

SEAWAY CRUDE PIPELINE COMPANY LLC

LOCAL AND PROPORTIONAL TARIFF

Containing

GENERAL RULES AND REGULATIONS

Governing

THE TRANSPORTATION

of

CRUDE PETROLEUM AND PROCESSED CONDENSATE

by

PIPELINE

WITHIN THE STATE OF TEXAS

GENERAL APPLICATION

Carrier will accept and transport Petroleum offered for transportation through Carrier's facilities, only as provided in this Rules and Regulations Tariff. To the extent that specific rules and regulations published in other tariffs conflict with the general rules and regulations in this tariff, such specific rules and regulations shall supersede the general rules and regulations.

This tariff shall apply only to those tariffs which specifically incorporate this tariff by reference; such reference includes supplements to this tariff and successive issues thereof.

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

EFFECTIVE JULY 1, 2015

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SECTION 1
RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS
OIL AND GAS RULE §3.71, PIPELINE TARIFFS

(The provisions of this §3.71 adopted to be effective August 25, 2003, 28 TexReg 6816)

TITLE 16 OF THE TEXAS ADMINISTRATIVE CODE (TAC) Rule § 3.71, PARAGRAPHS (1) – (19)

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

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

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

(3) **"Barrel" defined.** For the purpose of these sections, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.

(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 days from the date of order of delivery at destination.

(6) **Identity of oil, maintenance of oil.** A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value.

(7) **Minimum quantity to be received.** A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels.

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

(9) **Measuring, testing, and deductions (reference Special Order Number 20-63,098 effective June 18, 1973).**

(A) Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.

- (B) As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:
- (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 24 hours' notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to paragraph (6) of this section, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (5) of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel; and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof.

(11) **Unpaid charges, lien for and sale to cover.** A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

(12) **Notice of claim.** Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed.

(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 apportionate.

(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--necessary facilities for.** Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the commission finds that a necessity exists therefor, and under regulations by the commission.

(19) **Reports of loss from fires, lightning, and leakage.**

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

SECTION 2 RULES AND REGULATIONS

ITEM NO.	SUBJECT	RULES AND REGULATIONS
1	Abbreviations and Definitions	<p>“API” means American Petroleum Institute.</p> <p>“ASTM” means American Society for Testing Materials.</p> <p>“Carrier” means Seaway Crude Pipeline Company LLC “Seaway”.</p> <p>“Consignee” means the party to whom a Shipper has ordered the delivery of Petroleum.</p> <p>“Crude Petroleum” means the grade or grades of the direct liquid product of oil or gas wells which Carrier has undertaken to gather or transport.</p> <p>“Nomination,” “Nominates” or “Tendered” as herein used means a written communication from a Shipper to a Carrier requesting that Carrier transport for Shipper in a given month a stated volume of a specified Petroleum from a specified origin or origins to a specified destination under the terms and conditions of this tariff.</p> <p>“Petroleum” means Crude Petroleum and/or Processed Condensate.</p> <p>“Processed Condensate” means [W]condensate which has been processed through a distillation tower at a stabilizer, splitter or other distillation facility and has remained segregated and has not been blended with other hydrocarbons since its distillation <u>a petroleum product derived from Condensate that: (i) has been adequately processed through a distillation tower at a stabilizer, splitter or other distillation facility; (ii) has remained segregated; (iii) has not been blended with other hydrocarbons since its distillation; and (iv) meets any and all federal, state and local legal, administrative and regulatory requirements necessary for such product to qualify for exportation as EAR99 under the Export Administration Regulations.</u></p> <p>“Reid Vapor Pressure” means the vapor pressure of gasoline, volatile crude oil, or other volatile petroleum products at one hundred degrees Fahrenheit (100° F) as determined by ASTM D 323, Standard Method of Test for Vapor Pressure of Petroleum Products (Reid Method). [N]or by ASTM D5191: Standard Test Method for Vapor Pressure of Petroleum Products (Mini Method) and D6378: Standard Test Method for Determination of Vapor Pressure (VPX) of Petroleum Products, Hydrocarbons, and Hydrocarbon-Oxygenate Mixtures (Triple Expansion Method), both of which determine total vapor pressure (TVP), which may be converted to Reid Vapor Pressure.</p> <p>“Shipper(s)” means the party or parties who agrees with Carrier for transportation of Petroleum.</p>
2	Acceptance of Delivery	<p>After a shipment has had time to arrive at destination, and on twenty-four (24) hours’ notice to Consignee, Carrier may begin delivery of such shipment to Consignee at its current rate of pumping. If all of such shipment cannot be received by Consignee, a demurrage charge of one half (½) cent per Barrel per twenty-four (24) hours shall accrue, from the time said notice expires, on that part of such shipment which has not then been received by Consignee.</p> <p>If a Consignee is not able to receive Petroleum from Carrier at the time when Carrier has scheduled a delivery and if Carrier has no means of withholding delivery of such Petroleum, then Carrier shall have the right to sell such Petroleum to the first available purchaser at the best price obtainable; to use the proceeds thereof to pay pipeline transportation charges which shall be due as if delivery had been made; and to hold the balance of such proceeds for whomsoever may be entitled thereto.</p>

