Petroleum only. Nothing in this section is to be construed to waive provisions of Item No. 30 of this tariff or to require the Carrier to receive, transport, and deliver unmixed Indirect Products. However, unmixed Indirect Products may be transported for subsequent mixing with Crude Oil in accordance with this section where facilities exist and operations permit transporting such Indirect Products.

**25. SPECIFICATION REQUIRED AS TO QUALITY**

Carrier reserves the right to reject all Tenders [W] or any part thereof when, in Carrier's sole determination:

- [W] (1) the Reid vapor pressure of the Petroleum exceeds 9.0 PSI in the Summer Months or 10.7 PSI in the Winter Months; the Reid vapor pressure of the Condensate exceeds 11.5 PSI in the Summer Months or 13.7 PSI in the Winter Months;
- (2) the vapor pressure of the Petroleum might result in Carrier's non-compliance with federal, state, or local requirements regarding hydrocarbon emissions;
- [W] (3) the gravity of the Petroleum is less than twenty (20) degrees API or greater than sixty-five (65) degrees API at sixty degrees Fahrenheit (60°F) except when tendered from Carrier's pipeline gathering systems which are directly connected to oil and gas leases;
- (4) the Petroleum contains basic or foreign sediment and water exceeding two percent (2%) by volume;
- (5) the surface of settled sediment and water bottoms in tanks is less than four (4) inches below the bottom of the pipeline connection from which it enters Carrier's facilities;
- (6) the incrustation on internal surfaces of the tank where Petroleum is accepted is excessive as determined by Carrier;
- (7) the iron in the Petroleum exceeds seventy-five parts per million (75 ppm) in whole crude as tested by EPA method 3040;
- (8) the lead in Petroleum exceeds one-twentieth of one part per million (0.05 ppm) in naphtha fraction as tested by EPA method 3040;
- (9) the organic chlorides in the Petroleum exceed five parts per million (5 ppm) in the naphtha fraction as tested by Microcoulometry or Sodium Biphenyl methods, according to ASTM D-4929;
- (10) the Petroleum is Sour Crude Oil, except when it is tendered into a designated Sour Crude Oil pipeline system, when it is tendered from Carrier's pipeline gathering systems which are directly connected to oil and/or gas leases, or when it can be batched;
- (11) the Petroleum contains any other metals, chemicals, salts, or refinery or chemical plant process or by-product materials which Carrier deems to be excessive, or any other material that may adversely affect the refining process [W] or pipeline, as determined by Carrier;
- [N] (12) the temperature of the Petroleum is in excess of one hundred and twenty (120) degrees Fahrenheit.

No [W] Tender will be accepted unless its gravity, viscosity, and other properties are such that it will be readily susceptible to transportation through Carrier's facilities, and provided it will not adversely affect the quality of Petroleum from other Shippers or cause disadvantage to other Shippers or Carrier.

### 30. MIXING OF PRODUCTS IN TRANSIT

Petroleum and Indirect Products will be accepted for transportation only on condition that the mixture shall be subject to changes in gravity or quality while in transit as may result from the mixture of said Petroleum and Indirect Products with other Petroleum or Indirect Products in the pipelines or tanks of Carrier or any connecting pipeline company or companies. Carrier has no obligation to deliver the identical Petroleum received from Shipper but may make delivery from common stock or from Carrier's pipeline stream of substantially like Petroleum.

### 35. ACCEPTANCE FREE FROM LIENS AND CHARGES

Carrier may decline to accept for transportation Petroleum which is involved in litigation or which is not free from liens or charges. [W] By Tendering Petroleum, the Shipper warrants and guarantees that the 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 the Carrier as to title.

### 40. MEASUREMENT, TESTING, VOLUME CORRECTIONS AND DEDUCTIONS

All Petroleum tendered to the Carrier for transportation will be measured and tested in tanks by a representative of Carrier or by automatic equipment approved by Carrier. All measurements will be made in barrels. Carrier only routinely will test for gravity and sediment and water as described herein. When tanks are gauged, all Petroleum will be measured, sampled and tested prior to receipt or delivery. When automatic metering and sampling equipment is used, all Petroleum will be measured and sampled during receipt or delivery, and the quantity determined and tested after such receipt or delivery. Shipper or its Consignee may be present or represented at any measuring and testing.

