

DBM Oil Services, LLC

LOCAL TARIFF

CONTAINING
RULES, REGULATIONS, AND CHARGES
APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM
(as defined herein)

BY PIPELINE

RECEIVED
R.R.C. OF TEXAS

MAY 16 2018

GAS SERVICES DIVISION
AUSTIN, TEXAS

Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements hereto and reissues hereof. Specific rules and regulations published in individual tariffs will take precedence over the rules and regulations published herein.

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**SECTION I
RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS
OIL AND GAS RULE §3.71, PIPELINE TARIFFS**

Carrier, as defined in Section II, incorporates by reference into this tariff the rules and regulations set forth in Title 16, Rule § 3.71 of the Texas Administrative Code.

SECTION II
SUPPLEMENTAL RULES AND REGULATIONS

The requirements of Section II will be in addition to the requirements set forth in Section I. In case of discrepancies in the requirements between the Sections, the requirements in Section II will take precedence and govern over the requirements in Section I, to the extent permitted by Law.

ITEM 1. DEFINITIONS:

For the purposes of Sections II and III, the following capitalized terms have the meanings ascribed to them below:

"Adequate Assurance of Performance" shall have the meaning set forth in Item 13.

"Affiliate(s)" shall mean, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. The term **"control"** (including its derivatives and similar terms) means possessing the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise.

"Available Destination Point Capacity" has the meaning set forth in Item 9.D.

"Barrel" shall mean a barrel of forty-two (42) gallons, corrected for temperature to sixty degrees (60°) Fahrenheit, in accordance with A.S.T.M.-I.P. Petroleum Measurement tables using the latest revision thereof.

"Base Period" shall mean the twelve (12)-month period, beginning thirteen (13) calendar months prior to the Proration Month and excluding the calendar month immediately preceding the Proration Month. If Carrier has been in operation less than twelve (12) months, the Base Period shall be the number of months during which the Carrier has been in operation, excluding the month preceding the Proration Month.

"Carrier" shall mean DBM Oil Services, LLC.

"Committed Shipper" shall mean a Shipper that has a currently effective transportation services agreement with Carrier that was entered into as part of an open season.

"Crude Oil" shall mean (i) the direct liquid hydrocarbon production from oil or gas wells, or blend of such, 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, and (ii) condensate that falls from the natural gas stream. Crude Oil for purposes of this Agreement shall meet the Quality Specifications set forth in Item 3.

"Destination Point(s)" shall mean the point or points on Carrier's System where Crude Oil is delivered to Shipper, as such points are specified in Carrier's tariffs.

"Encumbered Crude Oil" shall have the meaning set forth in Item 17.

"Firm Tranche One Capacity" shall have the meaning set forth in Item 9.B.iv.

"Force Majeure" shall mean causes, conditions, events or circumstances that are beyond the reasonable control of the party claiming Force Majeure. Such causes, conditions, events and circumstances will include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, arrests and restraints of governmental authorities,

either federal, state, or local, inability of any party to obtain necessary materials or supplies at reasonable market costs or permits due to existing or future rules, orders and Laws of governmental or judicial authorities (federal, state, local, or otherwise), interruptions by government or court orders, present and future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, sabotage, and partial or entire loss of market. Breakage of or accident to machinery or lines of pipe, the necessity for making inspections, maintenance (planned or unplanned), repairs, replacements, relocations, or alterations to machinery or lines of pipe, freezing of Wells or lines of pipe, or partial or entire failure of Wells will be considered Force Majeure if the party claiming Force Majeure has not caused the condition and the cause of the condition was out of the control of such party. Force Majeure could include any other causes, whether of the kind herein enumerated or otherwise not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to overcome, such as the inability to acquire, or the delays in acquiring, at reasonable market cost and after the exercise of reasonable diligence, any servitude, right-of-way grants, permits, or licenses required to be obtained to enable a party hereto to fulfill its obligations hereunder. The inability of a party to be profitable or to secure funds, arrange bank loans or other financing, or to obtain credit will not be regarded as an event of Force Majeure.

"HVP Crude Oil" means Crude Oil with a Reid Vapor Pressure greater than 9 psi; provided, however, that in the context of measurement or description of volume, Crude Oil delivered to an Origin Point with a Reid Vapor Pressure greater than 9 psi, as corrected to standard pressure and temperature.

"Law" shall mean all applicable and valid orders, laws, rules and regulations of duly constituted governmental authorities having jurisdiction or control over Carrier and/or Shipper, their facilities or Crude Oil supplies, this tariff, or any provisions hereof.

"Line Fill" shall have the meaning set forth in Item 14 of this tariff.

"Monthly Volume Commitment" means the volume of Crude Oil that a Committed Shipper agrees to ship or nevertheless pay for, on a monthly basis, as such amount is set forth in the Committed Shipper's transportation services agreement with Carrier.

"Nomination," "Nominate," or "Nominating" shall mean a written offer (in form and context specified by Carrier) made by a Shipper to Carrier of a stated quantity of Crude Oil for transportation and Treating Services from a specified Origin Point to a specified Destination Point pursuant to the terms of this tariff.

"Origin Point(s)" shall mean the point or points where Crude Oil is received into Carrier's System, as such points are specified in this tariff.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, or limited liability company.

"Proration Month" means the month for which capacity on Carrier's System is subject to prorationing under Item 9 of this tariff.

"Quality Specifications" shall have the meaning set forth in Item 3(A) of this tariff.

"Shipper" shall mean a party who contracts with Carrier for transportation and Treating Services of Crude Oil as defined herein and under the terms of this tariff.

"System" shall mean Carrier's pipeline system, including all appurtenances thereto related to the provision of transportation services owned by Carrier, as well as the facilities located along the pipeline system that Carrier uses to provide Treating Services.

"Tender," "Tenders," or "Tendered" shall mean the presentation by a Shipper to Carrier of a stated quantity of Crude Oil for transportation and Treating Services from a specified Origin Point to a specified Destination Point in accordance with this tariff.

"Tranche" shall mean a particular portion of the capacity of the System. Tranche One is currently available to provide the services specified in Rate Table One of this tariff. Other tranches will be created and available for use if the System is expanded, and, in such event, Carrier will update the tariff to reflect the addition of any such tranches.

"Tranche One" shall mean the Tranche of capacity that was offered for commitment by Carrier during the open season that was held beginning in December 2017 and which provides the services set forth in Rate Table One of this tariff. The Origin Points applicable to Tranche One are set forth in Section IV of this tariff.

