

R.C.T. No. 3
(Cancels R.C.T. No. 2)

TRAFIGURA MARKETING INC.

LOCAL PIPELINE TARIFF

APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM

TO POINTS NAMED HEREIN

AND CONTAINING

RATES, RULES AND REGULATIONS

RECEIVED
R.R.C. OF TEXAS
APR 03 2018
GAS SERVICES DIVISION
AUSTIN, TEXAS

LOCAL RATES			
All Rates are for Pipeline Transportation Only			
(Rates in Dollars per Barrel of 42 United States Gallons)			
FROM*	TO*	UNCOMMITTED RATE**†	COMMITTED RATE**†
McMullen Origin (near Tilden, TX), McMullen Co., TX	Buckeye Texas Processing LLC Terminal, Corpus Christi, TX	[U] \$2.25	[D] \$0.25

* Shipper is responsible for providing its own origination and destination facilities that are necessary and incident to the transportation of Crude Petroleum hereunder.

** Such rates may be escalated pursuant to applicable law or any separate written agreement between Carrier and Shipper.

† Committed Rate applies only to shipments by a Committed Shipper. Uncommitted Rate applies to shipments by an Uncommitted Shipper.

Governed by the rules and regulations published in this tariff, supplements thereto and reissues thereof. The rates published in this tariff are for the intrastate transportation of Crude Petroleum by pipeline. Rate is payable in U.S. currency.

The rates named in this tariff are expressed in dollars a barrel of 42 U.S. Gallons and are subject to change as provided by law.

The matters published herein will have no adverse effect on the quality of the human environment.

EFFECTIVE: APRIL 3, 2018

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SECTION I
Rules and Regulations of Railroad Commission of Texas
Rule §3.71, Pipeline Tariffs

1. ALL MARKETABLE OIL TO BE RECEIVED FOR TRANSPORTATION

By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than two percent (2.0%) of basic sediment, water, or other impurities above a point six (6) inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding three thousand (3,000) barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported there from by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the commission may require.

See Items 40 and 180 for further clarification.

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 forty-two (42) gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.

See Item 20 for further definition.

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.

Amended by Item 30.

SECTION I (continued)

6. IDENTITY AND MAINTENANCE OF OIL

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

7. MINIMUM QUANTITY TO BE RECEIVED

A pipeline shall not be required to receive less than one 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 five hundred (500) barrels.

See Item 40 for further information.

8. GATHERING CHARGES

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

9. MEASURING, TESTING AND DEDUCTIONS

- (A) Except as provided in 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. This 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 the American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6., 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.

Amended by Item 50.

SECTION I (continued)

10. DELIVERY AND DEMURRAGE

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon twenty-four (24) hours notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Item No. 6 of this section, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for in Item No. 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Item No. 5 of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first ten (10) days of one-tenth of one cent (\$.001) per barrel; and thereafter at a rate of three-fourths of one cent (\$.0075) per barrel, for each day of twenty-four (24) hours or fractional part thereof.

Amended by Item 90.

11. UNPAID CHARGES, LIEN FOR AND SALE TO COVER

A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five (5) days after notice of readiness to delivery, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than forty-eight (48) hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.

This Item shall be given no effect. See Item 100 for further information.

12. NOTICE OF CLAIM

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

13. TELEPHONE — TELEGRAPH LINE — SHIPPER TO USE

If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.

SECTION I (continued)

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 the origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

15. SHIPPER'S TANKS, ETC. – INSPECTION

When a shipment of oil has been offered for transportation, the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this section.

16. OFFERS IN EXCESS OF FACILITIES

If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionment.

See Item 170 for further information.

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 Items 140 and 150.

18. RECEIPT AND DELIVERY — FOR NECESSARY FACILITIES

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

Amended by Items 140 and 150.

SECTION I (continued)

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 (5) barrels escapes. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within thirty (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 Item No. 19 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 thirty (30) days of filing the required reports with the commission. Registration with the Commission by landowners and resident for the purpose of receiving spill or leak reports shall be required every five years, with the 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.

See Item 80 for further information.

SECTION II
Supplemental Carrier
Rules and Regulations Governing Crude Petroleum Transportation by Pipeline

20. DEFINITIONS

“Barrel” means forty-two (42) United States gallons.

“Carrier” means Trafigura Marketing Inc.

“Consignee” means and refers to the party having ownership of Crude Petroleum transferred to them.

“Consignor” means and refers to the party having tendered Crude Petroleum to Carrier.

“Crude Petroleum” means the direct liquid product of oil wells, oil processing plants, the indirect liquid petroleum product of oil or gas wells, oil sands, or a mixture of such.