Where measurement is made in tanks, quantities will be determined from correctly compiled tank tables where the tanks are strapped and tables computed in accordance with Chapter 2, Tank Calibration, *API Manual of Petroleum Measurement Standards*, Latest Edition, indicating one-hundred percent (100%) of the full capacity of the tanks. Where measurement is made by temperature compensated meters, quantities indicated will be further corrected for meter factor and for pressure in accordance with the *API Manual of Petroleum Liquid Hydrocarbons by Pipeline Displacement Meters*.

After meter factor is applied for non-temperature compensated meters, the correction for temperature will be made as described herein.

Where Carrier uses a tank or meter of the Shipper or its Consignee [W] or Consignor, Carrier reserves the right to request restrapping or check-strapping of the tank, and proving or check-proving of the meter.

Except for arithmetic errors, all measurement and testing by a representative of Carrier will be conclusive evidence of the quantity as adjusted herein if a representative of the Shipper or its Consignee [W] or Consignor was not present during such measuring and testing.

Adjustments to the observed gravity and volume will be made on Petroleum received or delivered on the basis of sixty degrees Fahrenheit (60°F) in accordance with Chapter 11.1, Volume 1, 5a, "Generalized Crude Oils, Correction of Observed API Gravity to API Gravity at sixty degrees Fahrenheit (60°F)," *API Manual of Petroleum Measurement Standards*, Latest Edition, and Table 6a, "Generalized Crude Oils, Correction of Volume to sixty degrees Fahrenheit (60°F) against API Gravity at sixty degrees Fahrenheit (60°F)," *American Society of Testing Materials D-1250*. Observed gravity corrections will be made to the nearest one-tenth of one degree (0.1°) API, and observed temperature to be made to the nearest degree Fahrenheit (1.0°F). Volume adjustments will be made for the observed volume temperature at least to the nearest one degree Fahrenheit (1.0°F), and corrected gravity will be made at least to the nearest five tenths degree Fahrenheit (0.5°F) API to the basis of sixty degree Fahrenheit (60°F).

A deduction of one-twentieth of one percent (0.05%) will be made for evaporation and loss during transportation for all Petroleum with an API gravity below fifty (50) degrees. For Petroleum with an API gravity of fifty degrees (50°) and higher, the deduction for loss and evaporation will be:

Degrees API Gravity	Percentage Deduction
50 – 59.9	1%
60 – 69.9	2%
70 – 79.9	3%
80 and above	5%

Deductions will be made for the actual amount of sediment and water (S&W) as determined by the Field Centrifuge Method in accordance with Chapter 10.4, "Standard Methods of Test for Water and Sediment in Crude Oils," *API Manual of Petroleum Measurement Standards*, Latest Edition. Observed



API Gravity and temperature will be determined by the Open Hydrometer Test Method in accordance with Chapter 9.1, "Hydrometer Test Method for Density, Relative Density (Specific Gravity)," *API Manual of Petroleum Measurement Standards*, Latest Edition, or "API Gravity of Crude Petroleum and Liquid Petroleum Products by Hydrometer Method," ASTM D-1298. The sediment and water and gravity tests will be performed by the Carrier.

The net balance at sixty degrees Fahrenheit (60°F) less sediment and water will be the quantity received or delivered by Carrier.

If two or more Carriers are involved with tendered volumes, tests are to be performed by the particular carrier as agreed between carriers.

#### **45. FACILITIES REQUIRED AT ORIGIN AND DESTINATION**

Petroleum will be received for transportation only when Shipper has provided facilities satisfactory to originating and delivering carriers for delivering Petroleum to the pipeline at terminal of receipt and for receiving said Petroleum as it arrives at destination.

In the event Shipper fails to provide adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, or in the event the Shipper or its Consignee refuses to accept the Petroleum at the destination point, Carrier shall have the right to divert or reconsign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to deliver the Petroleum from Carrier's facilities, including the right of public or private sale in a commercially reasonable manner. The Carrier may be a purchaser at such sale. Out of the proceeds of said sale, the Carrier shall deduct all charges lawfully accruing demurrage, transportation and all other applicable charges and all expenses of the sale and the expense of caring for and maintaining the Petroleum until disposed of and the balance shall be held for whomsoever may be lawfully entitled thereto.

