

Plains Pipeline, L.P. ♦

LOCAL PIPELINE TARIFF

Containing
RATES, CHARGES, RULES AND REGULATIONS

Governing the Intrastate Transportation by Pipeline of

CRUDE PETROLEUM

From and To Points Named Herein

RECEIVED
R.R.C. OF TEXAS

APR 04 2018

GAS SERVICES DIVISION
AUSTIN, TEXAS

Rates herein are governed by the Rules and Regulations contained herein.

The rates named in this tariff are expressed in cents per Barrel of 42 U.S. Gallons and are subject to change as provided by law.

EFFECTIVE: April 1, 2018

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

ISSUED BY: Sam Brown
Senior Vice President
Plains GP LLC
General Partner of
Plains Pipeline, L.P.
P.O. Box 4648
Houston, Texas 77210-4648

COMPILED BY: Teresa Bratcher
Tariff Manager
Plains GP LLC
General Partner of
Plains Pipeline, L.P.
P.O. Box 4648
Houston, Texas 77210-4648
713-646-4568
tmbratcher@paalp.com

RATES AND CHARGES
Segment 3

Receipt Point	Delivery Point	Rate (cents per Barrel)
<p>Each Tank Battery and/or other point of connection located in Loving and Winkler Counties, Texas at which Carrier is physically able to receive crude petroleum into Segment 3 of Carrier's system, all of which are identified on the Schedule of Receipt Points posted on Carrier's website www.paalp.com, as such schedule may be amended from time to time.</p>	<p>Interconnect between Segment 3 and Segment 2 of Carrier's System in Winkler County, Texas.</p>	<p>Committed Shippers: [U] 100.20 (1) [U] 103.00 (2)</p> <p>All Uncommitted Shippers: [U] 108.21</p>

Segment 2

Receipt Point ¹	Delivery Point ¹	Rate (cents per Barrel)
<p>Interconnect between Segment 3 of Carrier's System and Segment 2 of Carrier's System, Interconnect between ExxonMobil's rail facilities and Segment 2 of Carrier's System, in each case located in Winkler County, Texas, as identified on the Schedule of Receipt Points posted on Carrier's website at www.paalp.com, as such schedule may be amended from time to time.</p>	<p>Interconnect between Segment 2 of Carrier's System and Plains Pipeline, LP's facilities, and ExxonMobil's rail facilities, all in Winkler County, Texas (Wink), and facilities of any other future third party pipelines, all of which are identified on the Schedule of Delivery Points posted on Carrier's website at www.paalp.com, as such schedule may be amended from time to time.</p>	<p>Committed Shippers: [U] 30.06 (1) [U] 30.90 (2)</p> <p>All Uncommitted Shippers: (except for Uncommitted Shipper Incentive Rates set forth in the table below): [U] 34.07</p>

(1) Segment 3 and Segment 2 Committed Rates are available to the following Committed Shipper Commitment Levels:

- "A-Level" - 10 YEAR COMMITMENT, >90,000 Acres
- "C-Level" - 10 YEAR COMMITMENT, >6,000 but <15,000 Acres
- "D-Level" - 5 YEAR COMMITMENT, >10,000 BBL/Day
- "Committed Incentive" - 10 YEAR COMMITMENT, > 4,500 Acres

(2) Segment 3 and Segment 2 Committed Rates are available to the following Committed Shipper Commitment Level:

- "B-Level" - 10 YEAR COMMITMENT, >45,000 but <90,000 Acres

UNCOMMITTED SHIPPER INCENTIVE RATES**Rates and Charges**

Receipt Point	Delivery Point	Rate (cents per Barrel)
ExxonMobil's rail facilities, Winkler County, Texas	HEP Pipeline, L.L.C., Culberson County, Texas	[U] 34.07

MISCELLANEOUS:

Application of Rates and Charges: In lieu of the provisions of Special Rule 15 of the Rules and Regulations Tariff, the following will apply: 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. For Crude Petroleum delivered at Wink, Texas on Segment 2, transportation and all other lawful charges will be collected on the basis of the quantities of Crude Petroleum Delivered by Carrier for the account of Shipper or its Consignor. For all other movements contained herein, transportation and all other lawful charges will be collected on the basis of the quantities of Crude Petroleum Received by Carrier for the account of Shipper or its Consignor, including Crude Petroleum destined for system storage under Item 115.

Pipeline Loss Allowance (PLA): In accordance with the provisions of Special Rule 13(g) of the Rules and Regulations Tariff, the following will apply:

- (i) For each Committed Shipper, a Pipeline Loss Allowance of one-tenth of one percent (0.1%) shall apply to quantities tendered at the Segment 2 Receipt Point(s) or the Segment 3 Receipt Point(s) for Delivery to Delivery Point(s) for Segment 2.
- (ii) For each Committed Shipper, there shall be no Pipeline Loss Allowance for quantities tendered at the Segment 3 Receipt Point(s) for Delivery to Delivery Point(s) for Segment 3.
- (iii) For all Shippers not covered by subparagraphs (i) or (ii) above, a Pipeline Loss Allowance of two-tenths of one percent (0.2%) shall apply to quantities tendered at all Receipt Point(s).

Pump Over and Truck Unload Fees:

Pursuant to Section II, Rule 17 of the Rules and Regulations Tariff, when shipments are transported by truck prior to receipt into Carrier's system, the following charges will be made in addition to the transportation rates named herein:

- (i) A [U] 5.01 cent per barrel Pump Over Fee will be charged on all Barrels received from any third party truck unloading station delivering crude oil directly into Carrier's facilities.
- (ii) For Crude Petroleum received into Carrier's truck unloading facilities, a [U] 15.0 cent per barrel Truck Unload Fee will be charged on all Barrels received from trucks into Carrier's truck unloading facilities.

Rate escalation:

The rates set forth in this Tariff shall be adjusted upward or downward by Carrier beginning on the first July 1st after the date that is 365 days after the date on which Carrier commences commercial service with respect to the receipt, transportation, storage, handling and delivery of Crude Petroleum on the System and each July thereafter to reflect the inflation adjustments promulgated annually by the FERC pursuant to 18 C.F.R. § 342.3(d), provided, however, in no event shall the rates for service under a Dedication and Transportation Agreement (including the rates for any Sold Crude Petroleum shipped on Carrier's System) or a Throughput and Deficiency Agreement, be adjusted downward to be less than the initial

rates to be charged Committed Shippers set forth in the initial filing of the Tariff. In lieu of the foregoing, Carrier may agree in writing with a Committed Shipper that the rate(s) set forth in the initial filing of the Tariff containing such rate(s) shall be escalated at a fixed rate per annum agreed in writing between Carrier and such Committed Shipper.

Notes:

1. Subject to agreement with the entity whose facilities will interconnect with Carrier at the applicable Receipt Point(s) or Delivery Point(s). In the event such agreement is not entered into, such Receipt Point or Delivery Point will be excluded from the Tariff.

2. "Committed Shipper" means either a Dedicated Shipper or T&D Shipper, as distinguished by an Acreage Commitment (Dedicated Shipper) or BBL/Day Commitment (T&D Shipper). "Dedicated Shipper" means (i) a Shipper that has executed a Dedication and Transportation Agreement, or (ii) a Shipper that is nominating the receipt of Crude Petroleum from a Consignor that has executed (and which Crude Petroleum is dedicated under) such Consignor's Dedication and Transportation Agreement, but only as to such Crude Petroleum received from such Consignor (referred to as "Sold Crude Petroleum" - see Note 5). A "T&D Shipper" means a Shipper that has executed a Throughput and Deficiency Agreement.

3. "Avg. BBL/d", for purposes of determining the applicable rate on the applicable Segment during the applicable Accounting Month, means:

(A) with respect to a Dedicated Shipper (or an Upstream Purchaser (as defined in Footnote 5) shipping Sold Crude Petroleum on Carrier's System, but only as to such Sold Crude Petroleum), the total number of barrels of Crude Petroleum dedicated under the Dedication and Transportation Agreement (including Sold Crude Petroleum) shipped on the System from all Receipt Points on the applicable Segment during such Accounting Month, provided, however that:

(1) in the event that volumes of Crude Petroleum (including Sold Crude Petroleum) tendered for Shipment on the System exceed the total capacity of the System after the commencement of commercial operations of the System: (i) a Dedicated Shipper's volumes of such Crude Petroleum that are dedicated to the services of Carrier under a Dedication and Transportation Agreement ("Dedicated Crude Petroleum") and which such Dedicated Shipper or its Upstream Purchaser is ready, willing and able to deliver to a Receipt Point on the applicable Segment and is ready, willing and able to receive at a Delivery Point, but which Transporter is unable to ship on the System due to such capacity constraints, curtailment or other interruption of the System, will be given a one-time credit in calculating the Avg. BBL/d for purposes of determining the applicable rate to be charged on the applicable Segment to such Dedicated Shipper and Upstream Purchaser for the shipment of Dedicated Crude Petroleum of such Dedicated Shipper.