“Pipeline System” means the Crude Petroleum pipeline extending from the outlet of tankage facilities at the McMullen Origin (near Tilden, TX), McMullen Co., TX, to the destination at the Buckeye Texas Processing LLC Terminal, Corpus Christi, TX. The Pipeline System does not include the tankage facilities upstream of the origin or the facilities at the Buckeye Texas Processing LLC Terminal.

“Shipper” means the party who contracts with Carrier for transportation of Crude Petroleum pursuant to the terms of this tariff.

“System Capacity” means the capacity of each segment of the Pipeline System, as reasonably determined by the pipeline operator.

“Uncommitted Shipper” means a Shipper that is not a Committed Shipper.

“U.S.” means United States.

30. STORAGE

Shipper is solely responsible for storage necessarily incident to transportation.

40. MINIMUM SHIPMENTS

Quantities of Crude Petroleum will be accepted for transportation as a single batch shipment to destinations shown herein in amounts of not less than 10,000 Barrels. Quantities of less than 10,000 Barrels may be accepted for transportation if operating conditions permit.

SECTION II (CONTINUED)

50. MEASUREMENT AND GAINS/LOSSES

The volume of Crude Petroleum received and delivered by Carrier will be measured in Barrel units by meter or by gauge. Measured volumes at recorded or observed temperatures will be converted to volumes at sixty degrees Fahrenheit (60°F).

The volume of impurities in Crude Petroleum received and delivered by Carrier will be measured by an electrical or mechanical device or by physical test and such volume will be deducted from the volume of such receipts and deliveries.

Carrier shall determine all measurements, but Shipper and Consignee or their representatives may be present to witness them.

Actual gains or losses incurred on each shipment of Crude Petroleum tendered to Carrier will be allocated to Shipper.

60. NOMINATIONS

Crude Petroleum for shipment through lines of Carrier will be received only on proper notice showing the point at which the Crude Petroleum are to be received, point or points of delivery, Consignee, and amount of Crude Petroleum to be transported. The notice shall be received by Carrier by noon, Central Time, on the twenty-fifth (25th) day of the calendar month preceding the desired shipment date. If the twenty-fifth (25th) day of the month falls on a weekend or holiday, nominations are due by noon, Central Time, on the last workday before the twenty-fifth (25th). The nomination may be e-mailed, faxed or submitted via Carrier's scheduling system. A nomination must specify, for each shipment, the quantity of Crude Petroleum, origin, destination, supply sources and Shipper.

70. TITLE

The act of delivering Crude Petroleum to Carrier for transporting shall constitute a warranty that Shipper or Consignee has title thereto, and that such Crude Petroleum were produced in accordance with concerned laws and regulations.

80. LIABILITY OF CARRIER

Carrier shall not be liable for any loss or damage or delay caused by act of God, public enemy, quarantine, authority of law, strike, riots, fire or the act or default of Shipper, or for any other cause not due to the negligence or willful misconduct of Carrier whether similar or dissimilar to the causes herein enumerated; and in case of loss from any such causes after Crude Petroleum have been received for transportation and before the same have been delivered to Consignee, Shipper shall bear a loss in such proportion as the amount of its shipment is to all of the Crude Petroleum in the custody of Carrier at the time of such loss, and Shipper shall be entitled to have delivered only such portion of its shipment as may remain after a deduction of its due proportion of such loss but in such event Shipper shall be required to pay charges only on the quantity of Crude Petroleum delivered.

SECTION II (CONTINUED)

90. 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; but in the event Shipper fails to provide or arrange for adequate facilities for receipt at destination or has not ascertained from Carrier that it has facilities available for receipt at destination, Carrier shall have the right on 24 hours notice, to divert or reconsign, subject to the rates, rules and regulations applicable from point of origin to actual final destination, or make whatever arrangements for disposition as are deemed appropriate to clear Carrier's pipeline facilities, including the right of private sale for the best price reasonably obtainable. Carrier may be a purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself all transportation and all other applicable lawful charges and necessary expenses of the sale and the expense of caring for and maintaining the Crude Petroleum until disposed of and the balance shall be held for whomsoever may be lawfully entitled thereto.

100. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

Shipper shall pay the transportation and all other charges accruing on Crude Petroleum delivered out of Carrier's Pipeline System, adjusted to sixty degrees Fahrenheit (60°F). Carrier shall have a statutory lien, as provided by Chapter 7 of the Texas Uniform Commercial Code, on all Crude Petroleum in Carrier's Pipeline System to secure the payment of all charges, and may withhold said Crude Petroleum from delivery until all of the said charges shall have been paid.