#### **50. ORIGIN FACILITIES REQUIRED FOR AUTOMATIC CUSTODY TRANSFER**

When Shipper or its [W] Consignor elects to deliver Petroleum to Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), Shipper or its [W] Consignor will furnish the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by Carrier and any appropriate regulatory body.

In the event automatic custody transfer is made by a metering facility, Shipper or its [W] Consignor will also furnish whatever pumping service is required to ensure that the Petroleum being delivered through the meter is at a pressure in excess of the true vapor pressure of the liquid.

#### **55. APPLICATION OF RATES AND CHARGES**

Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier. Transportation and all other lawful charges will be collected on the basis of net quantities of Petroleum delivered. All net quantities will be determined in the manner provided in item No. 40.

#### **70. PAYMENT OF TRANSPORTATION AND OTHER CHARGES; FINANCE CHARGES; LIEN; SET-OFF**

The transportation and all other charges accruing on all Petroleum accepted for shipment, based on the rate applicable to the destination at which delivery is made, shall be paid in accordance with invoice terms and these Rules and Regulations. Carrier, at its option, may require Shipper to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Carrier.

For Petroleum not released due to failure of Shipper to pay or for Petroleum left in Carrier's custody after the scheduled delivery has expired, Carrier may assess reasonable storage charges and other reasonable charges (including reasonable attorney fees and court costs) incurred with the preservation or sale of the Petroleum.

If such charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full at the rate equal to one-hundred twenty-five percent (125 %) of the prime rate of interest charged by Citibank N.A., New York, New York as of the due date or the maximum finance charge rate allowed by law, whichever is less.

Petroleum tendered to Carrier shall be subject to a lien for all such charges or antecedent unpaid charges. [W] If the Petroleum remains in Carrier's custody more than thirty (30) days after the Tender of delivery by Carrier, Carrier shall have the right to sell the Petroleum at a public or private sale in a commercially reasonable manner to collect such charges.

Carrier reserves the right to set-off any such charges against any monies owed by Carrier to Shipper, or against any Petroleum of the Shipper's in Carrier's custody.

#### **75. WARRANTIES**

Shipper warrants that the Petroleum tendered to Carrier will conform with the Specifications stated in Item No. 25, it will be merchantable and will not be contaminated. Shipper will be liable to Carrier, other Shippers and/or Consignees for any damage, including special, incidental, and consequential, as well as attorney fees, arising from a breach of contract. Transportation of the

Petroleum may be refused or canceled if Carrier determines or is advised that the Petroleum does not meet the requirements of these Rules and Regulations. [W] In addition, if Carrier samples the Petroleum prior to or after tendered by Shipper and if test results determine that the Petroleum is non-merchantable, Shipper will be liable to Carrier for all costs and expenses incurred for such tests for non-merchantable or contaminated Petroleum.

CARRIER DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, CONCERNING THE QUALITY OF THE PETROLEUM.

#### [N] 76. CARRIER'S REMEDIES

The transportation of the Petroleum may be refused or terminated if Carrier determines or is advised that the Petroleum does not meet the requirements of Carrier's rules and regulations. Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right to return, divert, sell, dispose of Petroleum which does not conform to its rules and regulations without notice or liability. Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Petroleum.

Additionally, Carrier reserves the right to sample and test the Petroleum tendered by Shipper. If the Petroleum does not meet the quality specifications set forth in Item 25, Carrier reserves the right to take appropriate action, including but not limited to: (1) requiring the Shipper to test its Petroleum at Carrier's approved laboratory, at Shippers expense, prior to tender to ensure its quality is consistent with Carrier's specifications; (2) suspension; and (3) permanent disconnection.

#### 80. LIMITATION OF LIABILITY

Except in force majeure situations, the correction of a nonconformity, the payment of the difference between the posted price for similar Petroleum in the area of origin and the value of the degraded Petroleum, or the replacement of the Petroleum, at Carrier's option, will constitute fulfillment of all liabilities of Carrier whether the liabilities are based on contract, negligence or otherwise. Carrier will not be liable for special, consequential or incidental damages.