(2) with respect to Dedicated Crude Petroleum (including Sold Crude Petroleum) of a Dedicated Shipper which is produced from the development area or dedication area, as applicable, under such Dedicated Shipper's Dedication and Transportation Agreement and which such Dedicated Shipper or its Upstream Purchaser is ready, willing and able to deliver to a Receipt Point on the applicable Segment (as listed in Exhibit A of such Dedication and Transportation Agreement as of the date of execution) and is ready, willing and able to receive at a Delivery Point, to the extent such Dedicated Crude Petroleum (including Sold Crude

Petroleum) volumes are unable to be shipped on the System (i) due to any Receipt Points on the applicable Segment located in the foregoing areas (as listed in Exhibit A of such Dedication and Transportation Agreement as of the date of execution) not being connected to the System as of the date Carrier places Carrier's System into commercial operation, and is instead produced and transported elsewhere or (ii) which Carrier is obligated to connect to Carrier's System on the applicable Segment under any such Dedication and Transportation Agreement, but which Carrier fails to connect within one hundred twenty (120) days following receipt of written notice from such Dedicated Shipper requesting such connection, and is instead produced and transported elsewhere, then such volumes of such Crude Petroleum (i.e. under either items (i) and (ii) above) will be given credit for purposes of calculating the Avg. BBL/d for purposes of determining the applicable rate to be charged on the applicable Segment to such Dedicated Shipper and Upstream Purchaser for the shipment of Dedicated Crude Petroleum (including Sold Crude Petroleum) of such Dedicated Shipper until such time as the aforementioned Receipt Points are connected to and ready to receive such Dedicated Crude Petroleum into the System.

- (B) with respect to an Uncommitted Shipper, the total number of barrels of Crude Petroleum (excluding Sold Crude Petroleum) shipped on the System for such Shipper's account from all Receipt Points on the applicable Segment during an Accounting Month.

4. "Uncommitted Shipper" means a Shipper that is not a Committed Shipper.

5. Sold Crude Petroleum. In the event that any Dedicated Shipper ("Selling Shipper") sells to any other Shipper ("Upstream Purchaser") on the System any Dedicated Crude Petroleum which is dedicated under a specific Dedication and Transportation Agreement of such Dedicated Shipper at or upstream of any of the Receipt Points on a Segment and such Upstream Purchaser has such Crude Petroleum shipped on the System from such Receipt Points to one or more Delivery Point(s) (the "Sold Crude Petroleum") then:

- (A) Selling Shipper, as to such Sold Crude Petroleum, shall not be in breach of such Dedication and Transportation Agreement for not delivering such Sold Crude Petroleum under such agreement;
- (B) Selling Shipper shall have no obligations or liabilities under such Dedication and Transportation Agreement with respect to any such Sold Crude Petroleum, including any liabilities or payment obligations with respect to, derived from or attributable to such volumes of Sold Crude Petroleum;
- (C) subject to Section 5(B) above, for the purposes of determining the applicable transportation rate charged on such Segment to any Dedicated Crude Petroleum of such Selling Shipper (which is dedicated under such Dedication and Transportation Agreement) shipped hereunder by any Selling Shipper, all volumes of such Sold Crude Petroleum sold by such Selling Shipper shall be deemed to constitute volumes shipped on such Segment by such Selling Shipper, for the purposes of determining such Selling Shipper's Average Daily Volumes of Dedicated Crude Petroleum in determining the transportation rates chargeable on such Segment;
- (D) subject to Section 5(B), for the purposes of determining the applicable transportation rate charged on such Segment to any Sold Crude Petroleum of a Dedicated Shipper (which is dedicated under such Dedication and Transportation Agreement) shipped by any Upstream Purchaser on such

Segment, all volumes of Dedicated Crude Petroleum (which are dedicated under such Dedication and Transportation Agreement) of such Selling Shipper shipped on such Segment by such Selling Shipper, all volumes of such Sold Crude Petroleum of such Selling Shipper shipped by such Upstream Purchaser on such Segment and all volumes of such Sold Crude Petroleum of such Selling Shipper shipped by any other Upstream Purchasers on such Segment, shall be deemed to constitute volumes shipped on such Segment by such Selling Shipper under such Dedication and Transportation Agreement of such Selling Shipper. As such, all such Sold Crude Petroleum of such Selling Shipper shipped by any Upstream Purchaser on such Segment shall be charged the same transportation rate as if such Sold Crude Petroleum, and all other such Sold Crude Petroleum of such Dedicated Shipper shipped b) any other Upstream Purchaser on such Segment, had been shipped by such Selling Shipper on such Segment under such Dedication and Transportation Agreement. In no event shall any other volumes of Crude Petroleum shipped on the System other than the foregoing be used in determining the Average Daily Volumes under the Tariff in determining the applicable transportation rate charged on such Segment to any Sold Crude Petroleum of such Selling Shipper shipped by any Upstream Purchaser of Selling Shipper on such Segment; and

- (E) Carrier shall provide to Shipper information regarding volumes of Crude Petroleum such that Shipper can calculate the applicable transportation rate to be charged to Upstream Purchasers on a monthly basis.

Explanation of Reference Marks:

- [U] Unchanged rate
[N] New

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Section I

Rules and Regulations

The following nineteen (1-19) Rules are reprinted here pursuant to the requirements of the Texas Railroad Commission Title 16 Part 1 Chapter 3 Rule § 3.71. The Rules and Regulations set forth in this Section I are subject to the Rules and Regulations set forth in Section II hereof.

Carrier (herein generally referred to as "the pipeline", in this tariff) will accept Crude Petroleum (referred to variously in this tariff as "crude oil", "crude", "oil", and "marketable oil", and defined in Rule 1 below) for intrastate transportation by pipeline from the point of origin to the point of destination named in this tariff, subject to the following rules and regulations:

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 two percent 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 the pipeline shall not 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 Railroad Commission of Texas ("Commission") may require. **(Amended by Special Rule 5).**

Rule 2. Basic Sediment, How Determined - Temperature

In determining the amount of sediment, water, or other impurities, the 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. The 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. **(Amended by Special Rule 5).**

Rule 3. "Barrel" Defined

For the purpose of these rules, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at sixty degrees Fahrenheit (60°F). **(Supplemented by Special Rule 1)**

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 Special Rules 4 and 18).**

Rule 5. Storage

The 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 Special Rule 23).**

Rule 6. Identity of Oil, Maintenance of Oil

The 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.

Rule 7. Minimum Quantity To Be Received

The pipeline shall not be required to receive less than one tank carload of oil when oil is offered for loading into tank cars at destination of the pipeline. When oil is offered for transportation for other than tank car delivery, the pipeline shall not be required to receive less than 500 barrels. **(Amended by Special Rule 2).**

Rule 8. Gathering Charges

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

Rule 9. Measuring, Testing and Deductions

(Reference Commission Special Order No. 20-63, 098, Effective June 18, 1973)

(a) All crude oil tendered to the 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 and 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. **(Superseded by Special Rule 13).**

Rule 10. Delivery and Demurrage

The 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 Rule 6 of this tariff, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in Rule 5 of this tariff) shall begin at the expiration of such notice. At the expiration of the time allowed in Rule 5 of this tariff for storage at destination, the 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. **(Superseded by Special Rule 12).**

Rule 11. Unpaid Charges, Lien For And Sale To Cover

The 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 5 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 Midland, Texas, 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. **(Superseded by Special Rule 18).**

Rule 12. Notice Of Claims

Notice of claim 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. **(Superseded by Special Rule 20).**

Rule 13. Telephone - Telegraph Line - Shipper To Use

If the pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, the 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.

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 these Rules and Regulations.

Rule 16. Offers In Excess Of Facilities

If oil is offered to the 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. **(Superseded by Special Rule 14).**

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. **(Superseded by Special Rule 11).**

Rule 18. Receipt and Delivery - Necessary Facilities For

The 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. **(Superseded by Special Rule 11).**

Rule 19. Report Of Loss From Fire, Lightning and Leakage

(a) The 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. The pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. The 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 fires, storm, flood or act of God, and no risk resulting from riot, insurrection, rebellion, war, an 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 the 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 rule shall not apply if the loss occurs because of negligence of the pipeline. **(Superseded by Special Rule 20)**

(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 II**Rules and Regulations**

The Rules and Regulations set forth in this Section II shall control over contrary provisions in the Rules and Regulations set forth in Section I hereof.

Special Rule 1. DEFINITIONS

"Accounting Month" as herein used means a period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

"API gravity" or "gravity" as herein used means gravity determined in accordance with the ASTM Designation D-287-82 or the latest revision thereof.

"Average Daily Volume" shall mean, for purposes of Special Rule 26(b), with respect to any new Receipt Point, the average daily volume (in Barrels per Day calculated on an 8/8ths basis) over any consecutive thirty (30) Day period.

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

"Business Day" as used herein means any calendar Day other than Saturdays and Sundays that commercial banks in Houston, Texas are open for business

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

"Carrier Group" shall mean Carrier, Carrier's affiliates (including after acquired companies), any manager of Carrier and such manager's affiliates, and the officers, directors, employees, agents and invitees of each of the foregoing; provided no Shipper nor any affiliate of Shipper shall be part of the Carrier Group.

"Carrier Holiday" shall mean a day on which Carrier's office is closed for business.

"Change in Law" shall mean any Law or amendment or modification to any existing Law that is promulgated or adopted and implemented subsequent to the date hereof that requires Carrier to incur additional expenses (a) to make additions or modifications to the System in order to comply with such Law, (b) to change methods of operation in order to comply with such Law, (c) to implement increased training, testing or verification programs with respect to the operation of the System in order to comply with such Law or (d) to comply with the conditions of any permit necessary to operate the System.