Carrier will bill Shipper each month for transportation and other charges incurred 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 interest rate of 1.5% per month, unless such rate is greater than the maximum rate allowed by law, in which case 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.

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

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following: (1) prepayment of all charges for the ensuing ninety (90) days by wire transfer and shall be held by Carrier without interest accruing thereon until credited to Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges for the ensuing ninety (90) days 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 for the ensuing ninety (90) days, and in a form, and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement within three (3) business days of Shipper's receipt of such notice from Carrier, Carrier shall not be obligated to provide Shipper access to Carrier's pipeline facilities or provide services pursuant to this tariff until such requirement is fully met.

SECTION II (CONTINUED)

110. CLAIMS TIME FOR FILING

Claims for loss or damage must be made in writing to Carrier within ninety-one (91) days after delivery of the property, or in case of a failure to make delivery, then within ninety-one (91) days after a reasonable time for delivery has elapsed. Suits for loss or damage shall be instituted only within two (2) years and one (1) day after delivery of the property, or in the case of failure to make delivery, then within two (2) years and one (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with Carrier, suit must be brought within two (2) years and one (1) day after notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

120. DIVERSION OR RECONSIGNMENT

Provided no back haul is required, diversion or reconsignment will be made on written request from Consignor or Consignee. No additional charge will be made for the diversion or reconsignment service. The rate to be applied under this rule is the rate from point of origin to final destination.

130. LINE FILL INVENTORY REQUIREMENTS

Prior to delivering Barrels out of Carrier's Pipeline 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 Pipeline System. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's Pipeline System, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier, at its discretion, may require advance payment of transportation charges on the volumes to be cleared from Carrier's Pipeline System, and any unpaid account receivables, before final delivery will be made. Carrier shall have a reasonable period of time, not to exceed ninety (90) days, from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal not to exceed ninety (90) days.

140. ORIGIN AND DESTINATION FACILITIES

Carrier will receive Crude Petroleum from Shippers at origins on its trunk line. Crude Petroleum will be received only from pipelines, tanks, or other facilities that are provided by Shipper or Shipper's designee, or a connecting carrier. Shipper is required to provide all pumping pressure required to transport its Crude Petroleum through the Pipeline System. Carrier will determine and advise Shippers of the size and capacity of pipelines and tanks to be provided by Shipper at the point of receipt to meet the operating conditions of Carrier's pipeline facilities at such point. Carrier will not accept Crude Petroleum for transportation, unless such facilities have been provided by Shipper to meet industry standards.

Carrier will deliver Crude Petroleum to Shipper at the outlet of the Pipeline System at the Buckeye Texas Processing LLC Terminal, Corpus Christi, Texas. Transportation on the Pipeline System does not entitle Shipper to use of the Buckeye Texas Processing LLC

SECTION II (CONTINUED)

Terminal, and Shipper is solely responsible for arranging adequate facilities at the destination. Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory written evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receipt of said Crude Petroleum at its destination.

Connections to the Pipeline 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 the Pipeline System in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

150. SEPARATE PIPELINE AGREEMENTS

Separate agreements in association with pipeline connections or other facilities ancillary to 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.

160. CHARGES FOR ENVIRONMENTAL RELATED MEMBERSHIPS AND FEES AND OTHER CHANGES IN LAW

To the extent Barrels transported over Carrier's pipeline facilities are the basis of a charge by any public or private agency or organization (such as the Marine Preservation Association), which charge is related to compliance with federal, state or local environment laws or regulations (such as the Oil Pollution Act of 1990) or in the event Carrier is otherwise required by Law to incur any additional expense in order to provide the services contemplated hereunder, Carrier shall have the right to assess Shipper for any such charge or expense on a pro-rata basis based on Shipper's actually transported Barrels, provided Carrier has first given thirty (30) days advance written notice to Shipper of its intention to make such assessment.

170. PIPELINE PRORATION PROCEDURES

(A) Definitions

The following definitions will apply only to the Capacity Prorationing Procedures set forth in this Item 170. To the extent a term has not been defined in this subpart (A), the general definition for such term set forth in Item 20 of this tariff shall apply.

"Base Period" - The "Base Period" will be the 12-month period beginning 13 months prior to the month of prorationing and excluding the month preceding the Proration Month.

"Committed Shipper" means a Shipper that has contracted with Carrier to ship and pay for or, if not shipped, to pay for at least 40,000 Barrels per day for a term equal to the lesser of (a) ten (10) years or (b) the remaining period for which Carrier's lease of capacity in the Pipeline System remains in effect.