"Tranche One Committed Shipper" means a Committed Shipper that entered into a TSA with Carrier during the open season Carrier held beginning on December 13, 2017.

"Tranche One New Shipper" means an Uncommitted Shipper that does not qualify as a Tranche One Regular Shipper.

"Tranche One Priority Committed Shipper" means a Tranche One Committed Shipper that, in accordance with Item 9.B.ii, has elected to receive Tranche One Priority Committed Shipper Capacity during a Proration Month in exchange for paying the rate applicable to Tranche One Priority Committed Shippers.

"Tranche One Priority Committed Shipper Capacity" shall mean the ninety-five percent (95%) of Tranche One's available capacity in a Proration Month (or of a line segment on Tranche One's available capacity in a Proration Month) that is reserved for allocation to Tranche One Priority Committed Shippers in accordance with the provisions of Item 9.B of this tariff.

"Tranche One Regular Shipper" shall mean either (i) an Uncommitted Shipper that has shipped Crude Oil on Tranche One of Carrier's System during each month of the Base Period, or (ii) a Tranche One Committed Shipper that has not elected to become a Tranche One Priority Committed Shipper in a Proration Month pursuant to Item 9.b.

"Tranche One Uncommitted Shipper" means any Shipper seeking transportation service on Tranche One in a Proration Month that is not a Tranche One Priority Committed Shipper.

"Treating Services" has the meaning set forth in Item 5.

"Unremoved Crude Oil" shall mean Crude Oil that Shipper is unable or refuses to receive upon Carrier's delivery at the Nominated Destination Point.

ITEM 2. COMMODITY:

Carrier is engaged in the transportation and treating of Crude Oil, as that term is defined herein, and therefore will not accept any other commodity for transportation and Treating Services under this tariff.

ITEM 3. SPECIFICATIONS AS TO QUALITY:

- A. The specifications set forth in this Item 3 (the **"Quality Specifications"**), which may be amended by Carrier from time to time, are the required specifications for the Crude Oil and shall apply to each Barrel of Shipper's Tender and shall not be limited to the composite sample of the Tender, except where noted.

Receipt Pressure	150 to 350 psig
Receipt Temperature	75 - 165°F
MAOP	1400
Quality	Less than 2.0 ppmw H ₂ S
	Less than 50.0 ppbv O ₂
	No free gas at delivery conditions
	No solids greater than 50 Micron
	Less than 0.50% BS&W
	Less than 0.30 wt% Sulfur
	Pour Point less than 0°F
	Wax appearance temperature less than 120°F
	Total acid less than 0.10 mg KOH/g
	Metal content less than 2.0 mg/kg
	No chlorinated or oxygenated hydrocarbons

- B. In addition to meeting the specifications set forth in Paragraph A, Crude Oil delivered to the Origin Point(s) must also be good merchantable Crude Oil of such viscosity, pour point and temperature as will permit it being freely handled and gathered under conditions existing in the System, and which is properly warranted. Crude Oil is to be free of any contamination that might render such Crude Oil unusable for its commonly used applications, or that would be injurious to pipelines, meters or other facilities, or that may interfere with the processing, refining, transmission or commercial utilization of such Crude Oil. Specific contaminants include (but are not limited to) dirt, rust, scale, and all other types of solid contaminants, caustic, amines, chlorides, heavy metals, oxygenates, inerts, and any component added to the product to enhance the ability to meet the specifications contained herein. Crude Oil shall contain no active bacteria or bacterial agent, including but not limited to sulphate reducing bacteria and acid producing bacteria, or any hazardous or toxic substances.
- C. Carrier reserves the right to reject any Crude Oil not meeting the Quality Specifications. Carrier may also reject any Crude Oil having other characteristics that will cause it to not be readily gathered through the System or which will materially affect or damage the quality of other shipments or cause disadvantage to other shippers and/or the System.
- D. Notwithstanding the specifications in this Item 3, should any connecting carrier or other downstream party notify Carrier of a different or additional quality specifications required for the receipt of Crude Oil from the System, then Carrier will notify Shipper of any such different or additional specifications as soon as practicable after being notified by such connecting carrier or other downstream party, and such specifications will, upon Shipper's receipt of such notice, be deemed to amend the above Quality Specifications for as long as required by such connecting carrier or other downstream party.

ITEM 4. MINIMUM TENDER:

Crude Oil of the required Quality Specifications shall be Tendered for transportation and Treating Services in quantities not less than 500 barrels per day, except that Carrier may, in its sole discretion, may accept any quantity of Crude Oil if such quantity can be consolidated with other Crude Oil such that Carrier can make a Single Delivery to satisfy the requirements listed herein. The term "**Single Delivery**"

as used herein means a delivery of Crude Oil in one continuous operation into a single facility to which Carrier is connected.

ITEM 5. TREATING SERVICES:

Carrier provides treating services as part of the transportation services offered under this tariff to ensure that the System's common stream conforms to the quality specifications of the pipelines that connect to the System at the Destination Points ("**Treating Services**").

All of the Crude Oil that Shipper Tenders to Carrier at an Origin Point shall be subject to such Treating Services. Carrier shall make the natural gas, natural gas liquids, and waste water volumes that are produced from treating Shipper's Crude Oil available to Shipper at the tailgate of each of the facilities that perform the Treating Services in a month, and Shipper shall be required to receive or otherwise dispose of such natural gas, natural gas liquids, and waste water in a timely fashion, at its sole expense.

Carrier shall determine natural gas, natural gas liquids, and waste water that are produced from treating Shipper's Crude Oil in a month by multiplying the total natural gas, natural gas liquids, and waste water as measured at the applicable outlet meter at a particular treating facility times a fraction, (i) the numerator of which equals the volume or quantity of each such component as measured at such Origin Point, and (ii) the denominator of which equals the total volume or quantity of each such component as measured at all Receipt Points.

Carrier shall have no obligation to accept Shipper's Crude Oil for this tariff until Shipper has provided information to Carrier that sufficiently demonstrates Shipper has made such arrangements

To reflect the impact of the Treating Services, the quantity of Crude Oil that Carrier delivers to Shipper at the Destination Points each Month shall be reduced to reflect the amount of natural gas, natural gas liquids and waste water received by Shipper or its designee for that month pursuant to this Item 5.