"Change in Law Event" shall mean the occurrence of a Change in Law that requires the expenditure of Compliance Costs by Carrier, irrespective of whether such Compliance Costs are to be incurred as a one-time expenditure or periodically for an extended period.

"Committed Shipper" has the meaning set forth in Note 2 of the Rate Tariff.

"Compliance Costs" as herein used means all actual documented incremental expenses and costs, including capital expenditures, incurred and paid by Carrier as a result of any Change in Law, but excluding any and all costs or expenses (including fines or penalties) that are levied against or incurred by Carrier specifically as a result of Carrier's violation or non-compliance with applicable Law.

"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 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, as described in Special Rule 8 to these rules and regulations, MIXTURES.

"Day" as herein used means a period of twenty-four (24) hours, commencing at 9:00 a.m., Central Standard Time, on a calendar day and ending at 9:00 a.m., Central Standard Time, on the next succeeding calendar day.

"Dedication and Transportation Agreement" means a written agreement by which a Shipper or Shipper's supplier has committed to Carrier that its production from specified interests will be tendered for shipment on Carrier's system.

"Delivery" and any derivative thereof, as herein used means delivered by Carrier to Shipper or Consignee at the Delivery Point.

"Delivery Point" as herein used means the location for the delivery of Crude Petroleum provided for in the Rate Tariff.

"ENom System" shall mean 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>.

"Governmental Authority" shall mean any federal, state, local, tribal, or foreign government, court of competent jurisdiction, administrative or regulatory body, agency, bureau, commission, governing body of any national securities exchange, or other governmental authority or instrumentality in any domestic or foreign jurisdiction, and any appropriate division of any of the foregoing.

"Law" shall mean any federal, state, local, municipal, foreign, tribal, or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, proclamation, treaty, convention, rule, regulation, or decree, whether legislative, municipal, administrative, or judicial in nature, enacted, adopted, passed, promulgated, made, or put into effect by or under the authority of any Governmental Authority.

"Line Fill" as herein used means the total quantity of Crude Petroleum needed to occupy the physical space with the System and reasonably required by Carrier for the efficient operation of the System.

"Net Acres" shall mean the total number of acres owned by the applicable Shipper and its affiliates in the Development Area equal to the aggregate number (calculated on a tract by tract basis) of, as to any parcel, tract or aggregate thereof, the product of (a) the number of surface acres of land that are described in such parcel, tract or aggregate thereof (i.e. gross acres), multiplied by (b) the undivided interest in the fee minerals, non-executives interests and other mineral fee interests in such lands burdened by the applicable oil and gas lease(s), multiplied by (c) such Shipper's and its affiliates' aggregate working interest in such lease(s).

"New Taxes" shall mean all new or incremental taxes, assessments, fees, levies, charges or costs imposed by any Change in Law that are incurred and paid by Carrier with respect to Carrier's operation of the System or its performance under this Agreement, including any such taxes, assessments, fees, levies, charges or costs arising from any carbon tax or cap and trade Laws adopted after the date hereof but excluding (a) any income taxes, margin tax, franchise tax or any other similar tax that is measured or assessed based on any income received by Carrier (b) any real or personal property, transfer or other ad valorem taxes imposed on Carrier or the System or (c) any fines, penalties, interests or late charges imposed or attributable to any failure of Carrier to timely or validly pay any incremental taxes, assessments, fees, levies, charges or costs imposed on Carrier or the System.

"Nomination" or "Nominated" as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified Receipt Point(s) or to a specified Delivery Point(s) over a period of one Accounting Month in accordance with these rules and regulations. Said Nomination shall be on forms as provided by Carrier.

"Rate Tariff" as herein used means the Rates Section contained herein, as such may be amended or supplemented by Carrier from time to time or at any time.

"Receipt" as herein used means the receipt by Carrier at the Receipt Point of a volume of Crude Petroleum from Shipper or Consignor.

"Receipt Point" as herein used means the location for the receipt of Crude Petroleum provided for in the Rate Tariff.

"Reid Vapor Pressure" as herein used is the absolute vapor pressure at one-hundred degrees Fahrenheit (100° F) of volatile Crude Petroleum or indirect products, herein expressed in pounds per square inch absolute (psia), as determined by test method ASTM D-323 or the latest revision thereof.

"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.

"Shipper Group" shall mean Shipper, the Shipper's affiliates (including after acquired companies), any manager of Shipper and such manager's affiliates and the officers, directors, employees, agents and invitees of each of the foregoing.

"System" as used herein means the pipelines, tanks and related facilities that Carrier owns an interest in and to which the rules and regulations stated herein apply.

"Throughput and Deficiency Agreement" means a written agreement by which Shipper has committed to tender for shipment by Carrier a minimum volume of Crude Petroleum during successive twelve-Accounting Month periods, failing which Shipper shall remit to Carrier a deficiency payment in respect of the shortfall.

"Transferee" as used herein means the entity accepting volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Special Rule 24 to these rules and regulations, INTRASYSTEM TRANSFERS.

"Transferor" as used herein means the entity transferring volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Special Rule 24 to these rules and regulations, INTRASYSTEM TRANSFERS.

Special Rule 2. NOMINATION, MINIMUM QUANTITY, DISPATCH

(a) Unless otherwise stated in 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 one thousand (1,000) Barrels per Day aggregate from one or more Receipt Points as operations permit, 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 one thousand (1,000) Barrels per Day, and Carrier will not be obligated to make any single delivery of less than one thousand (1,000) Barrels per Day, 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 Receipt Points to Delivery Points when a tariff covering the movement is lawfully in effect and on file with the Railroad Commission of Texas as to intrastate traffic and with the Federal Energy Regulatory Commission as to interstate traffic, and provided there is a corresponding nomination accepted by the receiving pipeline or other receiving entity at the applicable Delivery Point.

(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 preceding Business Day. When the twenty-fifth (25th) of the month falls on a Carrier Holiday, Nominations will be required prior to 12:00 NOON Central Standard Time/Central Daylight Saving Time, whichever is applicable, three (3) Business Days prior to the Carrier Holiday. The Nomination must be submitted via Carrier's ENom System.. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for transportation. Carrier's monthly nomination schedule will be posted on Carrier's website on or before January 15 of each year. Shippers can access Carrier's monthly nomination schedule on Carrier's website at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs/enom-portal>.

(d) When Nominations submitted by Shippers to Carrier on or before the twenty-fifth (25th) day of the Accounting Month, or such earlier day as required under Special Rule 2(c) above, preceding the Accounting 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 Accounting Month or such earlier day as required under Special Rule 2(c) above.

(e) For each Accounting Month, Carrier will establish a sequence for pumping Crude Petroleum through its trunk lines and will schedule the approximate time when Crude Petroleum offered for shipment will be received by Carrier at Receipt Points and Delivered by Carrier at Delivery Points.

Special Rule 3. LINE FILL REQUIREMENTS

Prior to receiving Barrels into Carrier's System, each Shipper will be required to supply a pro rata share of the Line Fill required to meet Carrier's System's operational requirements. Crude Petroleum provided by Shippers for this purpose shall be reflected in a Shipper-specific inventory account and 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 (other than Line Fill), 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 (6) Accounting Months, to complete administrative and operational requirements incidental to Shipper withdrawal. Title to such Line Fill provided by Shipper shall remain with Shipper, and upon compliance with the requirements of Special Rules 2 and 3 above and, as applicable, upon the expiration or termination of this tariff, such Line Fill provided by Shipper shall be returned to Shipper at the Delivery Point designated by Shipper. For the avoidance of doubt, transportation rates or fees shall be charged for such volumes of Crude Petroleum provided by Shipper to Carrier as Line Fill when it is received into the System.

Special Rule 4. TITLE

The Carrier shall have the right to reject any Crude Petroleum, when Nominated for transportation, if Carrier has a good faith reasonable basis to believe that such Crude Petroleum is the subject of any 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. Shipper 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.

Special Rule 5. SPECIFICATIONS AS TO QUALITY RECEIVED

(a) Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept Crude Petroleum 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 Fahrenheit (120° F) 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 (i) due to unusual circumstances, emergencies, or events of force majeure, or, (ii) solely with respect to gravity and/or sulphur, as applicable, for which a Quality Bank is established pursuant to Special Rule 7(b). In such case (except with respect to gravity and/or sulphur, as applicable, for which a Quality Bank is established pursuant to Special Rule 7(b)), 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 may reject (any and all of) 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 of less than thirty degrees (30.0°) or in excess of fifty degrees (50.0°); and (2) Crude Petroleum having a sulphur content by weight equal to or greater than four tenths of one percent (0.4%). Carrier shall reject Crude Petroleum where the Shipper or Consignee has failed to comply with applicable Laws regulating shipment of Crude Petroleum. If Crude Petroleum is accepted from tanks, 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) Carrier may monitor, but is not responsible for monitoring, receipts or deliveries for contaminants. 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 reasonable satisfaction of Carrier. Further, Carrier reserves the right at its sole discretion to dispose of any contaminated Crude Petroleum in its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner. Any and all loss, liability and costs associated with the contamination or disposal of any Crude Petroleum, including but not limited to damage to Carrier's System or third party facilities downstream from Carrier's System, and any resulting losses, liabilities and costs, shall be borne by the Shipper or Shippers introducing the contaminated Crude Petroleum into Carrier's System.