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
3	Carrier's Remedies	The transportation of Petroleum may be refused or terminated if Carrier determines that the Petroleum does not meet the requirements established herein. Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice of liability to return, divert, sell or dispose of Petroleum which does not conform to its items and regulations. Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Petroleum.
4	Charges for Environmental Related Memberships and Fees	To the extent Barrels transported over Carrier's facilities are the basis of a charge by any public or private agency or organization (such as the Marine Perservation Association), which charge is related to compliance with federal, state or local environment laws or regulations (such as the Oil Pollution Act of 1990), Carrier shall have the right to assess Shipper at a cost for any such charge attributable to that Shipper's Barrels, provided Carrier has first given thirty (30) days advance written notice to Shipper of its intention to make such assessment thereafter.
5	Claims, Suits, Time for Filing	As a condition precedent to recovery for loss, damage, injury or delay, claims must be filed in writing with the originating or delivering Carrier within ninety-one (91) days after delivery of the Petroleum, or in case of failure to make delivery, then within ninety-one (91) days after a reasonable time for delivery has elapsed; and suits shall be instituted against the Carrier only within two (2) years and one (1) day from the day when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part of parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, the Carriers shall not be liable and such claims will not be paid.
6	Destination Facilities	Carrier will deliver Petroleum to a Shipper or its Consignee at destinations on its gathering lines and trunk lines. Petroleum will be delivered only into pipelines, tanks or other facilities that are provided by Shipper or Shipper's designee or Consignee or a connecting carrier. Carrier will determine and advise Shippers and Consignees of the size and capacity of pipelines, tanks or other facilities to be provided at point of delivery to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation unless such facilities have been provided.
7	Dispatching	<p>For each calendar month, Carrier will establish a sequence for pumping various grades of Petroleum through its trunk lines and will schedule the approximate time when Petroleum offered for shipment will be received by Carrier at origins and delivered by Carrier at destinations.</p> <p>Carrier will inform each Shipper of the time within each calendar month when Petroleum will be received from such Shipper at origins and Carrier will inform each Consignee of the time within each calendar month when Petroleum will be delivered to such Consignee at destinations.</p>
8	Diversion or Reconsignment	Diversion or reconsignment may be made without charge if requested by the Shipper prior to arrival at original destination, subject to the rates, rules and regulations applicable from the origin to the final destination, provided the then current pipeline operations of the Carrier will permit such diversion or reconsignment. Such request must be confirmed in writing.

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
9	Establishment of Grades	<p>Carrier will from time to time determine which grades of Petroleum it will regularly gather from certain areas and which grades of Petroleum it will regularly transport as a Common Stream between particular origins and destinations on its trunk pipelines.</p> <p>Carrier will inform all interested persons of such determination upon request by them and this will constitute the sole holding out of the Carrier in regard to the grades of Petroleum transported.</p> <p>Carrier may from time to time undertake to gather or transport other or additional grades of Petroleum and Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to gather or transport particular grades of Petroleum.</p>
10	Inventory Requirements	<p>Carrier shall require Shipper to supply a pro rata share of Petroleum and inventory necessary for pipeline and tankage fill to assure efficient operation of Carrier's pipeline system.</p> <p>Petroleum furnished by a Shipper may be withdrawn from Carrier's pipeline system only after:</p> <ol style="list-style-type: none"> (1) Shipper has ceased shipments and Shipper has notified Carrier in writing to discontinue shipments in Carrier's pipeline system, and; (2) Shipper inventory balances have been reconciled between Shipper and Carrier. <p>Carrier may require advance payment of transportation charges on the volumes to be delivered from Carrier's pipeline system, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time after the receipt of said notice to complete administrative and operational requirements incident to Shipper's withdrawal of the Petroleum.</p>
11	Liability of Carrier	<p>Carrier will not be liable for any loss of Petroleum while in the possession of Carrier, or for any delay in receiving or delivering Petroleum if caused by an Act of God, the public enemy, quarantine, the authority of law, strikes, riots, the act or default of Shipper or Consignee, requisition by an agency of Government or any other cause not due to the negligence of Carrier.</p> <p>If such loss occurs to Petroleum in a segregated shipment, then the Shipper and Consignee thereof shall bear the entire loss, damage or delay which occurs.</p> <p>However, if such loss occurs to Petroleum which is not in a segregated shipment, then each Shipper of the grade of Petroleum so lost via the system in which the loss occurs shall share such loss in the proportion that the amount of such grade of Petroleum then in the custody of Carrier for the account of such Shipper in such system bears to the total amount of such grade of Petroleum then in the custody of Carrier in such system.</p> <p>Carrier will be obligated to deliver only that portion of a Petroleum shipment remaining after deducting such loss. Transportation charges will be made only on quantities of Petroleum delivered.</p> <p>If Petroleum is lost in transit while in the custody of Carrier due to causes other than those described in the first paragraph of this item, Carrier may obtain and deliver to Consignee thereof other Petroleum of the same quantity and grades as that which was lost, but Carrier shall not be obligated to do so; in the alternative, Carrier may compensate Shipper for such loss in money.</p>

