
PLAINS PIPELINE, L.P.

RULES AND REGULATIONS

GOVERNING

THE GATHERING AND TRANSPORTATION OF

CRUDE PETROLEUM

BY

PIPELINE

RECEIVED
R.R.C. OF TEXAS

DEC 12 2016

GAS SERVICES DIVISION
AUSTIN, TEXAS

GENERAL APPLICATION

The rules and regulations published herein apply only under tariffs making specific reference by Texas R.R.C. 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 rules and regulations published herein.

EFFECTIVE: January 1, 2017

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

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**PLAINS PIPELINE, L. P.
RULES AND REGULATIONS**

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 Pipeline Operator shall be subject to and governed by the following provisions, Common Pipeline Operators specified in this section shall be referred to as "pipeline," pipelines" or "Pipeline Operator" and the owners or shippers of crude petroleum by pipelines shall be referred to as shippers."

SECTION 1

The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Texas Railroad Commission.

Rule 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 1.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank.⁽¹⁾ Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the commission may require. (amended by Rule 40D).

⁽¹⁾ This deviates from Rule 71 (A) (1) of the General Conservation Rules in that the per cent for basic sediment, water and other impurities is one per cent (1%) rather than two per cent (2%) as provided in the rule.

Rule 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. **[W]** (amended by Rule 40)

Rule 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.

Rule 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. (supplemented by Rule 125)

Rule 5. Storage.

Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination. (amended by Rule 140)

Rule 6. Identity Of Oil, Maintenance Of Oil.

A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value. (amended by Rule 50)

Rule 7. Minimum Quantity To Be Received.

A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline: When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels. (amended by Rule 25)

Rule 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.

Rule 9. Measuring, Testing, and Deductions (Reference Special Order Number 20-63,098 Effective June 18, 1973)-(Or By Revised Newer Standard) (amended and supplemented by Rules 65 and 80)

- 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 tank.
- 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 toss during transportation. The net balance shall be the quantity deliverable by the pipeline. In all owing 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.

Rule 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 [U] \$.001 per barrel; and thereafter at a rate of [U] \$.0075 per barrel, for each day of 24 hours or fractional part thereof. (amended by Rules 140 and 75)

Rule 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 Operator 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. (supplemented by Rule 115)

Rule 12. Notice Of Claim.

Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed. (amended by Rule 135)

Rule 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. (clarified by Rule 160).

Rule 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.

Rule 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.

Rule 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. (supplemented by Rule 85)

Rule 17. Interchange Of Tonnage.

Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the commission finds that a necessity exists for connection, and under such regulations as said commission may determine in each case. (amended by Rule 70)

Rule 18. Receipt And Delivery—Necessary Facilities For.

Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the commission finds that a necessity exists therefor, and under regulations by the commission. (amended by Rule 70)

Rule 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 even 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 Pipeline Operator 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 Pipeline Operator is not required to furnish such reports to the resident or landowner.

SECTION 2

Rule 20. Definitions:

"Affiliate" as herein used means any entity that is under direct or indirect common control, or directly or indirectly (i) controls a Shipper; (ii) is controlled by another Shipper; (iii) is controlled by the same entity that controls a Shipper; or (iv) is controlled by and through one or more intermediaries that controls another Shipper. For the purposes of this definition the term "controls" and "controlled by" shall mean the use of shared mailing or business addresses; the use of shared business telephone numbers; the use of common bank account(s) with regards to the payment of transportation charges; substantially the same management or general partner; one Shipper directing or conducting business on behalf of another Shipper as it relates to tendering and accepting quantities of Crude Petroleum; the power to direct or cause the direction of the management or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes with respect to the control of or by a corporation the ownership of shares or equity interests carrying not less than 10% of the voting rights regardless of whether such ownership occurs directly or indirectly.

"API" as herein used means American Petroleum Institute.

"Barrel" as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

"Carrier" or "Pipeline Operator" as herein used means Plains Pipeline, L. P.

"Common Stream" as herein used means Crude Petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with other Crude Petroleum.

"Consignor" as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

"Consignee" as herein used means the party, including a connecting pipeline system, to whom a Shipper has ordered the delivery of Crude Petroleum.

"Crude Petroleum" as herein used means the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil and gas wells including gasoline and liquefied petroleum gases.