(c) 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 Delivery 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.

(d) 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 through Carrier's facilities.

Special Rule 6. 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.

Special Rule 7. SHIPMENTS, MAINTENANCE OF IDENTITY; QUALITY BANK

(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, administration 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. However, Carrier shall establish a Quality Bank with respect to Crude Petroleum transported within the same common stream. The Quality Bank Policy is set forth in Rule 27 contained herein.

Special Rule 8. MIXTURES

The indirect liquid products of oil and gas wells, including gasoline and liquefied petroleum gases, hereinafter referred to as indirect products, may be accepted by Carrier, as determined in the sole opinion of Carrier. Should Carrier accept indirect liquids, the indirect liquids must be blended with direct liquid products of oil wells before entering Carrier's System and the resulting mixture will have a Reid Vapor Pressure of nine (9) psia or less. Mixtures will be Received, transported and Delivered as Crude Petroleum only. Nothing in this rule is to be construed to waive provisions of Special Rule 7 (SHIPMENTS, MAINTENANCE OF IDENTITY, QUALITY BANK) of these rules and regulations or to require the Carrier to Receive, transport, and Deliver unmixed indirect products.

Special Rule 9. ADDITIVES

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

Special Rule 10. 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 Receive Crude Petroleum at any particular time, nor can Carrier commit to Delivering Crude Petroleum to a particular Delivery Point, at a particular time, and Carrier will not be responsible for any loss of revenue or demurrage charges related to delays in Receiving or Delivering Crude Petroleum.

Special Rule 11. RECEIPT POINT AND DELIVERY POINT FACILITIES REQUIRED

(a) 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 full line flow rates at the Receipt Point 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 Delivery Point at full line flow rates.

(b) Where Crude Petroleum is received at Receipt Points where custody transfer is determined by hand-gauged tank levels ("Tankage"), Shipper will be subject to a Tankage surcharge of [U] \$50.10 per gauging (billed monthly) in addition to all other applicable tariff fees.

(c) Subject to Special Rule 26(b) of this tariff for Shippers that have executed a Dedication and Transportation Agreement, where Shipper (or Consignor) elects to deliver Crude Petroleum to the Carrier at a Receipt Point through automatic custody transfer facilities (in lieu of Tankage), the Shipper (or Consignor) shall be responsible for and bear the cost of the required automatic measuring and sampling facilities. The design, construction, and calibration of such facilities must be approved by the Carrier, and the facilities shall become the property of the Carrier. The Shipper (or Consignor) shall also furnish whatever pumping service is necessary to insure that the crude petroleum being delivered to the automatic measuring and sampling facilities is at a pressure in excess of the bubble point of the liquid.

(d) The Crude Petroleum to be delivered to Carrier hereunder shall be delivered by Shipper at the Receipt Points utilizing only the hydrostatic head of the Crude Petroleum in the lease tank batteries for tank gauged Receipt Points or an inlet pump at lease automated custody transfer unit measurement Receipt Points both at a pressure sufficient to enable such Crude Petroleum to enter Carrier's pump at or near the applicable Receipt Point at the suction rate for such pump; provided, however, the pressure required under this Special Rule 11(d) shall in no event exceed twenty five (25) psig.

Special Rule 12. NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE

(a) The obligation of the Carrier is to Deliver the quantity of Crude Petroleum to be transported, less PLA and any other permitted deductions, at the specified Delivery Point. 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) If Shipper or Consignee does not timely receive said Crude Petroleum, then commencing twenty-four hours after the first seven o'clock a.m., after expiration of the delivery notice described above, Carrier may 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] 10.02 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 Delivery Point, the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its System, including, but not limited to, the sale of such crude petroleum pursuant to Special Rule 18 of this tariff.

Special Rule 13. MEASUREMENT, TESTING AND DEDUCTIONS

(a) Crude Petroleum shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment installed or 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. At Carrier's option, measurements and tests may be made on composite samples. Crude Petroleum Received from Shipper and Crude Petroleum Delivered to Consignee shall, in each instance, be evidenced by statements or run tickets of Carrier and/or the party owning or operating the facilities receiving Crude Petroleum at the applicable Delivery Point, showing volume, temperature, basic sediment and water, and any other data with respect to such Crude Petroleum as may be specified from time to time by Carrier. The results of such gauging, metering or testing shall be considered final.

(b) The Shipper or consignor, as to receipts, and Shipper or Consignee as to deliveries, shall at all times have the privilege of being present or represented during the testing, gauging, or metering of the Crude Petroleum, and for meter proving; however, failure of a Shipper, Consignor or Consignee to have a representative present will constitute a waiver, and the Shipper, Consignor and Consignee shall be bound by the information and data on the run tickets and proving reports.

(c) Shipper or its Consignor may, at its sole option and expense, install, maintain, and operate check meters at the Receipt Points of a suitable type and other equipment to check Carrier's meters; provided, however, that such check meters and other equipment shall be installed so as not to interfere with the operation of any of Carrier's facilities. Shipper or its Consignor shall also have the right to access, for monitoring purposes, data at Carrier's Receipt Point meters for the Crude Petroleum by way of a Supervisory Control and Data Acquisition system, so long as the same does not interfere with Carrier's meters or other portions of the Transportation System. At least once a month, Carrier shall provide an electronic monthly volume statement of all gross volumes by Receipt Point meter for each Receipt Point at which a Shipper delivers Crude Petroleum during the applicable month. The reading, calibrating, and adjustment of Carrier's measurement equipment shall be done only by the employees or agents of Carrier. Shipper and Consignor shall each have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, calibrating or adjusting done in connection with the equipment used in measuring Crude Petroleum delivered by Shipper or its Consignor at the Receipt Points. The original records from such measuring equipment shall remain the property of Carrier, but, upon request, Carrier shall provide to Shipper, at Shipper's cost, copies of such records.

(d) All measurement data, tests, inspection records, invoices and billings, and other related books, records and data shall be retained by Carrier no less than twenty-four (24) months after the expiration of the applicable calendar year in which the transportation services are provided hereunder (or such longer period as required by applicable Laws). Original meter fabrication and specification records shall be kept for the service life of each meter.

(e) 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.

(f) Corrections will be made for temperature from observed degrees Fahrenheit to sixty degrees (60°) 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.

(g) A pipeline loss allowance ("PLA"), calculated in accordance with Carrier's applicable Rates Tariff(s), will be deducted from the quantity of Crude Petroleum received to cover actual shrinkage and evaporation, interface losses, measurement inaccuracies, and other normal losses during transportation.

(h) In addition to the PLA described in Special Rule 13(g), all receipts of Crude Petroleum and indirect liquid products shall not be subject to an incremental deduction to cover shrinkage and evaporation.

(i) After consideration of all of the factors set forth in Special Rule 13, a net balance will be determined as the quantity to be Delivered by Carrier.

Special Rule 14. APPORTIONMENT WHEN NOMINATIONS ARE IN EXCESS OF FACILITIES

(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 as set forth below. Line segments will be prorated separately if necessary.

(b) When it is determined that insufficient capacity is available to accommodate all valid timely and properly submitted Nominations, Carrier will notify via electronic mail, telephone, facsimile, electronic bulletin posting or other appropriate method as selected by the Carrier, each Shipper that has tendered a Nomination ("Initial Nomination") for the allocated line segment or facility. Each allocated Shipper will have an opportunity to submit a revised Nomination for the month, which revised Nomination must be equal to or less than the Shipper's Initial Nomination ("Revised Nomination"). A Shipper must submit a Revised Nomination to Carrier within 24 hours of Carrier notifying the Shipper of the opportunity to submit a Revised Nomination. If a Shipper does not submit a Revised Nomination within such 24-hour time period, the Shipper's Initial Nomination shall be deemed to be its Revised Nomination.

(c) 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 on the line segment. The resultant fraction will be the "proration factor".
2. Each New Shipper shall be allocated space equal to its Nominated volumes on the line segment multiplied by the proration factor, except that in any Accounting Month for which Carrier is allocating capacity on a line segment, the capacity allocated to a Regular Shipper shall not be reduced by more than 10% of the Regular Shipper's daily average of base period shipments on the line segment. If the application of the proration factor calculated in Special Rule 14(b)(i) results in an allocation to New Shippers greater than 10% of the line segment being prorated, then each New Shipper shall be allocated space equal to 10% of segment capacity multiplied by the fraction derived by dividing its Nomination on the line segment by the total of all volumes Nominated by New Shippers on the line segment.
3. The remaining capacity shall be allocated among Regular Shippers in proportion to their base period shipments on the line segment.