"New Shipper" means a Shipper that tenders Crude Petroleum for transportation in the affected line segment that does not qualify as a Regular Shipper.

"Nomination" means a written communication from a Shipper to a Carrier that meets the requirements of Item 60 and requests that Carrier transport for Shipper, in the

SECTION II (CONTINUED)

affected line segment in a given month, a stated volume of a specified Crude Petroleum from a specified origin or origins to a specified destination under the terms and conditions of this tariff.

"Regular Shipper" means a Shipper that has shipped Crude Petroleum in the affected line segment during each month of the Base Period. A Committed Shipper shall be deemed to be a Regular Shipper as of the first month the Committed Shipper is committed to ship a minimum volume on the Pipeline System. Thereafter, a Committed Shipper shall be considered to be a Regular Shipper with respect to volumes it has shipped on the affected segment each month of the Base Period plus any volumes for which Committed Shipper has made any required deficiency payment for the transportation of Crude Petroleum under its TSA. A Committed Shipper shall not be considered to be a Regular Shipper if it fails to pay any deficiency payment due Carrier during any month of the Base Period. "Proration Factor" means a fraction calculated by dividing the amount of capacity on the affected line segment by the total Nominations.

"Proration Month" means the calendar month for which capacity on the affected line segment is to be allocated under this Item.

"Total Shipments" means for a Regular Shipper the sum of the volumes that the Regular Shipper has shipped on the affected line segment plus, for a Committed Shipper, the volumes for which the Committed Shipper has paid a deficiency payment to Carrier under its TSA, during each month of the Base Period, provided however, that for the first thirteen (13) months after a Committed Shipper becomes committed to ship a minimum volume on the Pipeline System, the Committed Shipper shall be deemed to have shipped during each month of the Base Period the Committed Shipper's monthly volume commitment set forth in its TSA.

"Total Throughput" equals the sum of the Total Shipments of all Regular Shippers and New Shippers during the Base Period.

"TSA" means a Transportation Services Agreement executed by Carrier and a shipper by which Shipper commits for a period to ship a minimum volume of Crude Petroleum on the Pipeline System.

(B) Prorating Procedures

When Carrier receives more Nominations in a month for transportation of Crude Petroleum on a line segment than Carrier is able to transport, Carrier shall apportion the capacity in such line segment in the following manner:

- (i) During the Proration Month, each New Shipper will be allocated a portion of the capacity equal to its Nomination on the apportioned line segment multiplied by the Proration Factor, up to the level of its Nomination. The total aggregate volumes allocated to all New Shippers on such line segment under this procedure shall not exceed five percent (5%) of the capacity of the line segment. Each New Shipper will be allocated no more than two and one-half percent (2.5 %) of the capacity; provided, however, that this limitation shall not be applicable if it would result in an allocation to New Shippers of less than five percent (5%) of capacity.
- (ii) In the event that the total aggregate volumes allocated to New Shippers using the procedure described in subpart (i) of this subpart (B) exceeds five percent (5%) of capacity on the apportioned line segment, each New Shipper will receive a pro rata

SECTION II (CONTINUED)

reduction in its allocated capacity such that the total allocated capacity for all New Shippers on such line segment equals five percent (5%) of the capacity.

- (iii) Following the allocation of capacity to New Shippers described in subparts (B)(i) and (B)(ii) above, all of the remaining capacity on the apportioned line segment will be allocated to Regular Shippers. A Regular Shipper's Total Shipments on such line segment divided by the Total Shipments on such line segment equals the percentage of the remaining capacity each Regular Shipper is entitled to ship during the Proration Month on such line segment.
- (iv) Each Regular Shipper will receive an allocation that is the lesser of its allocation under subpart (B)(iii) above or its Nomination. In the event that, under the calculation in subpart (B)(iii) above, any Regular Shipper is allocated more capacity than its Nomination, the excess of its allocation over its Nomination will be reallocated pro rata among all other Regular Shippers that did not receive an allocation in excess of their Nominations, up to the level of each Regular Shipper's Nomination. If there still remains unused capacity after such reallocation among Regular Shippers, such unused capacity shall be distributed pro rata among all New Shippers, up to the level of each New Shipper's Nomination, and not subject to any percentage cap. If there still remains unused capacity after such reallocation among New Shippers, the line segment shall no longer be subject to prorationing and subpart (B) of this Item 170 shall be inoperative for the Proration Month.

180. QUALITY SPECIFICATIONS

No Crude 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 Crude Petroleum from other shippers or cause disadvantage to other shippers and/or Carrier.