"ENom System" as herein used means Electronic Nomination System. The ENom System is a computerized information system that enables Shippers to nominate the movement of Crude Petroleum on Carrier's System. Shippers can access the ENom System on Carrier's website at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs/enom-portal>.

"Nomination" as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination over a period of one operating month in accordance with these rules and regulations.

"Shipper" as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules and regulations.

"System" as used herein means the pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply.

"Transferor" as used herein means the entity transferring volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Rule 145 to these rules and regulations, INTRASYSTEM TRANSFERS.

"Transferee" as used herein means the entity accepting volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Rule 145 to these rules and regulations, INTRASYSTEM TRANSFERS.

Rule 25. Nomination, Minimum Quantity - Rule 7 contained herein shall be amended as follows:

- A. Unless otherwise stated on a tariff making reference to these rules and regulations, Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's System under these rules and regulations in quantities of not less than ten thousand (10,000) Barrels aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Crude Petroleum from lease tanks or other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than ten thousand (10,000) Barrels, and Carrier will not be obligated to make any single delivery of less than ten thousand (10,000) Barrels, unless Carrier's operations dictate otherwise. The term "single delivery" as used herein means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.
- B. Crude Petroleum will be transported only under a Nomination accepted by the Carrier from origins (or facilities connected to Carrier's gathering System when gathering service is to be performed by the Carrier) to destinations when a tariff covering the movement is lawfully in effect and on file with the FERC as to interstate traffic and with the appropriate state commission covering intrastate traffic.
- C. Any Shipper desiring to tender Crude Petroleum for transportation shall make a Nomination to the Carrier before 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the twenty-fifth (25th) of the month preceding the movement. When the twenty-fifth (25th) of the month falls on a weekend, nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the workday. When the twenty-fifth (25th) of the month falls on a holiday, nominations will be required prior to 12:00 NOON Central Standard Time/Central Daylight Saving Time, whichever is applicable, three (3) workdays prior to the holiday. The Nomination may be e-mailed, faxed or submitted via Carrier's ENom System. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for transportation.
- D. When Nominations submitted by Shippers to Carrier on or before the twenty-fifth (25th) day of the month preceding the operating month do not exceed the capacity of the System or any line segment thereof, additional Nominations may be accepted by the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum nominated before the twenty-fifth (25th) day of the preceding month.

Rule 30. Line Fill and Tank Bottom Inventory Requirements.

Prior to delivering Barrels out of Carrier's System, each Shipper will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's System. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's System, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier may require advance payment of transportation charges on the volumes to be cleared from Carrier's System, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice, not to exceed six months, to complete administrative and operational requirements incidental to Shipper withdrawal.

Rule 35. Title.

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

Rule 40. Specifications As To Quality Received. [W] The following amends Rules 1 and 2.

- A. No Crude Petroleum will be accepted for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. Notwithstanding the preceding sentence, Carrier may at its discretion accept Crude Petroleum from Shipper that does not meet the foregoing specifications due to unusual circumstances, emergencies, or events of force majeure (such as sea storms or shut-in platforms). In such case, however, Shipper must notify Carrier fully in writing of the characteristics of such Crude Petroleum and Shipper shall then secure from the producer or connecting carrier or shall provide itself, in writing, to Carrier an assumption of all liability and agree to hold Carrier harmless from and against any loss, cost or disadvantage to other Shippers, and other pipelines, or to Carrier arising from such transportation. In addition, Carrier reserves the right to reject (any and all of, but not limited to) the following shipments: (1) Crude Petroleum having a Reid Vapor Pressure in excess of nine (9) pounds per square inch absolute and/or an API gravity in excess of 78.9°; and (2) Crude Petroleum where the Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipment of Crude Petroleum. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.
- B. Quality specifications of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.
- C. Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.
- D. If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such Shipper will be excluded from further entry into applicable segments of the System until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into Carrier's System.
- E. Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a common stream between particular receipt points and destination points on its pipeline Systems. Carrier will inform all subscribers to tariffs for the System affected by such determination and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum

transported. Crude Petroleum quality and general characteristics include, but are not limited to, whole crude properties such as A.P.I. gravity, sulfur, S. & W., Reid Vapor Pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.