(d) The "base period" is a period of 12 Accounting Months beginning 13 Accounting Months prior to the Accounting Month of allocation and excluding the Accounting Month preceding the Accounting Month of allocation. A "Regular Shipper" is (i) any Shipper having a record of movements in all Accounting Months during the base period on the applicable line segment; and/or (ii) any shipper that is subject to, or that is purchasing from a producer that is subject to, a Dedication and Transportation Agreement, with respect to production covered by such Dedication and Transportation Agreement on the applicable line segment; and/or (iii) any shipper that is subject to a Throughput and Deficiency Agreement pertaining to the applicable line segment and/or (iv) any shipper receiving an assignment of Regular Shipper history on the applicable line segment in connection with an assignment of rights under either a Dedication and Transportation Agreement or a Throughput and Deficiency Agreement in the line segment being prorated. If the segment being prorated has been in service less than 13 Accounting Months, a Regular Shipper is any Shipper having a record of movements on the line segment in all Accounting Months during which the segment has been active. A "New Shipper" is a Shipper on the line segment who is not a Regular Shipper on such line segment. 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 Special Rule 14. 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 Accounting Month following discovery of such violation, the allocated capacity of such New Shipper will be reduced to the extent of the excess capacity made available and the allocated capacity of such Shipper will be reduced to the extent of excess capacity used.

(e) No Nominations shall be considered beyond the amount that the nominating party has readily accessible for shipment. During a period of segment allocation, if a Shipper is unable to tender Crude Petroleum equal to ninety-five percent (95%) of the space allocated to it for the allocated segment, that Shipper will be liable for and will pay transportation charges on the amount of allocated throughput not utilized, in addition to the payment due for volumes actually transported. In addition, Carrier will reduce that Shipper's volumes for the succeeding Accounting Month to be scheduled by the amount of allocated throughput not utilized during the preceding Accounting Month ("Over-Nomination Penalty") if apportionment is necessary. Carrier shall reallocate any volumes made available by imposition of the Over-Nomination Penalty to all Shippers in accordance with the provisions of this Rule 14, provided that no volumes shall be allocated to Shippers on which the Over-Nomination Penalty was imposed. Carrier shall not apply the Over-Nomination Penalty if a Shipper's over-nomination was the result a force majeure event or operational constraints on Carrier's system, as determined by Carrier.

Special Rule 15. 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, transportation and all other lawful charges will be collected on the basis of the quantities of Crude Petroleum Received by Carrier for the account of Shipper or its Consignor, including Crude Petroleum destined for system storage under Special Rule 23.

Special Rule 16. CHARGE FOR COMPENSATION FUND FEES INCURRED BY CARRIER; NEW TAXES AND COMPLIANCE COSTS

(a) In addition to all other permitted charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, and subject to Carrier's compliance with applicable tariff filing requirements, 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. Carrier shall not be under any obligation to contest or protest on behalf of Shipper or Consignee the legality of such tax, fee or other charge. If a per-Barrel charge is assessed, the amount of such charge will be stated in a Commission tariff.

(b) Subject to Carrier's compliance with applicable tariff filing requirements, Shipper shall reimburse Carrier for any New Taxes implemented or imposed after the date hereof that are levied on or paid by Carrier with respect to Carrier's performance under this tariff or on any part of the System. Each Shipper's allocable share of any such New Taxes shall be based on the ratio that such Shipper's Crude Petroleum received at the Receipt Points in the State or States, to which such amounts bears to the total volume of Crude Petroleum received at all System Receipts Points in such State or States, in each case during the applicable period for which such New Taxes, are incurred or imposed, as the case may be.

(c) Subject to Carrier's compliance with applicable tariff filing requirements, Shipper shall reimburse Carrier for any Compliance Costs (other than any New Taxes) incurred and paid by Carrier after the date hereof with respect to Carrier's performance under this tariff or on any part of the

System. Each Shipper's allocable share of any such Compliance Costs shall be based on the ratio that such Shipper's Crude Petroleum received at the Receipt Points in the State or States, to which such amounts bears to the total volume of Crude Petroleum received at all System Receipts Points in such State or States, in each case during the applicable period for which such Compliance Costs are incurred and paid.

(d) To the extent that any of Carrier's activities pursuant to this tariff produce or result in the generation of or otherwise qualify for any emission reduction credits or emission offset credits or bonus emission allowances (collectively, "Greenhouse Gas Credits") and Shipper has paid for an allocable share of the costs of such activities pursuant to Section 80(b), then Shipper shall be entitled to receive, and Carrier shall obtain and convey to each Shipper, its allocable share of any such Greenhouse Gas Credits, to the extent permitted by applicable Law. Carrier shall, as soon as practicable, notify each Shipper following Carrier obtaining knowledge of any New Tax applicable to such Shipper hereunder in order to afford such Shipper the opportunity to contest any such charges and Carrier shall cooperate with Shipper in the event Shipper elects to do so.

(e) Carrier may agree in writing to cap the amount of charges or Compliance Costs a Committed Shipper is required to pay under this Special Rule 16; provided that, the amount of such charges or Compliance Costs which a Committed Shipper would otherwise have paid but for such cap (i.e. the amount in excess of such cap) is borne by Carrier and not other Shippers.

Special Rule 17. TRUCK UNLOADING

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.

Special Rule 18. PAYMENT OF TRANSPORTATION AND OTHER CHARGES

(a) Shipper shall be responsible for payment of transportation and all other charges hereunder. Invoices shall be issued by Carrier by the tenth (10th) Day of the Accounting Month, for service provided during the immediately preceding Accounting Month. Payment of invoiced amounts shall be made by wire transfer on the later of the twenty-fifth (25th) Day of the Accounting Month in which the invoice is issued, or fifteen (15) Days after the date upon which the invoice is received. If such due date is not a Business Day, payment is due on the next Business Day following such date. 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. Carrier shall have a lien and security interest on all Crude Petroleum (including Line Fill) accepted for transportation to cover payment of all charges, including demurrage and late charges, permitted hereunder and may refuse to make delivery of the Crude Petroleum until all charges have been paid. If said charges, or any part thereof, shall remain unpaid for thirty (30) Days after notice of readiness to deliver, the Carrier may, unless such charges, or a portion of such charges, are disputed in good faith by Shipper and all undisputed charges have been paid by Shipper, sell the Crude Petroleum (including Line Fill) at public auction, for cash. Carrier shall have a lien and security interest on Crude Petroleum (including Line Fill) when there shall be failure to take the Crude Petroleum at the point of destination as provided in Special Rule 12 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE). Carrier shall have the right to sell said Crude Petroleum at public auction or in private sale, as Carrier may, in its reasonable judgment, elect, for cash. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, interest, attorney fees, expenses of notice, advertisement, sale and other reasonably necessary expenses, and 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 such charges and expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency. Carrier's rights under this item are not exclusive but shall be in addition to any other rights or remedies available hereunder or under applicable Law.

(b) [N] All (i) existing Shippers who have not submitted a nomination to Carrier in the prior six (6) Months and (ii) prospective Shippers shall provide to the Carrier, at least ten (10) Business Days prior to making their nomination, information that will allow the Carrier to determine the Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff. In the event Carrier determines in its sole good faith judgment that the financial condition of a Shipper, or the guarantor (if any) of such Shipper, is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from such Shipper, Carrier, upon notice to such Shipper, will require any of the following prior to Carrier's delivery of Shipper's Petroleum in Carrier's possession or prior to Carrier's acceptance of such Shipper's Crude Petroleum: (1) prepayment of all charges by wire transfer and Shipper's Crude Petroleum 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 any applicable Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to such Shipper, Carrier shall not be obligated to provide such Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

Special Rule 19. INTENTIONALLY LEFT BLANK

Special Rule 20. LIABILITY OF CARRIER

(a) The Carrier while in possession of any of the Crude Petroleum herein described shall not be liable for any loss thereof, damage thereto, or delay, caused by: fire, storm, flood, epidemics, Act of God, accident, 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, earthquakes, sinkholes, or from any other cause not due to the negligence of Carrier. In case of loss of Crude Petroleum 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. Statements of quantities ascertained and computed from records in the usual manner by Carrier shall be accepted as prima facie correct in the distribution of losses under this item.

(b) Carrier will be obligated to Deliver only that portion of a Crude Petroleum shipment remaining after deducting such loss and after any other deductions provided for in these rules and regulations (e.g., See Special Rules 13(f) and (g)).

(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 Special Rule 20, 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. Carrier's liability to Shipper, Consignor and Consignee for the failure to deliver at any Delivery Points any Crude Petroleum delivered and accepted by Carrier at any Receipt Point hereunder due to causes other than those described in Special Rule 20(a) and after deductions provided for in these rules and regulations (e.g., See Special Rule 13(f) and (g)) shall be limited to (i) the market value of such Crude Petroleum and (ii) any transportation fees or other amounts paid hereunder by Shipper chargeable based on such volumes of Crude Petroleum.

(d) Subject to Special Rule 20(c) above, any volumetric difference between receipts from Shipper and delivery to Shipper or Consignee during a current month will be credited or debited to Shipper's inventory account and will be settled in the following month, or as soon thereafter as may be reasonably accommodated by Carrier, without any further liability to Carrier, taking into consideration all prior deduction allowed pursuant to the rules and regulations contained herein.