#### 85. PIPEAGE CONTRACTS REQUIRED

Separate pipeage contracts in accordance with this tariff and these Rules and Regulations covering further details may be required of a Shipper before any duty to transport will arise.

#### 90. CLAIMS AND TIMES FOR FILING

Suits arising out of claims pursuant to Item No. 12, Section I, of these Rules and Regulations, must be instituted against Carrier only within two (2) years from the time when the carrier delivers, or tenders delivery of the Petroleum or, in case of failure to make or tender delivery, then within (2) years after a reasonable time for delivery has elapsed. Where claims are not filed or suits not instituted there on in accordance with the foregoing provisions, carrier will not be liable and such claims will not be paid.

#### 95. DUTY OF CARRIER

Carrier shall not be required to transport Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation, and other material factors.

#### 100. APPLICATION OF RATES FROM AND TO INTERMEDIATE POINTS

Carrier will receive Petroleum for pipeline transportation only from and to established origin and delivery stations or terminals.

Petroleum received at an established origin station, on Carrier's system, which is not named in tariffs making reference hereto, but which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect from the next more distant point published in the tariff.

Petroleum delivered to an established delivery station or terminal, on Carrier's system, which is not named in tariffs making reference hereto, but which is intermediate to a point to which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect to the next more distant point published in the tariff.

#### 105. INTRASYSTEM TRANSFERS

Carrier will allow Shipper transfers and Title Transfers (collectively, "Transfers") for Petroleum in custody of Carrier. A charge of two-hundred dollars (\$200.00) will be made to each Shipper or Transferor directing such transfers, except that each Shipper is allowed one free Title Transfer per month.

Only one Shipper Transfer will be allowed per movement and Shipper or Transferee accepting volumes on a Shipper Transfer will be the Shipper of record. Shipper Transfer must be made at point of origin.

Carrier will not be obligated to accept any transfer requests made after the twenty fifth day (25<sup>th</sup>) of the month preceding the Operating Month. A transfer request, if recognized, must be confirmed by both the Transferor and Transferee within forty-eight (48) hours after the transfer request is made, in writing or by facsimile, to Carrier. Such transfer request will indicate the party to which the transfer is to be made, the amount of Petroleum to be transferred, and its location and grade.

The Carrier will not be obligated to recognize any intrasystem transfers and will incur no liability with respect thereto for any losses or damage accruing to any Shipper or Transferor involved in any intrasystem transfers.

#### **110. CORROSION INHIBITORS OR DRAG REDUCING AGENTS**

Carrier reserves the right to inject or approve the injection of corrosion inhibitors or drag reducing agents in the Petroleum to be transported.

#### **115. CONNECTION REQUIREMENTS**

All proposed receiving or delivery connections must meet Tender, tankage, hourly flow rate conditions, and metering requirements as they exist at the time of requested connection and must also have provisions which will allow for increases to maximum line flow rate and pressure conditions. All proposed connection designs must be approved by Carrier.

#### **120. COMMODITY**

Carrier is engaged exclusively in the transportation of Petroleum specified and described in Item No. 25 of this section and, therefore, will not accept any other commodities for transportation. No Petroleum will be received for shipment except good merchantable Petroleum of substantially the same kind and quality as that being currently transported through the same facilities for other shippers. Petroleum of substantially different grade or quality will be received for transportation only in such quantities and upon such terms and conditions as Carrier and Shipper may agree.

#### **[W] 125. APPORTIONMENT**

If, during any period, the total nomination to Carrier over any segment of the Carrier's system exceeds the capacity of that segment, the nominated volumes over that segment shall be apportioned equitably in accordance with Item No. 16 of Section I of these Rules and Regulations.

No Shipper may nominate volumes which exceed the capacity of Carrier's system to transport.

If a Shipper fails to use their apportioned space in a month of proration and such failure is, in the sole opinion of Carrier, not due to causes beyond the reasonable control of the Shipper, that Shipper's apportioned space for the subsequent prorated scheduling month shall be reduced by up to the amount of the unused space.

#### **[N] 130. LINE FILL AND TANK BOTTOMS INVENTORY REQUIREMENTS**

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system. Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes to be cleared from Carrier's system, and any unpaid account receivables, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.