ITEM 6. MEASUREMENT AND TESTING:**A. Shipper Reporting and Compliance.**

- i. Shipper is solely responsible for (i) acquiring all regulatory approvals required respecting delivery and metering of Shipper's HVP Crude Oil and, if any, non-HVP Crude Oil, and (ii) all regulatory compliance and reporting obligations respecting delivery and metering of Shipper's HVP Crude Oil and, if any, non-HVP Crude Oil.
- ii. Carrier shall conduct its Crude Oil measurement, sampling and testing procedures and protocols in a manner supporting Shipper compliance and reporting under applicable regulations. Carrier shall provide Shipper HVP Crude Oil and, if any, non-HVP Crude Oil Origin Point measurement and sampling information supporting Shipper compliance and reporting under applicable regulations, including (i) corrected Crude Oil volumes, (ii) Crude Oil volume correction factor, (iii) Crude Oil API Gravity and BS&W content.

B. Measurement.

- i. The unit of volume for measurement of Crude Oil herein is one Barrel, corrected for pressure and temperature to 60° Fahrenheit in accordance with ASTM-IP Petroleum Measurement tables using the latest revisions thereof.
- ii. Atmospheric pressure used for measurement purposes is the average actual atmospheric pressure for the geographical area as determined by Carrier. If the pressure transmitter being used is capable of measuring actual atmospheric pressure, then actual atmospheric pressure may be used. Carrier shall determine pressure measurements using an electronic pressure transmitter with a manufacturer published accuracy of 0.075 % of span or better. Pressure measurement may not exceed +/- 0.2 psig rounded to the nearest tenth psig from a certified calibration device.
- iii. Carrier shall determine temperature measurements using an electronic temperature transmitter with a manufacturer published accuracy of 0.1% of span or better. Temperature measurements may not exceed +/- 0.2 degree Fahrenheit, rounded to the nearest tenth psig, from a certified calibration device. Meter temperature sensing devices may not be located more than four feet from the meters. A separate temperature thermometer must be provided next to each electronic temperature sensing device for insertion of a test thermometer for routine testing.
- iv. Carrier shall determine BS&W in accordance with industry standards.
- v. Carrier shall (i) design, install, calibrate, and prove meters in accordance with the latest API MPMS and ASTM standards at the time of installation, (ii) maintain meter case pressure of 20 psi above bubble point pressure of the Crude Oil, (iii) operate meters within manufacturer's suggested capacity and pressure rating, (iv) protect meters from pressure pulsations and surges by using adequate stabilizers or dampeners, and (v) install piping to prevent metered oil from circulating back through the meters by way of relief valves and drains.

C. Sampling.

- i. Carrier shall design, construct, install and operate liquid sampling systems appropriate for sampling HVP Crude Oil and non-HVP Crude Oil based on industry standards and best practices for laboratory analysis and equations of state. Carrier shall install sample probes, with piping sized to meet minimum velocities in accordance with API MPMS 8.2. Static mixers must meet API MPMS 8.3 requirements. Carrier shall determine sample increment size and sample interval in proportion to flow and the total volume collected for the run or batch so as not exceed the capacity of the container.
- ii. Carrier shall conduct HVP Crude Oil and non-HVP Crude Oil sampling in accordance with industry standards and practices, and conduct sampling as frequently as Carrier deems necessary to operate the System.
- iii. Carrier shall use sampling procedures for HVP Crude Oil and non-HVP Crude Oil to determine stream composition, volume correction factor for adjusting to standard conditions, specific gravity and API gravity of the "shrunk" oil contained in the HVP Crude Oil, BS&W content, and Vapor Gas volume factor and quality contained in the HVP Crude Oil.

D. Testing.

- i. Carrier shall prove meters at the earlier to occur of every 100,000 Barrels or once each Month, in accordance with API MPMS Chapter 4 and Chapter 12. Carrier shall complete a minimum of five proving runs, with the acceptable count deviation between each such run being within 0.050%. If count deviation between proving runs exceeds 0.050%, then Carrier shall complete 10 additional proving runs and average the counts of all such proving runs. Carrier shall operate meters a minimum of 10 minutes and until all conditions stabilize before calibration proving is started. Carrier shall adjust meters to control factors immediately prior to proving.
- ii. If a meter test shows an error of more than 2.0% in measurement, then Carrier shall make corrections for the period that the measurement instruments were in error, first, by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations, or second, by using the registration of Shipper's check meter, if such check meter is installed and registering accurately. If neither method is feasible, then Carrier shall make corrections by estimating the volume and quality delivered, based upon deliveries under similar conditions during a period of time when the equipment was registering accurately. If such time period cannot be ascertained, Carrier shall make such corrections for one-half of the time period elapsed since the last date of test, and shall adjust the subject meter to measure accurately.
- iii. If a meter sampler or ancillary measurement facility is out of service or registering inaccurately, Carrier and Shipper (each a "**Party**" and collectively the "**Parties**") shall determine the volumes delivered to such meter or measurement facility during such period (i) first, by using the registration of any check meter or meters, if installed and accurately registering, or if such check meter registration is not working properly, by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation, or (ii) second, by estimating the volumes received or delivered by reference to receipts or deliveries during periods under similar conditions when the meter was registering accurately.

- iv. Carrier shall use meter batches, meter proving procedures, and reports for determining custody transfers, except where a discrepancy exists between the net meter batches and any other available information. The Party discovering a discrepancy shall promptly deliver notice to the other Party, and the Parties shall investigate the discrepancy and attempt to resolve any dispute by mutual agreement. If there is an indication of measurement error, Carrier shall conduct a prompt test of such measurement equipment in the presence of both Parties. If the meter factor deviates from the previous proving by more than 0.25% during such test, then an operational check must be performed to determine the cause for the factor shift. If the cause of such deviation cannot be determined and corrected, then Carrier shall promptly repair or replace such meter. Each Party shall preserve or cause to be preserved for mutual use all test data in accordance with the applicable rules and regulations of regulatory bodies having jurisdiction, if any, respecting the retention of such records, and for at least two years following the end of the calendar year in which the transactions or events underlying such records or data occurred.
- v. Carrier shall correct, and adjust back to the point in time when inaccuracies first occurred, volume inaccuracies greater than or equal to 0.5% that are found to be the result of pulsation, vibration, or harmonic wave distortion caused by compressors, pumps, or other production equipment upstream of the Origin Points. Production equipment upstream of the Receipt Point(s) shall be designed and operated in a manner that will not interfere with acceptable measurement standards. If such interference is detected, Carrier shall notify Shipper and Shipper shall have sixty (60) Days to correct or cause to be corrected the problems causing measurement errors due to pulsation, vibration, or harmonic wave distortion caused by compressors, pumps, or other production equipment upstream of the Receipt Point(s).
- vi. Each Party may inspect measurement equipment installed or furnished by the other Party and measurement or testing data from such equipment during regular business hours, provided that reading, calibration, and adjustment of such equipment shall be done exclusively by the Party owning such equipment.
- vii. Each Party shall preserve all original test data and other similar records in such Party's possession for a period of at least two years or the time required by any applicable law or regulation, whichever is greater. Upon written request, a Party shall make all data and other similar records available to the requesting Party, subject to return within 60 Days after delivery.