(e) Each of Carrier, Shipper, Consignor and Consignee or their respective designated representative(s) shall have the right, at its/their own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books and records (including electronic measurement data or records and other similar information supporting relevant calculations) of the other party to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made or compliance with any other obligation, under this tariff. This right to examine, audit, and to obtain copies shall not be available with respect to information not directly relevant to transactions under this tariff or to the extent such materials are protected by the attorney-client privilege, work product doctrine, other applicable privilege or are subject to any confidentiality or similar obligations arising pursuant to the terms of any contract or at Law. If any audit conducted pursuant to the terms hereof reveals that there was an inaccuracy or omission in an invoice submitted under this tariff, the parties shall, within ten (10) days of a request by any party thereto, meet to discuss the adjustments and/or payments that would be necessary to correct such inaccuracy or omission. All invoices and billings, adjusted as contemplated herein, shall be conclusively presumed final and accurate and all associated claims for underpayments or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within twenty-four (24) months after the expiration of the applicable calendar year in which the transportation services are provided hereunder; provided, however, any objection associated with any billing or invoice associated with any measurement inaccuracies as to the transportation of Crude Petroleum from the System to a downstream pipeline at a Delivery Point, where such downstream pipeline has a different time limitation to object to any billing or invoice with respect to such Crude Petroleum movement than the foregoing twenty-four months, must be brought within the time limitation provided for in the tariff of such downstream pipeline. Any retroactive adjustment made in response to information furnished under an audit under this tariff shall be paid in full by the party owing payment within thirty (30) Days of notice and substantiation of such inaccuracy.

(f) NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL ANY MEMBER OF THE CARRIER GROUP OR OF THE SHIPPER GROUP BE LIABLE FOR ANY (a) PUNITIVE OR EXEMPLARY DAMAGES OR (b) ANY LOST PROFITS OR CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES EXCEPT, THAT CARRIER OR SHIPPER, AS APPLICABLE, IN THE CASE OF SUBPART (b) MAY BE LIABLE TO THE EXTENT SUCH LOST PROFITS OR DAMAGES ARE (x) NOT BASED ON ANY SPECIAL CIRCUMSTANCES OF THE OTHER PARTY (i.e. SHIPPER OR CARRIER, AS APPLICABLE) OR ANY OF ITS AFFILIATES AND (y) THE NATURAL, PROBABLE AND REASONABLY FORESEEABLE RESULT OF THE EVENT THAT GAVE RISE THERETO, provided, however, each Party (the "Liable Party") shall be liable to any member of the other Party's Group (i.e. the Carrier Group or the Shipper Group, as applicable) for any of the foregoing damages paid to a third party not in the Carrier Group or the Shipper Group by a member of such other Party's Group where such damages are a result of a breach by the Liable Party of its obligations under this tariff.

Special Rule 21. CLAIMS, SUITS, AND TIME FOR FILING

Except where property is alleged to have been lost or damaged in transit by carelessness or negligence of the Carrier as limited by Special Rule 20(c) above, as a condition precedent to recovery, claims must be filed in writing with the Carrier within twenty-four (24) months after the expiration of the applicable calendar year in which such claim was incurred or accrued and suits arising out of such claims shall be instituted against the Carrier only within such period. 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.

Special Rule 22. PIPEAGE OR OTHER CONTRACTS

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

Special Rule 23. SYSTEM STORAGE

(a) Subject to the provisions in the remainder of this Item 115, Shipper may by Nomination move into Carrier's system storage any of Shipper's Crude Petroleum that is then in Carrier's System. Shipper shall, at such time, designate a Delivery Point(s) for such Crude Petroleum upon withdrawal from system storage. Shipper may, however, alter its Delivery Point(s) designation(s) at the time it actually Nominates such Crude Petroleum for delivery out of system storage.

(b) Carrier reserves the right to physically store at any point on its System Shipper's Crude Petroleum that it has agreed to store and may at its sole discretion relocate the stored barrels at any time. Shipper will be charged the applicable transportation rate from the Receipt Point to the ultimately designated Delivery Point regardless of where the barrels have been stored or for how long. Where the rate for delivery to the ultimately designated Delivery Point varies from the rate for the Delivery Point identified under Item 75, an appropriate adjustment will be made in the next following invoice. Product gains and losses will be accounted for, pursuant to Item 65, as if the barrels had not been in system storage.

(c) A Shipper desiring to use Carrier's system storage shall be required to negotiate a binding agreement with Carrier for that purpose, which agreement details the terms and conditions for such system storage, including, but not limited to, the volume, duration and price.

Special Rule 24. INTRASYSTEM TRANSFERS

An intrasystem transfer of title to Crude Petroleum will be allowed on Carrier's System for a fee of [U] one-half cent (\$0.005) 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 other charges due hereunder to the specified transport point. The Transferee accepting volumes on an intrasystem transfer shall be responsible for payment of transportation charges 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. An intrasystem transfer request, if recognized, shall be confirmed in writing by both the Transferor and the Transferee within seventy-two (72) hours after the request. Such request shall indicate the party to which the transfer is to be made, the amount of Crude Petroleum to be transferred, its location, grade, and a warranty statement of unencumbered title. In addition, the Transferor and Transferee, upon the request of Carrier and at Carrier's option, shall provide an irrevocable letter of credit in terms satisfactory to Carrier and in an amount necessary to cover all charges and fees.

Special Rule 25. 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.

Special Rule 26. CONNECTION POLICY

(a) Subject to Special Rule 26(b) and (c) below, connections to Carrier's System will only be considered if made by formal written notification to Carrier by a Shipper or prospective Shipper. All connections, if agreed to by Carrier, will be subject to generally accepted industry standards and all regulatory standards for design and construction and will meet the hydraulic requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's System. Carrier's acceptance of any request for connection will be subject to compliance with governmental regulations. Carrier may require other capital recovery arrangements as part of its agreement to accept a connection request, which Carrier will negotiate on a not unduly discriminatory basis.

(b) With respect to each Shipper that has executed a Dedication and Transportation Agreement for service on Segment 3 of the System, Carrier shall, at the sole cost and expense of Carrier, (i) extend Segment 3 of the System up to one (1) mile for every four hundred (400) Barrels of Average Daily Volume of Crude Petroleum produced from the wells and subject to a Dedication and Transportation Agreement that will be delivered to the applicable new Receipt Point on Segment 3 of the System (as such obligation of Carrier may be more fully set forth in the applicable Dedication and Transportation Agreement) and (ii) install and maintain a Receipt Point on Segment 3 of the System, including a tap, lease automatic custody transfer meter unit and interconnection point, with each Carrier-proposed Segment 3 Receipt Point for which there is a reasonably projected Average Daily Volume of at least two hundred (200) Barrels of Crude Petroleum and after such installation such point of connection shall be considered to be a Receipt Point on Segment 3 of the System. Notwithstanding the preceding, except for Carrier's obligation to construct and install at its expense the Segment 3 Receipt Points listed in a Dedication and Transportation Agreement (as of the date of execution of such Dedication and Transportation Agreement), in no event shall Carrier be obligated to construct and install at its expense more than two (2) Segment 3 Receipt Points in each section (i.e. one square mile or 640 acres) within the development area identified in such Dedication and Transportation Agreement (other than where more than two (2) Segment 3 Receipt Points are listed in such Dedication and Transportation Agreement (as of the date of execution of such Dedication and Transportation Agreement) and are in the same section).

(c) If at any time the Average Daily Volume of Crude Petroleum at any Receipt Point at which a lease automatic custody transfer meter has been installed falls below two hundred (200) Barrels, Carrier shall have the right to remove the lease automatic custody transfer meter for any such Receipt Point. If at any time thereafter the Average Daily Volume of Crude Petroleum for such Receipt Point equals or exceeds two hundred (200) Barrels, Carrier shall reinstall such lease automatic custody transfer meter within thirty (30) days of receiving notice thereof.

Special Rule 27. QUALITY BANK POLICY

The Quality Bank shall initially apply only to the API gravity of Crude Petroleum transported within the same common stream. Carrier shall have the right to expand such Quality Bank to also apply to the sulphur content of Crude Petroleum transported within the same common stream. All Shippers shall be required to participate in the Quality Bank. The Quality Bank (i) shall be administered by an entity to be designated by Carrier, which may be Carrier, ("Administrator"), and such Administrator shall calculate, collect, and remit monetary adjustments among all Shippers tendering within the common streams from changes in specified constituents (i.e., API gravity and/or sulphur, as applicable) for which such Quality Bank is established and which result from common stream operations, and (ii) each Shipper agrees to pay the Administrator the computed quality adjustments and administrative fee due from such Shipper in accordance with this Item No. 135.

Explanation of Quality Bank Policy

Gravity Bank – Shippers will be required, as a condition of tendering, to participate in a Gravity Bank. Carrier will administer the Gravity Bank or contract for the administration of the Gravity Bank with an outside service. The cost of administering the Gravity Bank will be borne by Shippers proportional to their respective receipt volumes. The Administrator will charge each Shipper for administering the Gravity Bank a fee of [U] one-half cent (\$0.005) per Barrel for each Barrel of Crude Petroleum delivered by such Shipper at the Receipt Points, with such fee to be adjusted upward or downward by Carrier each July 1st to reflect the inflation adjustments promulgated annually by the FERC pursuant to 18 C.F.R. § 342.3(d). Capitalized terms not defined in this Item No. 135 shall have the meaning set forth in the Rules and Regulations contained herein.

The tables of gravity differential values per Barrel are incorporated herein and made a part of this Policy.

The weighted average gravity differential value per Barrel (for two or more gravities of Crude Petroleum), as hereinafter referred to, shall be obtained in the following manner: Multiply the gravity differential values per Barrel by the number of Barrels to which such gravity differential values are applicable and then divide the total of the resultant gravity differential values in dollars and cents by the total of the applicable Barrels.