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)						
12	Gauging, Testing and Volume Corrections	<p>All Petroleum accepted at custody transfer points or otherwise gathered into Carrier's facilities shall be tested for basic or foreign sediment and water and other impurities and gauged or metered by Carrier's representative. Shipper shall have the right to witness all proving of meters used in such measurement. Carrier reserves the right to test and measure and/or witness the testing and measurement of all deliveries from its facilities.</p> <p>Where the measurement is determined by tank gauge, such measurement shall be based upon tanks strapped and tables compiled in accordance with Chapter 2, "Tank Calibration", API Manual of Petroleum Measurement Standards, Latest Edition, indicating one hundred percent (100%) full capacity. Volume measurements by temperature compensated meters shall be further corrected for meter factor and pressure in accordance with the API Manual of Petroleum Liquid Hydrocarbons by Pipeline Displacement Meters.</p> <p>Carrier shall deduct from the volume of Petroleum received into Carrier's facilities the actual amount of suspended basic or foreign sediment, water and other impurities as ascertained by centrifuge or other tests agreed upon.</p> <p>The net calculated quantity at sixty degrees Fahrenheit (60° F) less sediment and water and other impurities volume percentage shall be the quantity received or delivered by Carrier.</p> <p>All Petroleum nominated for shipment at fifty-five degrees (55°) API Gravity at sixty degrees Fahrenheit (60° F) or above shall be subject to a volume shrinkage deduction as set forth below:</p> <table border="1" data-bbox="479 945 1234 1039"> <thead> <tr> <th>API GRAVITY</th> <th>% DEDUCTION</th> </tr> </thead> <tbody> <tr> <td>55 degrees through 74.9 degrees</td> <td>1%</td> </tr> <tr> <td>75 degrees through 89.9 degrees</td> <td>2%</td> </tr> </tbody> </table> <p>Carrier will not accept any material for shipment above ninety degrees (90°) API gravity at sixty degrees Fahrenheit (60° F).</p> <p>Two-tenths of one percent (0.2 of 1%) of the volume of Petroleum received into Carrier's facilities shall be deducted from such volume and shall be retained by Carrier to cover loss due to shrinkage and evaporaton incident to transportation on Carrier's facilities, and the volume delivered to Shipper from Carrier's facilities shall be net of such deduction.</p> <p>Except for arithmetic errors, all measurement and testing by Carrier shall be conclusive if a representative of the Shipper or its Consignee was not present during such measuring and testing.</p>	API GRAVITY	% DEDUCTION	55 degrees through 74.9 degrees	1%	75 degrees through 89.9 degrees	2%
API GRAVITY	% DEDUCTION							
55 degrees through 74.9 degrees	1%							
75 degrees through 89.9 degrees	2%							