ITEM 7. IDENTITY OF CRUDE PETROLEUM, MAINTENANCE OF:

- A. Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Oil that may occur from commingling or intermixing Shipper's Crude Oil with other Crude Oil in the same common stream while in transit, or during Treating Services.
- B. Carrier shall have no responsibility in, or for, any revaluation or settlements that may be deemed appropriate by Shippers because of mixing or commingling of Crude Oil between the receipt and delivery of such shipments by Carrier within the same common stream.
- C. Carrier shall not be required to transport and treat Crude Oil except with reasonable diligence, considering the quality of the Crude Oil, the distance of transportation and other material elements. Carrier cannot commit to delivering Crude Oil at a particular time.

ITEM 8. NOMINATIONS REQUIRED:

- A. Crude Oil for transportation and Treating Services on Carrier's System will be received only on properly executed Nominations from Shipper showing the Origin Point at which the Crude Oil is to be received, the Destination Point at which the Crude Oil is to be delivered, the amount of Crude Oil to be transported and treated, and the Tranche of capacity on the System that Shipper is seeking service on during the month. Carrier may refuse to accept Crude Oil for transportation and Treating Services if Shipper has not furnished documentation demonstrating that it has made provision for prompt receipt thereof at the Nominated Destination Point.
- B. Any Shipper desiring to Nominate Crude Oil for transportation and Treating Services shall make such Nomination to Carrier in writing on or before the fifteenth (15th) day of the month preceding the month during which the transportation and Treating Services under the Nomination is to begin; except that, if space is available for current movement, Carrier, in its sole discretion, may consider a Nomination from Shipper for transportation and Treating Services of Crude Oil submitted after the fifteenth (15th) day of the month preceding the month during which the transportation and Treating Services under the Nomination is to begin. If the twentieth day of the month in which Nominations are due falls on a weekend or on a holiday, Nominations will be moved to the next earlier business day.
- C. Carrier may refuse to accept Crude Oil for transportation and Treating Services if Shipper is not in compliance with other provisions of this tariff or where Shipper has failed to comply with all applicable Law regulating shipments of Crude Oil.
- D. Carrier will accept only good faith Nominations from Shippers and Carrier shall use whatever reasonable means necessary to determine whether Nominations have been made in good faith. Shipper has an obligation to cooperate with Carrier inquiries regarding whether Shipper's nomination is a good faith Nomination. The phrase "good faith" as used in this subpart (D) means the non-contingent ability and willingness of Shipper to deliver to Carrier at the Origins specified in Shipper's Nomination all of the Barrels Shipper nominated for service for the month covered by the Nomination. If Carrier determines, in its sole direction, that all or a portion of a Nomination does not constitute a good faith Nomination, Carrier may reject the Nomination (or the portion thereof) that Carrier determines was not a good faith Nomination.
- E. Carrier will transport and treat accepted Crude Oil during regular business hours, as established by Carrier from time to time. Carrier may refuse to accept Crude Oil for transportation and Treating Services outside of those regular business hours.

ITEM 9. OFFERS IN EXCESS OF FACILITIES:

- A. When Carrier receives more Nominations in a month for transportation and Treating Services of Crude Oil on a particular Tranche than Carrier is able to provide on that Tranche, Carrier shall allocate the capacity of that Tranche under the applicable provisions of this Item 9. The capacity of each Tranche on the System shall be allocated independently and separately from the capacity of the other Tranches on the System. Within each Tranche, Carrier may allocate capacity on a line segment by line segment basis, with the particular line segments being determined by Carrier. The capacity available on each line segment will vary based on a variety of factors; therefore, the available capacity on one line segment may differ from the available capacity on another line segment. In no event will a Shipper be allocated more capacity for a Tranche or a line segment than the Tranche or line segment is physically able to receive or transport during the Proration Month. In addition to allocating available capacity based upon Tranches and line segments, Carrier may also, if necessary, allocate available capacity based upon the Nominated Destination Point, as described further in this Item 9.
- B. **Allocation of Tranche One Capacity**

- i. Available capacity on Tranche One shall be divided between Tranche One Priority Committed Shippers as a class and Tranche One Uncommitted Shippers as a class.
- ii. Within five (5) days after Carrier receives Nominations for services in a month pursuant to Item 8, Carrier shall notify all Tranche One Committed Shippers that submitted a Nomination for service on Tranche One whether Tranche One (or any portion thereof) will be in prorationing for the month, which determination will be based upon the amount of Nominations for services on Tranche One that Carrier received. After receipt of such notice, each Tranche One Committed Shipper shall have three days to notify Carrier whether it wishes to exercise its right, under its transportation services agreement, to become a Tranche One Priority Committed Shipper for that month, and, as a result, to obtain Tranche One Priority Committed Shipper Capacity for that month. If a Tranche One Committed Shipper does not notify Carrier within the time period permitted, or notifies Carrier that it does not wish to become a Tranche One Priority Committed Shipper for that month, the Tranche One Committed Shipper will be treated as a Regular Shipper for that month and will be allocated capacity under Item 9.B.v. The rights under this Item 9.B.ii to become a Tranche One Priority Committed Shipper are only available to Tranche One Committed Shippers; any other Committed Shipper will be treated as a Tranche One Regular Shipper for purposes of allocation under this Item 9.B.
- iii. Allocation of Tranche One Capacity to Tranche One New Shippers:
 - 1. Carrier shall first allocate not more than five percent (5%) of the available capacity on Tranche One (or a particular line segment thereof) to Tranche One New Shippers seeking service on Tranche One during the Proration Month.
 - 2. Each such Tranche One New Shipper shall be allocated an amount of capacity during the Proration Month that is equal to its Nomination, provided that in no event will any Tranche One New Shipper be allocated more than a maximum of five hundred (500) Barrels per day, in aggregate, on Tranche One; and further provided that if the total volume allocated among all Tranche One New Shippers would exceed five percent (5%) of the available capacity on a particular line segment of Tranche One, then each Tranche One New Shipper's allocation for that line segment will be reduced on a pro rata basis, in accordance with its Nomination, so that the allocation to all Tranche One New Shippers in the aggregate does not exceed five percent (5%) of the available capacity on the line segment of Tranche One. If a Tranche One New Shipper is unable to arrange for the delivery of its Crude Oil at the Destination Point, then that Tranche One New Shipper's Nomination shall be deemed to be reduced by the volume that such Tranche One New Shipper is unable to arrange delivery for at the Destination Point.
 - 3. For each Destination Point, each Tranche One New Shipper shall be limited to its proportionate share of five percent (5%) of the Available Destination Point Capacity for that Destination Point. As used in this item, a Tranche One New Shipper's "proportionate share" shall be the percentage equal to the Tranche One New Shipper's Nomination for services to that Destination Point on Tranche One, divided by the total Nominations by all Tranche One New Shippers seeking service on Tranche One to that Destination Point. Any Nomination by a Tranche One New Shipper to a Destination Point that is in excess of the shipper's proportionate share must be re-nominated to another Destination Point.
- iv. Allocation to Tranche One Priority Committed Shippers:

1. After allocating not more than five percent (5%) of the available capacity on Tranche One (or a particular line segment thereof) to Tranche One New Shippers under subpart (iii) of this Item 9.B, Carrier shall determine the amount of Firm Tranche One Capacity, where "**Firm Tranche One Capacity**" means the capacity by which Nominations from Tranche One Priority Committed Shippers and Tranche One Regular Shippers exceeded the Tranche One capacity not allocated to Tranche One New Shippers. For example, if Carrier receives Nominations totaling 130,000 Barrels for Tranche One service in a month but it only has 100,000 Barrels of Tranche One capacity available after Tranche One New Shipper allocations, then Tranche One was over-nominated by 30,000 Barrels and the Firm Tranche One Capacity in this instance would equal 30,000 Barrels. Tranche One Priority Committed Shippers shall have a firm right to the Firm Tranche One Capacity and, pursuant to Rate Table One in Section III of this Tariff, Tranche One Priority Committed Shippers shall be subject to the Premium Committed Shipper Rate for Barrels of Crude Oil they ship using the Firm Tranche One Capacity.
2. Carrier shall allocate each Tranche One Priority Committed Shipper a portion of the Tranche One Priority Committed Shipper Capacity equal to the lesser of the Tranche One Priority Committed Shipper's (i) Nomination for the Proration Month, or (ii) Monthly Volume Commitment.
3. For each Destination Point, a Tranche One Priority Committed Shipper shall be limited to its proportionate share of the Tranche One Priority Committed Shipper Capacity that is available at that Destination Point, which amount will be determined based upon the capacity of the facilities required to provide Treating Services that are located immediately upstream of the Destination Point ("**Available Destination Point Capacity**"). As used in this item, a Tranche One Priority Committed Shipper's "proportionate share" shall be the percentage equal to the Tranche One Priority Committed Shipper's Monthly Volume Commitment, as set forth in the shipper's transportation services agreement with Carrier, divided by the total volume commitments of all Tranche One Priority Committed Shippers, as such amounts are defined in the those shippers' transportation services agreements with Carrier. Any Nomination by a Tranche One Priority Committed Shipper to a Destination Point that is in excess of the shipper's proportionate share must be re-nominated to another Destination Point; *provided, however* that if Carrier receives Nominations for services in a month to a particular Destination Point that are less than the Available Destination Point Capacity for that Destination Point and one or more Tranche One Priority Committed Shippers had their Nominations to that particular Destination Point prorated in accordance with the provisions of this item, Carrier shall reallocate the remaining Available Destination Point Capacity among such shippers in accordance to each Tranche One Priority Committed Shipper's proportionate share of such remaining Available Destination Point Capacity.

v. Allocation of Capacity to Tranche One Regular Shippers:

1. After the allocation of capacity to Tranche One Priority Committed Shippers and Tranche One New Shippers pursuant to Items 9.B.iii and 9.B.iv above, all remaining available capacity on Tranche One (or a line segment thereof) shall be available to Tranche One Regular Shippers that have Nominated volumes for service on Tranche One during the Proration Month, with each Tranche One Regular Shipper receiving the lesser of (i) its Nomination for Tranche One services during the Proration Month, or (ii) a fraction of the remaining available capacity, which fraction shall be calculated by multiplying the available capacity on Tranche One times the following fraction: the number of Barrels shipped by

the Tranche One Regular Shipper on Tranche One during the Base Period divided by the total number of Barrels shipped by all Tranche One Regular Shippers on Tranche One during the Base Period.

2. For each Destination Point, each Tranche One Regular Shipper shall be limited to its proportionate share of the Available Destination Point Capacity for a Destination Point that remains after the allocations to Tranche One Priority Committed Shippers and Tranche One New Shippers in Items 9(B)(iii)-(iv). As used in this item, a Tranche One Regular Shipper's "proportionate share" shall be the percentage equal to the Tranche One Regular Shipper's Nomination for services to that Destination Point on Tranche One, divided by the total Nominations by all Tranche One Regular Shippers seeking service to that Destination Point. Any Nomination by a Tranche One Regular Shipper to a Destination Point that is in excess of the shipper's proportionate share must be re-nominated to another Destination Point.
- vi. Remaining Capacity: Any remaining available capacity on Tranche One that is not allocated through the application of Items 9(B)(iii)-(v) will be allocated among all Shippers having remaining unmet Nominations on Tranche One, in proportion to each such Shipper's initial capacity allocation for the Proration Month pursuant to Items 9(B)(iii)-(v). If allocation to any Shipper pursuant to this item exceeds its remaining Nomination for service on Tranche One, then the excess volume will be allocated among all other remaining Nominations on Tranche One until the remaining capacity is fully allocated or all of the remaining Nominations have been fulfilled.
- C. During periods when Carrier applies this Item 9:
- i. The capacity allocated to a Shipper will be provided as a daily or monthly value, at Carrier's discretion, and will be calculated for the Proration Month; and
 - ii. Carrier will use its reasonable efforts to notify each Shipper of its allocation not later than the first working day of the Proration Month.
- D. If a Shipper does not use the capacity allocated to it under this Item 9 at the times and in the amounts designated by Carrier, Carrier shall have the right to use Shipper's unused capacity to fulfill the unmet Nominations of other Shippers, including on other Tranches of the System.
- E. If a New Shipper does not use at least ninety-five percent (95%) of the capacity allocated to it under this Item 9 in a Proration Month, such Shipper shall pay Carrier a \$1.00 per Barrel fee for each Barrel of capacity that the New Shipper was allocated but did not use in the Proration Month. Notwithstanding the foregoing, Carrier has the discretion to waive or modify application of this Item 9.E when Carrier determines that the New Shipper's failure to use such allocated capacity was due to an event of Force Majeure declared by Shipper.