Applicable barrels and gravities at each Receipt Point shall be the net Barrels (i.e. all Barrels received at the Receipt Point after all Receipt Point deductions except with no deduction for PLA) and the gravities recorded by the operator of the Receipt Point. Applicable Barrels and gravities at each Delivery Point shall be the actual Barrels and the gravities recorded by the operator of the Delivery Point.

Adjustment between Shippers shall be computed as follows:

Receipt Calculations:

1. Compute the weighted average gravity differential value per Barrel of the Barrels received from each Shipper at all Receipt Points during the applicable month.
2. Compute the weighted average gravity differential value per Barrel of the composite common stream receipts of all Barrels at all Receipt Points during the applicable month.
 - a. If the weighted average gravity differential value per Barrel of a Shipper during any month as determined under Paragraph 1. above is greater than the weighted average gravity differential value per Barrel of the aforementioned common stream Crude Petroleum at all Receipt Points during such month as determined under Paragraph 2. above, the difference in cents per Barrel shall be calculated and Shipper shall be credited an amount calculated by multiplying said difference in gravity differential value per Barrel by the total of all Barrels delivered by Shipper at all Receipt Points during such month.
 - b. If the weighted average gravity differential value per Barrel of a Shipper during any month as determined under Paragraph 1. above is less than the weighted average gravity differential value per Barrel of the aforementioned common stream Crude Petroleum at all Receipt Points during such month as determined under Paragraph 2. above, the difference in cents per Barrel shall be calculated as above outlined and Shipper shall be debited an amount calculated by multiplying said difference in gravity differential value per Barrel by the total of all Barrels delivered by Shipper at all Receipt Points during such month.

Delivery Calculations:

1. Compute the weighted average gravity differential value per Barrel of the Barrels delivered to or on behalf of each Shipper at all Delivery Points during the applicable month.
2. Compute the weighted average gravity differential value per Barrel of the composite common stream deliveries of all Barrels at all Delivery Points during the applicable month.
 - a. If the weighted average gravity differential value per Barrel of a Shipper during any month as determined under Paragraph 1. above is greater than the weighted average gravity differential value per Barrel of the aforementioned common stream Crude Petroleum at all Delivery Points during such month as determined under Paragraph 2.

above, the difference in cents per Barrel shall be calculated and the Shipper shall be debited an amount calculated by multiplying said difference in gravity differential value per Barrel by the total of all Barrels delivered to or for the account of Shipper at all Delivery Points during such month.

- b. If the weighted average gravity differential value per Barrel of a Shipper during any month as determined under Paragraph 1. above, is less than the weighted average gravity differential value per Barrel of the aforementioned common stream Crude Petroleum at all Delivery Points during such month, the difference in cents per Barrel shall be calculated and the Shipper shall be credited an amount calculated by multiplying said difference in gravity differential value per Barrel by the total of all Barrels delivered to or for the account of Shipper at all Delivery Points during such month.

In the event that the "bank" has been calculated for a month(s) and not settled, and Shipper owing the bank is not able to make the payments owed to the bank based on bankruptcy, the given month(s) will be recalculated and credits/debits reallocated to the remaining Shippers. A sample calculation is set forth below.

In the event that the "bank" has been calculated for a month(s) and settled, and a given Shipper has paid into the bank, and subsequently a United States Bankruptcy Court deems the Shipper bankrupt and the funds previously paid into the bank be returned to such Court, the amount previously paid by the bankrupt Shipper which is required to be returned to such Court will be reallocated to the remaining Shippers based on a pro-rata share of the remaining Shipper's settlements (absolute value (i.e. in dollars)).

The calculations under this Quality Bank Policy shall be made for each calendar month and the algebraic sum of the adjustments for the System shall be zero + One Dollar. If a Shipper shall have a net debit balance in combining the two adjustments made above (i.e. under the "Receipt Calculations" and the "Delivery Calculations"), the balance shall be remitted to the Quality Bank Administrator within fifteen (15) days from the receipt of statement of such debit. If Shipper shall have a net credit balance, in combining the two adjustments made above (i.e. under the "Receipt Calculations" and the "Delivery Calculations"), the Quality Bank Administrator shall remit the balance thereof to Shipper after receipt by the Quality Bank Administrator of the sums from those Shippers having debits as calculated above.

Sample Quality Bank Calculation

RECEIPT:

Location	Shipper	Barrels Received	API Gravity	Gravity Differential	Barrels Rec. x Gravity Differential
Jones	A	100.0	29.8	7.840	784.00
Smith	B	200.0	48.0	4.200	840.00
Joe 10	C	300.0	36.4	6.520	1956.00
TOTAL		600.0			3580.00
Common stream receipt weighted average GRAVITY value				5.96667	

DELIVERY:

Location	Shipper	Barrels Delivered	API Gravity	Gravity Differential	Barrels Del. x Gravity Differential
Pipeline	A	100.0	39.6	5.880	588.00
Train	B	200.0	37.0	6.400	1280.00
Trucks	C	300.0	38.5	6.100	1830.00
TOTAL		600.0			3698.00

Common stream delivery weighted average GRAVITY value 6.16333

BANK CALCULATIONS:

Shipper A:	Receipt		
Weighted Average Gravity Value:		7.840	
Calculation:	$((5.96667-7.84)*100)$		(\$187.33)

Shipper A:	Delivery		
Weighted Average Gravity Value:		5.880	
Calculation:	$((5.88-6.16333)*100)$		(\$28.33)

SHIPPER A GETS PAID FROM THE BANK (\$215.66)

Shipper B:	Receipt		
Weighted Average Gravity Value:		4.200	
Calculation:	$((5.96667-4.20)*100)$		\$353.33

Shipper B:	Delivery		
Weighted Average Gravity Value:		6.400	
Calculation:	$((6.40-6.16333)*100)$		\$47.33

SHIPPER B PAYS THE BANK \$400.66

Shipper C:	Receipt		
Weighted Average Gravity Value:		6.520	
Calculation:	$((5.96667-6.52)*100)$		(\$166.00)

Shipper C:	Delivery		
Weighted Average Gravity Value:		6.100	
Calculation:	$((6.10-6.16333)*100)$		(\$19.00)

SHIPPER C GETS PAID FROM THE BANK (\$185.00)

TOTAL BANK (\$0.00)