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
13	Origination Facilities	<p>Carrier will receive Petroleum from Shippers at stations on its gathering lines; at leases or plants to which its gathering lines connect; and at origins on its trunk lines. Petroleum will be received only from pipelines, tanks or other facilities that are provided by Shipper, a connecting carrier, or a marketer of Petroleum. Carrier will determine and advise Shippers of the size and capacity of pipelines and tanks to be provided at the point of a receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Petroleum for transportation, unless such facilities have been provided.</p>
14	Payment of Transportation and Other Charges	<p>Shipper or Consignee shall pay the transportation and all other charges accruing on Petroleum Nominated for shipment, adjusted to sixty degrees Fahrenheit (60°F) and with all deductions herein provided for. Carrier shall have a lien on all Petroleum accepted for transportation to secure the payment of all charges, and may withhold said Petroleum from delivery until all of the said charges shall have been paid.</p> <p>The Shipper and Consignee shall be jointly and severally liable for the payment of gathering, transportation and demurrage charges upon Petroleum delivered by Carrier to Consignee or to a point on Carrier's lines by mutual agreement of Carrier, Shipper and Consignee.</p> <p>Carrier will bill Shipper each month for gathering charges on Petroleum gathered for Shipper during the previous month. Carrier will bill Shipper each month for transportation and demurrage charges on Petroleum delivered to Consignee during the previous month. If such a bill is not paid within ten (10) days after date of invoice, Carrier shall have the right to assess a late charge at an annual interest rate equivalent to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A. of New York, New York on ninety (90) day loans to substantial and responsible commercial borrowers as of the due date. In the event the late charge, as described in the preceding sentence, is greater than the maximum rate allowed by law, then the maximum rate allowed by law will be used. Such late charge shall accrue from ten (10) days after date of invoice until payment is made.</p> <p>Carrier may require that all payments to Carrier for services pertaining to the transportation of Petroleum be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.</p> <p>In the event Carrier determines that the financial condition of a Shipper or shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products n Carrier's possession or prior to Carrier's acceptance of Shipper's Petroleum: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to the Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.</p>

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
15	Penalty Charges	<p>After a vessel has been docked, it shall be allowed thirty-six (36) hours from the time that Carrier gives notice of readiness to commence unloading of Petroleum and complete its unloading and release its last line from the mooring point at Carrier's Texas Gulf Coast Wharfage Facilities. If any vessel fails to release its last mooring line before the specified departure time contained in the aforesaid notice from Carrier, the Shipper scheduling such vessel shall thereafter pay a penalty of Two Thousand Five Hundred Dollars (\$2,500) per hour for the period of time that such vessel remains at said Wharfage Facilities.</p> <p>Notwithstanding the foregoing, if at the end of the thirty-six (36) hour period no other vessel is scheduled into the occupied berth at the Wharfage Facilities during the next forty-eight (48) hour period, then Shipper shall be excused from the penalty for the next twenty-four (24) hour period. At the end of that period and each twenty-four (24) hour period thereafter, the schedule for the following forty-eight (48) hour period shall be reviewed by Carrier. If the vessels continued occupation of the berth does not conflict Carrier's operations and if no other vessel is scheduled in the occupied berth during the next forty-eight (48) hour period, the occupying vessel may remain at the berth for the following twenty-four (24) hour period without incurring the penalty.</p>
16	Quality and Quantity of Receipts and Deliveries	<p>Carrier shall not be liable to Shipper or Consignee for changes in the gravity or quality of such grade of Petroleum while it is in transit; and Carrier reserves the right to require an assay on Petroleum nominated, prior to accepting Barrels for transportation.</p>
17	Rates Applicable	<p>The rate which shall apply to the transportation of Petroleum shall be the rate in effect on the date Petroleum is received by Carrier for transportation. Likewise, the rules and regulations which shall govern the transportation of Petroleum shall be the rules and regulations in effect on the date Petroleum is received by Carrier for transportation.</p>
18	Rates Applicable From and To Intermediate Points	<p>Petroleum received from a point on Carrier's lines which is not named in tariffs making reference to this tariff, but which point is intermediate to a point from which rates are published in tariffs making reference to this tariff, will be assessed the rate in effect to the next more distant point published in the tariff making reference to this tariff.</p> <p>Petroleum delivered to a point on Carrier's lines which is not named in tariffs making reference to this tariff, but which point is intermediate to a point to which rates are published in tariffs making reference to this tariff, will be assessed the rate in effect to the next more distant point published in the tariff making reference to this tariff.</p>