- F. Unless stated otherwise in written notice provided by Carrier to all subscribers to tariffs for the System affected, Carrier will not segregate Crude Petroleum of a kind and/or quality not currently transported through Carrier's facilities.

Rule 45. Common Stream Crude Petroleum – Connecting Carriers

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Petroleum.

Rule 50. Shipments, Maintenance of Identity

- A. Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver to Shipper the identical Crude Petroleum nominated by Shipper; Carrier will deliver the grade of Crude Petroleum it is regularly transporting as a common stream.
- B. Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

Rule 55. Additives

Carrier reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agent, or other such additives in Crude Petroleum to be transported.

Rule 60. Duty of Carrier

Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other material elements. Carrier cannot commit to delivering Crude Petroleum to a particular destination, at a particular time.

Rule 65. Origin Facilities Required for Automatic Custody Transfer – The following supplements the provisions of Rule 9 hereof.

Where Consignor (or Shipper) elects to deliver Crude Petroleum to the Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must be approved by the Carrier and any appropriate regulatory body. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

Rule 70. Receipt and Destination Facilities Required - Rules 17 and 18 contained herein shall be amended as follows:

The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has provided the necessary facilities for delivering Crude Petroleum into the System at the point of origin and has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

Rule 75. Notice of Arrival, Delivery at Destination, Demurrage-Rule 10 contained herein shall be amended as follows:

- A. The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be transported, less deductions, at the specified destination. Such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee.
- B. Commencing after the first seven o'clock a.m., after expiration of said 24-hour notice, Carrier shall assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be [U] 1.14 cents per Barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only.
- C. If the Shipper, or Consignee, is unable or refuses to receive said Crude Petroleum as it arrives at the specified destination, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee.

Rule 80. Gauging, Testing and Deductions - The following modifies and supercedes Rule 9 hereof as follows:

- A. Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, latest revision, and adjusted to base (reference or standard) conditions.
- B. When, in Carrier's opinion, a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.
- C. Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.
- D. Unless otherwise indicated on a tariff, a deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation.

- E. All receipts of Crude Petroleum having an API gravity of 45 degrees or above shall also be subject to a deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

<u>API Gravity, Degrees</u>	<u>Deduction for Incremental Evaporation & Shrinkage</u>
45 through 54.9	0.5%
55 through 64.9	1.0%
65 through 74.9	1.5%
75 and above	2.0%

After consideration of all of the factors set forth in this Rule 80, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

Rule 85. Apportionment When Nominations Are In Excess Of Facilities - Rule 16 contained herein shall be supplemented, as follows:

- A. When there shall be nominated to Carrier, for transportation, more Crude Petroleum than can be immediately transported on a line segment, the transportation furnished by Carrier shall be apportioned among Shippers on an equitable basis. Line segments will be prorated separately if necessary.
- B. Space in each segment will be allocated among "Regular Shippers" and any "New Shippers" as follows:
1. The capacity of the line segment being prorated shall be divided by the total of all volumes nominated by Regular Shippers and New Shippers. The resultant fraction will be the "proration factor".
 2. New Shippers shall be allocated up to a total of five percent of the available line segment capacity. Each New Shipper shall be allocated space equal to its nominated volumes multiplied by the proration factor, except that in any month for which Carrier is allocating capacity on a System, the capacity allocated to a Regular Shipper shall not be reduced by more than 10 percent of the Regular Shipper's base period shipments.
 3. The remaining capacity shall be allocated among Regular Shippers in proportion to their base period shipments.
- C. The "base period" is a period of 12 months beginning 13 months prior to the month of allocation and excluding the month preceding the month of allocation, except that a New Shipper must ship on a particular line segment for twelve (12) consecutive calendar months before it will become eligible to be classified as a Regular Shipper on such line segment. A "Regular Shipper" is any Shipper having a record of movements in the line segment being prorated, during the base period. A "New Shipper" is a Shipper who is not a Regular Shipper. In no event will any portion of allocated capacity to a New Shipper be used in such a manner that it will increase the allocated capacity of another Shipper beyond the allocated capacity that Shipper is entitled to under the provisions stated in this Rule 85. Carrier may require written assurances from responsible officials of Shippers regarding use of allocated capacity stating that this requirement has not been violated. In the event any New Shipper shall, by any device, scheme or arrangement whatsoever, make its allocated capacity available to another Shipper, or in the event any Shipper shall receive and use any allocated capacity from a New Shipper, then, in the month following discovery of such violation, the allocated capacity of a New Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of a Shipper will be reduced to the extent of excess capacity used.