TABLES FOR DIFFERENTIAL FOR USE IN DETERMINING ADJUSTMENTS FOR
DIFFERENCE IN GRAVITY FOR CRUDE PETROLEUM

API Gravity	Diff. /BBL										
10.0	11.800	15.0	10.800	20.0	9.800	25.0	8.800	30.0	7.800	35.0	6.800
10.1	11.780	15.1	10.780	20.1	9.780	25.1	8.780	30.1	7.780	35.1	6.780
10.2	11.760	15.2	10.760	20.2	9.760	25.2	8.760	30.2	7.760	35.2	6.760
10.3	11.740	15.3	10.740	20.3	9.740	25.3	8.740	30.3	7.740	35.3	6.740
10.4	11.720	15.4	10.720	20.4	9.720	25.4	8.720	30.4	7.720	35.4	6.720
10.5	11.700	15.5	10.700	20.5	9.700	25.5	8.700	30.5	7.700	35.5	6.700
10.6	11.680	15.6	10.680	20.6	9.680	25.6	8.680	30.6	7.680	35.6	6.680
10.7	11.660	15.7	10.660	20.7	9.660	25.7	8.660	30.7	7.660	35.7	6.660
10.8	11.640	15.8	10.640	20.8	9.640	25.8	8.640	30.8	7.640	35.8	6.640
10.9	11.620	15.9	10.620	20.9	9.620	25.9	8.620	30.9	7.620	35.9	6.620
11.0	11.600	16.0	10.600	21.0	9.600	26.0	8.600	31.0	7.600	36.0	6.600
11.1	11.580	16.1	10.580	21.1	9.580	26.1	8.580	31.1	7.580	36.1	6.580
11.2	11.560	16.2	10.560	21.2	9.560	26.2	8.560	31.2	7.560	36.2	6.560
11.3	11.540	16.3	10.540	21.3	9.540	26.3	8.540	31.3	7.540	36.3	6.540
11.4	11.520	16.4	10.520	21.4	9.520	26.4	8.520	31.4	7.520	36.4	6.520
11.5	11.500	16.5	10.500	21.5	9.500	26.5	8.500	31.5	7.500	36.5	6.500
11.6	11.480	16.6	10.480	21.6	9.480	26.6	8.480	31.6	7.480	36.6	6.480
11.7	11.460	16.7	10.460	21.7	9.460	26.7	8.460	31.7	7.460	36.7	6.460
11.8	11.440	16.8	10.440	21.8	9.440	26.8	8.440	31.8	7.440	36.8	6.440
11.9	11.420	16.9	10.420	21.9	9.420	26.9	8.420	31.9	7.420	36.9	6.420
12.0	11.400	17.0	10.400	22.0	9.400	27.0	8.400	32.0	7.400	37.0	6.400
12.1	11.380	17.1	10.380	22.1	9.380	27.1	8.380	32.1	7.380	37.1	6.380
12.2	11.360	17.2	10.360	22.2	9.360	27.2	8.360	32.2	7.360	37.2	6.360
12.3	11.340	17.3	10.340	22.3	9.340	27.3	8.340	32.3	7.340	37.3	6.340
12.4	11.320	17.4	10.320	22.4	9.320	27.4	8.320	32.4	7.320	37.4	6.320
12.5	11.300	17.5	10.300	22.5	9.300	27.5	8.300	32.5	7.300	37.5	6.300
12.6	11.280	17.6	10.280	22.6	9.280	27.6	8.280	32.6	7.280	37.6	6.280
12.7	11.260	17.7	10.260	22.7	9.260	27.7	8.260	32.7	7.260	37.7	6.260
12.8	11.240	17.8	10.240	22.8	9.240	27.8	8.240	32.8	7.240	37.8	6.240
12.9	11.220	17.9	10.220	22.9	9.220	27.9	8.220	32.9	7.220	37.9	6.220
13.0	11.200	18.0	10.200	23.0	9.200	28.0	8.200	33.0	7.200	38.0	6.200
13.1	11.180	18.1	10.180	23.1	9.180	28.1	8.180	33.1	7.180	38.1	6.180
13.2	11.160	18.2	10.160	23.2	9.160	28.2	8.160	33.2	7.160	38.2	6.160
13.3	11.140	18.3	10.140	23.3	9.140	28.3	8.140	33.3	7.140	38.3	6.140
13.4	11.120	18.4	10.120	23.4	9.120	28.4	8.120	33.4	7.120	38.4	6.120
13.5	11.100	18.5	10.100	23.5	9.100	28.5	8.100	33.5	7.100	38.5	6.100
13.6	11.080	18.6	10.080	23.6	9.080	28.6	8.080	33.6	7.080	38.6	6.080
13.7	11.060	18.7	10.060	23.7	9.060	28.7	8.060	33.7	7.060	38.7	6.060
13.8	11.040	18.8	10.040	23.8	9.040	28.8	8.040	33.8	7.040	38.8	6.040
13.9	11.020	18.9	10.020	23.9	9.020	28.9	8.020	33.9	7.020	38.9	6.020
14.0	11.000	19.0	10.000	24.0	9.000	29.0	8.000	34.0	7.000	39.0	6.000
14.1	10.980	19.1	9.980	24.1	8.980	29.1	7.980	34.1	6.980	39.1	5.980
14.2	10.960	19.2	9.960	24.2	8.960	29.2	7.960	34.2	6.960	39.2	5.960
14.3	10.940	19.3	9.940	24.3	8.940	29.3	7.940	34.3	6.940	39.3	5.940
14.4	10.920	19.4	9.920	24.4	8.920	29.4	7.920	34.4	6.920	39.4	5.920
14.5	10.900	19.5	9.900	24.5	8.900	29.5	7.900	34.5	6.900	39.5	5.900
14.6	10.880	19.6	9.880	24.6	8.880	29.6	7.880	34.6	6.880	39.6	5.880
14.7	10.860	19.7	9.860	24.7	8.860	29.7	7.860	34.7	6.860	39.7	5.860
14.8	10.840	19.8	9.840	24.8	8.840	29.8	7.840	34.8	6.840	39.8	5.840
14.9	10.820	19.9	9.820	24.9	8.820	29.9	7.820	34.9	6.820	39.9	5.820

TABLES FOR DIFFERENTIAL FOR USE IN DETERMINING ADJUSTMENTS FOR
DIFFERENCE IN GRAVITY FOR CRUDE PETROLEUM (CONTINUED)

API Gravity	Diff. /BBL										
40.0	5.800	45.0	4.800	50.0	3.800	55.0	2.800	60.0	1.800	65.0	0.800
40.1	5.780	45.1	4.780	50.1	3.780	55.1	2.780	60.1	1.780	65.1	0.780
40.2	5.760	45.2	4.760	50.2	3.760	55.2	2.760	60.2	1.760	65.2	0.760
40.3	5.740	45.3	4.740	50.3	3.740	55.3	2.740	60.3	1.740	65.3	0.740
40.4	5.720	45.4	4.720	50.4	3.720	55.4	2.720	60.4	1.720	65.4	0.720
40.5	5.700	45.5	4.700	50.5	3.700	55.5	2.700	60.5	1.700	65.5	0.700
40.6	5.680	45.6	4.680	50.6	3.680	55.6	2.680	60.6	1.680	65.6	0.680
40.7	5.660	45.7	4.660	50.7	3.660	55.7	2.660	60.7	1.660	65.7	0.660
40.8	5.640	45.8	4.640	50.8	3.640	55.8	2.640	60.8	1.640	65.8	0.640
40.9	5.620	45.9	4.620	50.9	3.620	55.9	2.620	60.9	1.620	65.9	0.620
41.0	5.600	46.0	4.600	51.0	3.600	56.0	2.600	61.0	1.600	66.0	0.600
41.1	5.580	46.1	4.580	51.1	3.580	56.1	2.580	61.1	1.580	66.1	0.580
41.2	5.560	46.2	4.560	51.2	3.560	56.2	2.560	61.2	1.560	66.2	0.560
41.3	5.540	46.3	4.540	51.3	3.540	56.3	2.540	61.3	1.540	66.3	0.540
41.4	5.520	46.4	4.520	51.4	3.520	56.4	2.520	61.4	1.520	66.4	0.520
41.5	5.500	46.5	4.500	51.5	3.500	56.5	2.500	61.5	1.500	66.5	0.500
41.6	5.480	46.6	4.480	51.6	3.480	56.6	2.480	61.6	1.480	66.6	0.480
41.7	5.460	46.7	4.460	51.7	3.460	56.7	2.460	61.7	1.460	66.7	0.460
41.8	5.440	46.8	4.440	51.8	3.440	56.8	2.440	61.8	1.440	66.8	0.440
41.9	5.420	46.9	4.420	51.9	3.420	56.9	2.420	61.9	1.420	66.9	0.420
42.0	5.400	47.0	4.400	52.0	3.400	57.0	2.400	62.0	1.400	67.0	0.400
42.1	5.380	47.1	4.380	52.1	3.380	57.1	2.380	62.1	1.380	67.1	0.380
42.2	5.360	47.2	4.360	52.2	3.360	57.2	2.360	62.2	1.360	67.2	0.360
42.3	5.340	47.3	4.340	52.3	3.340	57.3	2.340	62.3	1.340	67.3	0.340
42.4	5.320	47.4	4.320	52.4	3.320	57.4	2.320	62.4	1.320	67.4	0.320
42.5	5.300	47.5	4.300	52.5	3.300	57.5	2.300	62.5	1.300	67.5	0.300
42.6	5.280	47.6	4.280	52.6	3.280	57.6	2.280	62.6	1.280	67.6	0.280
42.7	5.260	47.7	4.260	52.7	3.260	57.7	2.260	62.7	1.260	67.7	0.260
42.8	5.240	47.8	4.240	52.8	3.240	57.8	2.240	62.8	1.240	67.8	0.240
42.9	5.220	47.9	4.220	52.9	3.220	57.9	2.220	62.9	1.220	67.9	0.220
43.0	5.200	48.0	4.200	53.0	3.200	58.0	2.200	63.0	1.200	68.0	0.200
43.1	5.180	48.1	4.180	53.1	3.180	58.1	2.180	63.1	1.180	68.1	0.180
43.2	5.160	48.2	4.160	53.2	3.160	58.2	2.160	63.2	1.160	68.2	0.160
43.3	5.140	48.3	4.140	53.3	3.140	58.3	2.140	63.3	1.140	68.3	0.140
43.4	5.120	48.4	4.120	53.4	3.120	58.4	2.120	63.4	1.120	68.4	0.120
43.5	5.100	48.5	4.100	53.5	3.100	58.5	2.100	63.5	1.100	68.5	0.100
43.6	5.080	48.6	4.080	53.6	3.080	58.6	2.080	63.6	1.080	68.6	0.080
43.7	5.060	48.7	4.060	53.7	3.060	58.7	2.060	63.7	1.060	68.7	0.060
43.8	5.040	48.8	4.040	53.8	3.040	58.8	2.040	63.8	1.040	68.8	0.040
43.9	5.020	48.9	4.020	53.9	3.020	58.9	2.020	63.9	1.020	68.9	0.020
44.0	5.000	49.0	4.000	54.0	3.000	59.0	2.000	64.0	1.000	69.0	0.000
44.1	4.980	49.1	3.980	54.1	2.980	59.1	1.980	64.1	0.980	69.1	-0.020
44.2	4.960	49.2	3.960	54.2	2.960	59.2	1.960	64.2	0.960	69.2	-0.040
44.3	4.940	49.3	3.940	54.3	2.940	59.3	1.940	64.3	0.940	69.3	-0.060
44.4	4.920	49.4	3.920	54.4	2.920	59.4	1.920	64.4	0.920	69.4	-0.080
44.5	4.900	49.5	3.900	54.5	2.900	59.5	1.900	64.5	0.900	69.5	-0.100
44.6	4.880	49.6	3.880	54.6	2.880	59.6	1.880	64.6	0.880	69.6	-0.120
44.7	4.860	49.7	3.860	54.7	2.860	59.7	1.860	64.7	0.860	69.7	-0.140
44.8	4.840	49.8	3.840	54.8	2.840	59.8	1.840	64.8	0.840	69.8	-0.160
44.9	4.820	49.9	3.820	54.9	2.820	59.9	1.820	64.9	0.820	69.9	-0.180
										70.0	-0.200