ITEM 10. FAILURE TO TAKE DELIVERY AT DESTINATION POINT:

After a shipment of Crude Oil has had time to arrive at Shipper's Nominated Destination Point and on twenty-four (24) hours' notice to Shipper, Carrier may begin delivery of such Crude Oil to Shipper at Carrier's current rate of pumping. Shipper shall timely remove its Crude Oil, or cause the Crude Oil to be removed, from the System following transportation to a Nominated Destination Point. If Shipper is unable or refuses to receive said shipment, Carrier may curtail the amount of Crude Oil it will accept from Shipper until such Unremoved Crude Oil is removed. Carrier also reserves the right if deemed necessary to clear Carrier's System and to make whatever arrangements for disposition of the Unremoved Crude Oil that are appropriate, which includes selling the Unremoved Crude Oil to the first available purchaser at a reasonable price, which reasonableness shall be in Carrier's sole discretion. Any expenses incurred by

Carrier in making such arrangements shall be borne by Shipper. Shipper shall indemnify Carrier for all losses associated with Unremoved Crude Oil and Carrier's disposition of the Unremoved Crude Oil. Carrier shall have no liability to Shipper associated with Shipper's Unremoved Crude Oil or Carrier's disposition of the Unremoved Crude Oil.

ITEM 11. APPLICATION OF RATES:

Crude Oil accepted for transportation and Treating Services shall be subject to the rates in effect on the date of receipt by Carrier at the Origin Point, irrespective of the date of the Nomination, or the date of delivery to Shipper.

ITEM 12. PAYMENT OF TRANSPORTATION AND TREATING RATES AND OTHER CHARGES:

- A. Shipper shall pay, as provided below, all applicable transportation and other charges accruing on Crude Oil handled by Carrier. The charges Shipper owes to Carrier for transportation and Treating Services will be calculated based upon the volume of Crude Oil Shipper delivers to Carrier at the applicable Origin Point, and such volume shall not take into account any reductions in volume that occur during transportation or as a result of the Treating Services.
- B. All payments are due within fifteen (15) days of receipt of the invoice.
- C. If any charge remains unpaid after the due date, then such amount may bear interest equal to U.S. prime rate as published in the Wall Street Journal on the date such payment was due or, if such rate isn't published on the due date, on such immediately preceding business day, plus two percent (2%) per annum beginning on the day after such payment was due and continuing until the day such payment is made. The interest shall be calculated on the basis of actual days elapsed divided by Three Hundred and Sixty (360).
- D. In the event Shipper fails to pay any charges when due, Carrier shall have the right, until such payments, including interest thereon, are made in full, to: (i) refuse to provide Shipper access to Carrier's System or provide services pursuant to this tariff, (ii) offset the current and future amounts owed by Shipper against any amounts Carrier owes to Shipper, and (iii) exercise any other rights and remedies granted under this tariff or existing under applicable Law.
- E. Carrier shall have a self-executing lien on all Crude Oil delivered to Carrier to secure the payment of any and all transportation and Treating Services or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Oil to Shipper. Such lien shall extend to all Crude Oil, including Shipper's Line Fill, in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. Shipper agrees to execute such additional documents as may be reasonably necessary to perfect or evidence such lien. If a bill of lading is required under applicable law for such a lien to arise, acceptance of the Nomination will be deemed to be the bill of lading for all Crude Oil, including Shipper's line fill, subject to such Nomination. The lien provided herein shall be in addition to any lien or security interest provided by this tariff or applicable law.
- F. If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable Law, Carrier shall have the right, either directly or through an agent, to sell any Crude Oil of such Shipper in Carrier's custody at public auction, on any day not a legal holiday, not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city, or general area where the sale is to be held, stating the time and place of sale and the quantity and location of the Crude Oil to be sold. At said sale, Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. The proceeds of any sale shall be applied in the following order: (i) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by Law, reasonable attorney's fees and legal expenses incurred by Carrier; and (ii) to the satisfaction of Shipper's

indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto. Carrier will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Carrier from Shipper and the proceeds of any sale after reduction as set forth above.

ITEM 13. FINANCIAL ASSURANCES:

If Carrier has reasonable grounds for insecurity regarding the performance of any obligation under this tariff (whether or not then due) by Shipper (including, without limitation, the occurrence of a material change in the creditworthiness of Shipper), Carrier may demand Adequate Assurance of Performance, which shall be furnished within five (5) Days of such demand. **"Adequate Assurance of Performance"** shall mean sufficient security in the form, amount and for the term reasonably acceptable to Carrier, including, but not limited to, a standby irrevocable letter of credit, a prepayment, or a performance bond or guaranty (including the issuer of any such security). In the event Shipper fails to comply with any obligation in this Item 13 on or before the due date provided herein, Carrier shall not be obligated to provide Shipper with access to its System or to provide the transportation services or Treating Services pursuant to this tariff until such requirement is fully met.

ITEM 14. LINE FILL:

Shipper shall supply its proportionate share of the Crude Oil requirements on the System Carrier determines is necessary for efficient operation of Carrier's System ("**Line Fill**"). Carrier shall not be obligated to accept Shipper's Nominations or Tenders until Shipper has met its Line Fill obligations pursuant to this Item 14.

ITEM 15. CLAIMS, SUITS AND TIME FOR FILING:

As a condition precedent to recovery by Shipper for loss, damage or delay in receipt or delivery of Shipper's Crude Oil for which Carrier may be responsible, Shipper's claim must be filed in writing with Carrier within nine (9) months after delivery of the affected Crude Oil, or, in case of Carrier's failure to make delivery of Shipper's Crude Oil, then within nine (9) months after a reasonable time for delivery has elapsed. Suit against Carrier shall be instituted only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to Shipper that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Carrier shall not be liable.

ITEM 16. LIABILITY:

The liability provisions set forth in this Item 16 shall apply to all Shippers on the System; provided, however, if a Shipper has entered into a transportation services agreement with Carrier that contains liability provisions that differ from those set forth herein, the liability provisions in the TSA will control over these provisions.