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
19	Scheduling of Shipments	<p>All Shippers desiring to ship Petroleum through the lines of Carrier shall promptly provide Carrier in the form of a Nomination with all information needed by Carrier to schedule and dispatch each shipment of Petroleum which Shipper offers to make; to satisfy Carrier that offers to ship are in good faith; and to satisfy Carrier that shipments can be transported in conformance with Carrier's tariffs. Carrier may refuse to receive Petroleum for transportation until Shipper has provided Carrier with such information.</p> <p>Carrier shall not be obligated to accept Petroleum for transportation during any calendar month unless the Shipper, on or before the fifteenth (15th) day of the preceding calendar month, notifies the Carrier in writing of the kind and quantity of such Petroleum which it desires to ship. If the fifteenth (15th) day of the preceding calendar month is a non-business day, then such notification shall be due on the last business day immediately prior to the fifteenth (15th) day of the preceding month.</p> <p>In the event Shippers offer to ship more Petroleum via a particular pipeline or segment of line during any period of time than can be pumped through such line or segment of line during such period, then Carrier shall accept and transport, during such period, only that portion of each good-faith offer to ship which Carrier shall determine to be equitable to all Shippers.</p>
20	Separate Pipeline Agreements	<p>Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff shall be required of any Shipper or consignee before any obligation to provide transportation shall arise.</p>
[N]21	<u>Specifications Required as to Quality</u>	<p><u>Carrier will determine the quality of Processed Condensate in accordance with the following test methods: API gravity, density and relative density by ASTM Standards D1298, D5002 and D287 at API 60 degrees Fahrenheit; vapor pressure by ASTM Standard D5191; and sediment and water by API MPMS Chapter 10.4.</u></p> <p><u>No Petroleum will be accepted unless its gravity, viscosity, and other properties are such that it will be readily susceptible to transportation through Carrier's existing facilities, and it will not adversely affect the quality of Petroleum from other Shippers or cause disadvantage to other Shippers and/or Carrier.</u></p> <p><u>These specifications shall apply to each Barrel of the Nomination and not be limited to the composite sample of the Nomination.</u></p> <p><u>Carrier reserves the right to reject all Nominations or any part thereof when, in Carrier's discretion, reasonably exercised:</u></p> <ol style="list-style-type: none"> <u>1. The Reid Vapor Pressure of the Petroleum;</u> <u>exceeds nine (9.0) psia; For Crude</u> <u>exceeds ten (10.0) psia; For Condensate</u> <u>2. The Reid Vapor Pressure of the Petroleum might result in Carrier's noncompliance with federal, state or local requirements regarding hydrocarbon emissions;</u> <u>3. The gravity of Petroleum is less than twenty degrees (20°) API gravity or greater than seventy-five degrees (75°) API gravity at sixty degrees Fahrenheit (60° F) except when Nominated from Carrier's pipeline gathering systems which are directly connected to oil and gas leases;</u> <u>4. The Petroleum contains basic or foreign sediment and water and other impurities exceeding one percent (1%) by volume;</u>

ITEM NO.	SUBJECT	RULES AND REGULATIONS (continued)
[N]21	<u>Specifications Required as to Quality (Continued)</u>	<p>5. <u>The surface of settled sediment and water and other impurities in tanks is less than four inches (4") below the bottom of the pipeline connection from which it enters Carrier's facilities;</u></p> <p>6. <u>The encrustation on internal surfaces of the tank where Petroleum is accepted is excessive as determined by Carrier;</u></p> <p>7. <u>The iron in the Petroleum exceeds seventy five (75) parts per million ("ppm") (whole crude) as tested by Environmental Protection Agency method 3040;</u></p> <p>8. <u>The lead in Petroleum exceeds five one-hundredths (.05) ppm (naphtha cut) as tested by Environmental Protection Agency method 3040;</u></p> <p>9. <u>The organic chlorides in the Petroleum exceeds three (3) ppm (naphtha cut) as tested by Microcoulometry or Sodium Biphenyl methods;</u></p> <p>10. <u>The Petroleum contains any other excessive metals, chemicals, salts, or any other material which would adversely affect downstream markets or pipelines; or</u></p> <p>11. <u>The Petroleum does not meet specifications of connecting carriers.</u></p>
[W]2122	Specifications as to Quality and Legality of Shipments	Carrier reserves the right to reject any and all Petroleum nominated where the shipper or Consignee has failed to comply with all applicable laws, items and regulations made by any governmental authorities regulating shipments of Petroleum.
[W]2223	Storage in Transit	Carrier has working tanks that are needed by Carrier to transport Petroleum but has no other tanks and, therefore, does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage during transit in facilities furnished by Shipper at points on Carrier's system will be permitted to the extent authorized under individual tariffs.
[W]2324	Titles	The act of delivering Petroleum to Carrier for transportation shall constitute a warranty by Shipper that Shipper or Consignee has unencumbered title thereto and that the same was produced in accordance with law.
EXPLANATION OF REFERENCE MARKS		
[N] New. [U] Unchanged rate. [W] Change in wording only.		
PLEASE NOTE: IN THE EVENT OF ANY CONFLICT BETWEEN SECTION 1 AND SECTION 2 OF THIS TARIFF, SECTION 2 WILL GOVERN.		