- D. No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. If a Shipper is unable to tender Crude Petroleum equal to the space allocated to it, Carrier will reduce that Shipper's volumes for the succeeding month by the amount of allocated throughput not utilized during the preceding month if apportionment is necessary.

Rule 90. Required Shipper Information

- A. At any time, upon written request of the Carrier, on a non-discriminatory basis, any prospective or existing Shipper shall provide to the Carrier information that will enable the Carrier to enforce the terms of this tariff. Such information may include, but is not limited to, the names of any Affiliates of the Shipper or prospective Shipper, the legal business name of the shipper or prospective Shipper and the registered business address of the Shipper or prospective Shipper.
- B. The Carrier shall not be obliged to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide to the Carrier any information requested in accordance with Rule 90A within ten (10) days of the Carrier's written request, or if the Carrier reasonably determines that any of the information provided pursuant to Rule 90A is false.

Rule 95. Application of Rates & Charges

Crude Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Crude Petroleum by the Carrier, irrespective of the date of Nomination. Unless otherwise stated in an individual tariff making reference to these rules and regulations, trunk line transportation and all other lawful charges will be collected on the basis of the net quantities of Crude Petroleum delivered and gathering charges will be collected on the basis of net quantities of Crude Petroleum received. All net quantities will be determined in the manner provided in Rule 80 (GAUGING, TESTING AND DEDUCTIONS).

Rule 100. Application of Rates from and to Intermediate Points

- A. For Crude Petroleum accepted for transportation from any point on Carrier's lines not named in a particular tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply. For Crude Petroleum accepted for transportation to any point not named in a particular tariff which is intermediate to a point which rates are published in said tariff, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.
- B. If an intermediate point is to be used on a continuous basis for more than 30 days, Carrier will file a tariff applicable to the transportation movement within 30 days of the start of the service.

Rule 105. Charge For Compensation Fund Fees Incurred By Carrier.

In addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations. If a per Barrel charge is assessed, the amount of such charge will be stated in a FERC or state tariff.

Rule 110. Truck, Tanker and Barge Loading and Unloading

- A. Shipments unloaded from tank trucks into Carrier's facilities may be subject to a per-barrel charge, if specified on individual tariffs making reference to these rules and regulations. Such charge will be in addition to all other charges.

- B. Carrier will receive or deliver Crude Petroleum across its dock facilities from both tankers or barges where dock facilities are equipped to handle tankers or barges. Shippers shall indemnify and hold Carrier harmless against any and all claims (whether made by the vessel owner or any other party) for demurrage or any other charges arising out of any delay of such vessel not caused by Carrier's negligence.

Rule 115. Payment Of Transportation And Other Charges - The following supplements the provisions of Rule 11 hereof.

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of the prime rate as quoted by a major New York bank, or the maximum rate allowed by law, whichever is less. Pipeline Operator shall have a lien on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Crude Petroleum until all of such unpaid charges shall have been paid.

If said charges, or any part thereof, shall remain unpaid for thirty days after notice of readiness to deliver, the Carrier may sell the Crude Petroleum at public auction. Carrier shall have a lien on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as provided in Rule 75 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE). Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. The Pipeline Operator may be a bidder and purchaser at such sale. Out of the proceeds of said sale, the Pipeline Operator may pay itself all transportation, demurrage, and other lawful charges, expense of notice, advertisement, sale, and other necessary expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

Rule 120. Diversion.

Subject to Rule 25 (NOMINATION, MINIMUM QUANTITY), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing, and provided that no back-haul is required.

Rule 125. Liability of Parties-Rule 4 contained herein shall be supplemented, as follows:

As a condition to Pipeline Operator's acceptance of Crude Petroleum under this tariff, each Shipper agrees to defend, indemnify and hold harmless Pipeline Operator against claims or actions for injury and/or death of any and all persons whomever and for damage to property of or any other loss sustained by Pipeline Operator. Shipper, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and 2) the negligent act(s), or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Crude Petroleum.