- A. **AS A CONDITION TO CARRIER'S ACCEPTANCE OF CRUDE OIL UNDER ITS TARIFF(S), EACH SHIPPER AGREES TO PROTECT AND INDEMNIFY CARRIER AGAINST CLAIMS OR ACTIONS FOR INJURY AND/OR DEATH OF ANY AND ALL PERSON WHOMEVER AND FOR DAMAGE TO PROPERTY OF OR ANY OTHER LOSS SUSTAINED BY CARRIER, SHIPPER AND/OR ANY THIRD PARTY RESULTING FROM OR ARISING OUT OF (I) ANY BREACH OF OR FAILURE TO ADHERE TO ANY PROVISION OF CARRIER'S TARIFF(S) BY SHIPPER, ITS AGENTS, EMPLOYEES OR REPRESENTATIVES; AND/OR (II) THE NEGLIGENT ACT(S) OR FAILURE(S) TO ACT OF SHIPPER, ITS AGENTS, EMPLOYEES OR REPRESENTATIVES IN CONNECTION WITH DELIVERY OR RECEIPT OF CRUDE OIL.**

- B. Carrier, while in possession of Crude Oil herein described, shall not be liable, and Shipper hereby waives any claims against Carrier for, any loss thereof, damage thereto, delay, hindrance, or failure to perform its obligations caused by Force Majeure or by act of default of Shipper, or resulting from any other causes not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In case of loss of Crude Oil from any such causes, after it has been received for transportation at the Origin Point and before the same has been delivered to Shipper at the Destination Point, Shipper shall stand a loss in such proportion as the amount of its shipment, already delivered to Carrier, bears to all of the Crude Oil 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.
- C. Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Crude Oil transported and treated hereunder, and Carrier expressly disclaims any liability for any express or implied warranty for Crude Oil transported and treated hereunder including any warranties of merchantability or fitness for intended use.
- D. Carrier will not be liable for discoloration, contamination, or deterioration of the Crude Oil transported and treated hereunder unless such discoloration, contamination, or deterioration of Crude Oil transported and treated results from the sole negligence of Carrier.
- E. **NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, THIS AGREEMENT DOES NOT AUTHORIZE CARRIER OR SHIPPER OR ITS AFFILIATES TO SUE FOR OR COLLECT FROM THE OTHER PARTY ITS OWN CONSEQUENTIAL, SPECIAL, INCIDENTAL, LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF SAVINGS, LOSS OF DEFERMENT OF PRODUCTION, LOSS OF CONTRACT, LOSS OF USE, BUSINESS INTERRUPTION, OR INDIRECT DAMAGES, AND EACH PARTY HEREBY WAIVES ANY AND ALL CLAIMS IT MAY HAVE AGAINST THE OTHER PARTY FOR ITS OWN SUCH DAMAGES, REGARDLESS OF FAULT, NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY PERSON, INCLUDING CARRIER OR SHIPPER. FURTHERMORE, THE INDEMNITY OBLIGATIONS CONTAINED IN THIS AGREEMENT DO NOT INCLUDE INDEMNIFICATION FOR PUNITIVE OR EXEMPLARY DAMAGES UNDER ANY LAW OR OTHERWISE.**

ITEM 17. CRUDE PETROLEUM INVOLVED IN LITIGATION, ETC. – INDEMNITY AGAINST LOSS:

At the time of Nomination, Shipper shall inform Carrier if any Crude Oil Nominated and/or Tendered to Carrier for transportation and Treating Services may be (i) encumbered by a lien or charge of any kind, (ii) may be involved in litigation or, (iii) may be subject to a title dispute ("**Encumbered Crude Oil**"). When any Encumbered Crude Oil is Nominated for transportation and Treating Services, Carrier may require Shipper to provide one or more of the following: (i) satisfactory evidence of its perfected and unencumbered title, (ii) satisfactory indemnity bond to protect Carrier against any and all loss, (iii) prepayment of transportation and treating charges, or (iv) a subordination agreement from the applicable lienholder. Carrier also has the right to refuse any shipment of Encumbered Crude Oil. Shipper warrants that it has good title to, or the unencumbered right to ship the Crude Oil hereunder and Tendered at the Origin Point(s), and that such Crude Oil is free of all liens and adverse claims of any kind and shall indemnify, release and hold Carrier harmless against all such liens and adverse claims; provided that acceptance for transportation and Treating Services shall not be deemed a representation by Carrier as to title.

In addition, Shipper shall not cause or permit any lien, security interest or other form of burden be filed or created with respect to Crude Oil in Carrier's possession, except for the lien created in favor of Carrier under Item 12(E) of this tariff.

ITEM 18. ORIGIN AND DESTINATION FACILITIES:

Carrier shall accept Crude Oil for transportation and Treating Services only when Shipper has provided necessary facilities for receipt of the Crude Oil into Carrier's System at the Nominated Origin Point and delivery of the Crude Oil from Carrier's System at the Nominated Destination Point, at pressures and pumping rates required by Carrier. Such facilities shall be provided at the sole cost of Shipper seeking access to Carrier's System.

ITEM 19. CURTAILMENT:

If Carrier is required to curtail the available capacity on the System during any month as a result of an operational disruption or a Force Majeure event, Carrier may reduce each Shipper's scheduled capacity for the month proportionately to account for that reduction, in accordance to the level of each Shipper's Nominations for the month.

ITEM 20. CONNECTIONS:

Requests for connections to the System shall be made by formal written request to Carrier, at the address shown on the front page of this tariff. Acceptance of any connection request will be in Carrier's sole discretion and subject to compliance with all governmental regulations.

ITEM 21. SEPARATE PIPELINE AGREEMENTS:

Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to Carrier's System and in accordance with this tariff shall be required of any Shipper before any obligation to provide transportation and Treating Services shall arise.

ITEM 22. ROYALTY AND TAXES:

Shipper shall account for and pay all royalties, overrides, and other taxes, fees and sums due by Shipper or otherwise due pursuant to applicable Law, or due to the owners of the mineral, royalty, and other interests in the Crude Oil, and Shipper shall indemnify, release and hold Carrier harmless against any loss, damage, expense or claim of every character arising out of or related thereto.

ITEM 23. STORAGE OF CRUDE PETROLEUM:

Carrier only provides storage services that are necessary and integral to transportation and Treating Services on the System, as determined by Carrier in its sole discretion. Any other storage must be provided by Shipper or Shipper's designee at the sole cost of Shipper.

ITEM 24. AVAILABLE CAPACITY ON EACH TRANCHE OF SYSTEM:

Carrier has purposefully designed each Tranche of the System so that the initial capacity of the facilities required to perform the Treating Services on the Tranche are less than the design capacity of the pipeline used to provide transportation services on the Tranche. As a consequence, the maximum amount of Crude Oil that Carrier will accept for transportation and Treating Services on a Tranche at any time will be equal to the lesser of the then-available capacity of the facilities required for Treating Services on the Tranche or the then-available capacity of the pipeline that is used for transportation services on the Tranche.