Carrier reserves the right to reject any Crude Petroleum that (i) does not meet the Crude Petroleum Specifications, (ii) would reasonably be expected to damage Carrier's Pipeline System, (iii) creates a hazardous condition, or (iv) does not comply with law. If Crude Petroleum that Shipper delivers to Carrier at the Point of Receipt fails to meet the requirements of this Section, to the extent Carrier is aware of such failure, Carrier has the right to reject such Crude Petroleum and Carrier will immediately notify Shipper.

Part I -- The following constitute Crude Petroleum Specifications and shall apply to each Barrel of the shipment and not be limited to the composite sample of the shipment:

- (i) The Crude Petroleum shall have a hydrogen sulfide (H₂S) content equal to or less than ten (10) ppm by volume, as measured by ASTM D-6021;
- (ii) Reid Vapor Pressure of the Crude Petroleum, as measured by ASTM D-6377 or ASTM D-323, shall not result in Carrier's noncompliance with federal, state, or local requirements regarding hydrocarbon emissions; or
- (iii) The Crude Petroleum shall meet specifications of connecting carriers.

Part II -- The following shall constitute guidelines ("Guidelines") with respect to the Crude Petroleum and such Guidelines shall, among other things, establish the testing criteria to

SECTION II (CONTINUED)

determine the quality of Crude Petroleum being transported:

- (i) Reid Vapor Pressure of the Crude Petroleum shall not exceed ten (10.0) psia, as measured by ASTM D-6377 or ASTM D-323;
- (ii) The viscosity shall not exceed sixty (60) Saybolt Universal Seconds (SUS) at one hundred degrees Fahrenheit (100° F) as measured by ASTM Standard D-445 and as calculated for Saybolt Seconds by ASTM Standard D-2161;
- (iii) The gravity of Crude Petroleum shall not be less than forty degrees (40°) API gravity or greater than sixty-five degrees (65°) API gravity at sixty degrees Fahrenheit (60° F), as measured by ASTM D-287 or ASTM D-4052;
- (iv) The Crude Petroleum shall not contain basic or foreign sediment and water and other impurities exceeding one percent (1 %) by volume or the volume of water exceeds one-half of one percent (0.5%) of the volume offered for transportation, as measured by ASTM D-4007;
- (v) The surface of settled sediment and water and other impurities in tanks shall not be less than four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's Pipeline System;
- (vi) The light ends (C1-C4) fraction shall not exceed eleven percent (11%) as measured by ASTM D-2892;
- (vii) The Crude Petroleum shall not contain any excessive metals, chemicals, salts, refinery or chemical plant process or by-product materials, or any other material which may adversely affect the refining process; and
- (viii) The Crude Petroleum shall not have a sulfur content exceeding one-half of one percent (0.5%) by weight, as measured by ASTM D-7620 or ASTM D-4294.

For clarity, under no circumstances shall the ability or failure to meet the criteria set forth in the Guidelines in any way diminish Carrier's right to reject Crude Petroleum under this Item 180.

Shipper shall also be responsible for reimbursing Carrier for any costs in excess of normal operating costs for Crude Petroleum without paraffin incurred by Carrier attributed to paraffin precipitation and/or deposits within Carrier's Pipeline System.

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

If upon investigation, Carrier determines that Shipper or any other shipper has delivered to Carrier's Pipeline System 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 responsible party shall be excluded from further entry into Carrier's Pipeline System until such time as quality specifications are met to the satisfaction of Carrier.

Shipper shall be required to furnish Crude Petroleum assays upon request of the Carrier so that quality determinations can be made. If Carrier determines that the Crude Petroleum tendered for transportation does not meet the specifications contained herein or, in the

SECTION II (CONTINUED)

reasonable opinion of Carrier, differs materially in character from Crude Petroleum being transported by Carrier, transportation may be either refused or only offered under such terms and conditions agreed to by the Carrier and Shipper and consistent with this Agreement.

Shipper shall be responsible for all liability and reasonable expenses incurred by Carrier (including claims made against Carrier by downstream parties receiving such Crude Petroleum) resulting from Carrier's receipt of any Crude Petroleum that does not comply with the requirements of Agreement. Further, if Carrier determines that Shipper has delivered to Carrier's facilities Crude Petroleum that has contaminated the common stream, rendering all or a portion of the common stream undeliverable, Carrier reserves the right to treat or otherwise dispose of all contaminated Crude Petroleum in any manner deemed commercially reasonable by Carrier, at Shipper's sole expense.

190. SUPREMACY OF SECTION II

In case of inconsistency between the provisions of Section I of this tariff and those of Section II, the provisions of Section II shall prevail.

Explanation of Symbols:

- [D] Decrease
- [U] Unchanged Rate