The Shipper and Consignee shall be jointly and severally liable for the payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Pipeline Operator by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Crude Petroleum delivered by Pipeline Operator to Consignee. All accrued charges are due on delivery of Crude Petroleum by Pipeline Operator to Consignee. Pipeline Operator may, at its option, require Shipper or Consignee to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Pipeline Operator.

- A. The Pipeline Operator, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof; damage hereto; or delay caused by: fire, storm, flood, epidemics, Act of God, terrorism, vandalism, criminal acts, landslides, land collapses, riots, civil disorder, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, default of Shipper or owner, earthquakes, sinkholes, or from any other cause not due to the negligence of the Pipeline Operator and in no event shall Carrier liable to Shipper for consequential, incidental or exemplary damages to Shipper. In case of loss of Crude Petroleum in a segregated shipment, then the Shipper and Consignee thereof shall bear the entire loss, damage, or delay that occurs. In case of loss of Crude Petroleum that is not in a segregated shipment, then each Shipper of the grade of Crude 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 Crude 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 Crude Petroleum then in the custody of Carrier in such System.
- B. Pipeline Operator will be obligated to deliver only that portion of such Crude Petroleum remaining after deducting such loss. Transportation charges will be made only on quantities of Crude Petroleum delivered.
- C. If Crude Petroleum is lost in transit, while in the custody of Carrier, due to causes other than those described in the first paragraph of this Rule, Carrier may obtain and deliver to Shipper other Crude Petroleum of the same quantity and grade 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. If Carrier compensates Shipper for such loss in money, the price per barrel shall be determined as of the date of the loss based on the value of the lost Crude Petroleum.

Rule 130. Claims, Suits, and Time For Filing - Rule 12 contained herein shall be amended as follows:

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with the Pipeline Operator within nine (9) months after delivery of the Crude Petroleum, or in case of a failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed ; and suits arising out of such claims 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 or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

Rule 135. Pipeage or other Contracts Required.

Separate pipeage and other contracts may be required, in accordance with the applicable tariff and these rules and regulations before any duty of transportation by the Carrier shall arise.

Rule 140. Storage In Transit - Rule 5 contained herein shall be amended as follows:

The Carrier has working tanks required in the process of transporting Crude Petroleum but no other available tankage and therefore, unless otherwise specifically stated in a tariff making reference to these rules and regulations, Carrier does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by Shipper at points on Carrier's System will be permitted to the extent authorized under individual tariffs lawfully on file with the Federal Energy Regulatory Commission or a state agency. This paragraph shall also apply to the applicable provisions of Rule 10 hereof.

Rule 145. Intrasystem Transfers.

An intrasystem transfer of title to Crude Petroleum may be allowed on Carrier's System for a fee of [U] 0.56 cent per Barrel charged to the Transferor; provided, however, that no transfer fee shall be assessed to the Transferor if the Transferor pays the transportation and/or other charges to the specified transport point for the barrel and, at the time of nomination, consigns the barrel to the Transferee at the transfer point. The transfer point must be a location listed in the tariff. The Transferee accepting volumes on an intrasystem transfer shall be responsible for payment of transportation charges of those volumes from the transfer point to destination. Carrier shall not be obligated to recognize any intrasystem transfer and shall incur no liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. All intrasystem transfer requests must be submitted in a nomination to Carrier, made in accordance with requirements stipulated in Rule 25, Nomination, Minimum Quantity, of these Rules and Regulations. In addition, the Transferor and Transferee, upon the request of Carrier and at Carrier's option, shall provide financial assurances to Rule 115, Payment of Transportation and Other Charges, contained herein.

Rule 150. Commodity

Carrier is engaged primarily in the transportation of Crude Petroleum and will not accept any other commodity for transportation under tariffs making reference hereto.

Rule 155. Connection Policy

Connections to Carrier's System will only be considered if made by formal written notification to Carrier. All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

Rule 160. Telecommunications - Rule 13 contained herein is not applicable to the pipelines or facilities operated under this tariff.

PLEASE NOTE: IN THE EVENT OF ANY CONFLICT BETWEEN SECTION 1 AND SECTION 2 OF THIS TARIFF, SECTION 2 WILL GOVERN.

EXPLANATION OF REFERENCE MARKS:

[U] Unchanged rate

[W] Change in wording only