ITEM 25. AVAILABILITY OF DESTINATION POINTS:

In order for a Destination Point to be utilized in any particular Month, the Destination Point must receive Nominations for service from all shippers of at least fifty-percent (50%) of the capacity of the facilities used for Treating Services that are located immediately upstream of such Destination Point. If a

Destination Point does not receive this required amount of Nominations in a Month, Carrier shall have the right, before the month of services begins, to notify all shippers who made nominations to that Destination Point and offer them the opportunity to either increase their Nominations to that Destination Point in order to allow shipments to be made to it or to re-Nominate their Crude Oil to another Destination Point.

ITEM 26. REVISIONS:

Carrier reserves the right to, at any time, modify this tariff in its sole discretion, subject only to the rules and regulations of the Railroad Commission of Texas.

ITEM 27. LOSS ALLOWANCE

Shipper shall be responsible for its proportionate share of any losses that occur during the transportation of Crude Oil on Carrier's System during a month. The volumes delivered to Shipper from Carrier's facilities shall be net of such deduction.

**SECTION III
RATES**

RATE TABLE ONE: TABLE OF RATES APPLICABLE TO TRANCHE ONE SHIPMENTS

RATES IN DOLLARS PER BARREL OF 42 U.S. GALLONS
(Note 1)

ORIGIN POINT (Note 2)	DESTINATION POINT	BASE COMMITTED SHIPPER RATE (Note 3)	UNCOMMITTED SHIPPER RATE (Note 4)	PREMIUM COMMITTED SHIPPER RATE (Note 5)
Any Tranche One Origin Point	Loving ROTF Plains Pipeline	\$3.44	\$6.88	\$6.89
Any Tranche One Origin Point	Reeves ROTF Plains Pipeline	\$3.44	\$6.88	\$6.89

Notes

1. The rates reflected in this rate table include the fees associated with the Treating Services provided by Carrier pursuant to Item 5.
2. The Tranche One Origin Points are set forth, in detail, in Section IV of this tariff.
3. The Base Committed Shipper Rate shall apply to:
 - i. all volumes of Crude Oil Tendered by a Tranche One Committed Shipper in a month when Tranche One is not in prorationing under Item 9.B;
 - ii. in a month when Tranche One is in prorationing,
 - a. all volumes of Crude Oil Tendered by a Tranche One Committed Shipper, provided that the Tranche One Committed Shipper did not elect to become a Tranche One Priority Committed Shipper for the month under Item 9.B.ii; and
 - b. all volumes of Crude Oil Tendered by a Tranche One Priority Committed Shipper for which the Tranche One Priority Committed Shipper did not receive Firm Tranche One Capacity;
4. The Uncommitted Shipper Rate applies to all movements by Tranche One Uncommitted Shippers
5. The Premium Committed Shipper Rate shall apply to all volumes of Crude Oil Tendered by a Tranche One Priority Committed Shipper in a month for which the Tranche One Priority Committed Shipper received Firm Tranche One Shipper Capacity under Item 9.B.

**SECTION IV
TRANCHE ONE ORIGIN POINTS**

The following table identifies the Origin Points on Tranche One, which may be adjusted by Carrier as it deems appropriate. Each Origin Point on Tranche One shall become available for Nomination upon its commercial operation.

Number	Tranche One Origin Point Name	Meter
1	BAKU 56-2-41 1H	TBD
2	BANSHEE 56-3-28 UNIT 1H	420526442
3	BELLTOWN 57-3-19 1H	TBD
4	BIG PINEY 57-2-29 1H	TBD
5	BULL RUN STATE 55-4-22 UNIT 1H	TBD
6	CHIMERA STATE 56-3-7 UNIT 1H	420526459
7	CHUPACABRA 56-2-45 UNIT 1H	420526436
8	CUB 56-2-33 1H	420526451
9	CYCLOPS STATE 57-3-28 UNIT 1H	420526464
10	ENCHILADA 34-223 UNIT 1H	TBD
11	FREMONT 56-2-21 1H	420526463
12	GETTYSBURG 55-4-21 1H	TBD
13	GORGON 57-1-33 1H	TBD
14	GRIFFIN STATE 56-3-41 UNIT 1H	420526453
15	GROWLER 56-3-23 1H	420526443
16	HONEY SPRINGS 55-4-19 1H	420526460
17	HULDRA 57-2-5 1H	TBD
18	HYDRA 56-3-28 UNIT 1H	420526441
19	JACKALOPE 56-3-11 UNIT 1H	420526447
20	KAPPA 56-2-27 1H	420526455
21	LARAMIE 55-4-13 1H	420526449
22	LEXINGTON 55-4-41 UNIT 1H	420526465
23	MAGIC STATE 56-3-39 UNIT 1H	420526457
24	MANTICORE STATE 55-3-3 UNIT 1H	420526452
25	MOON STATE 55-3-5 UNIT 1H	420526456
26	NESSIE 56-2-35 UNIT 1H	420526433
27	NIGHTWATCH 56-3-21 1H	TBD
28	PHOENIX 56-2-31 UNIT 1H	TBD
29	PIKE PLACE 57-2-15 1H	TBD
30	RIVERTON 57-2-19 1H	TBD
31	SANDWORM STATE 57-3-14 UNIT 1H	TBD
32	SASQUATCH STATE 56-2-38 UNIT 1H	420526434
33	SEAHAWK 57-2-1 1H	TBD
34	SHERIDAN 55-4-5 1H	420526450
35	SHOSHONI 55-4-43 1H	420526446

Number	Tranche One Origin Point Name	Meter
36	SKYHAWK 57-1-28 UNIT 1H	TBD
37	SONIC 57-3-15 1H	TBD
38	SPHINX STATE 57-3-14 UNIT 1H	TBD
39	SPIRIT 57-3-29 1H	420526462
40	SUPERBOLT 57-3-25 1H	420526461
41	THUNDERBIRD 57-2-3 1H	TBD
42	VALKYRIE STATE 57-2-40 UNIT 1H	TBD
43	VICKSBURG STATE 55-4-26 UNIT 1H	420526404
44	WOLFHOUND 56-3-25 1H	420526444
45	WYVERN STATE 57-3-27 UNIT 1H	420526454
46	YETI STATE 56-2-45 UNIT 1H	420526435
47	YORKTOWN STATE 55-4-38 UNIT 1H	420526458