

# CONCHA CHEMICAL PIPELINE LLC

## LOCAL AND PROPORTIONAL TARIFF

CONTAINING

### RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION OF

### PROPYLENE

BY

PIPELINE



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#### GENERAL APPLICATION

Carrier will undertake the transportation of Propylene, only as defined herein, receiving and delivering such Propylene through its own pipelines and pipelines of connecting carriers and not otherwise, subject to the Rules and Regulations contained in this tariff publication.

The Rules and Regulations published herein apply only under tariffs making specific reference by LPSC number to this tariff; such reference will include successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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P-5 Operator ID: P-774710; T-4 Permit Information: T-00734

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

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## **RULES AND REGULATIONS**

### **5. Definitions**

"Pound" as herein used means one (1) pound avoirdupois of Propylene.

"Carrier" as herein used means Concha Chemical Pipeline LLC.

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

"Consignee" as herein used means the party to whom a Shipper has ordered the delivery of Propylene.

"Delivery Point" as herein used means the point at which Propylene is redelivered to the Shipper.

"Propylene" as herein used means a stream of Propylene meeting specifications issued by the Carrier.

"Plant" as herein used means a facility where Propylene is produced.

"Reception Point" as herein used means a mutually acceptable location at each point described in any lawful tariff at which Carrier agrees to receive Propylene from Shipper.

"Shipper" as herein used means a party who contracts with Carrier for transportation of Propylene, as defined herein and under the terms of these Rules and Regulations.

"Nomination", or variations thereof, as herein used means an offer by a Shipper to the Carrier of a stated quantity of Propylene for transportation from a specified origin or origins to a specified destination in accordance with these Rules and Regulations.

### **10. Nomination Required**

Propylene will be transported by Carrier only under a Nomination accepted by Carrier. Any Shipper desiring to Nominate Propylene for transportation shall make such Nomination to Carrier prior to 12 Noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the twentieth (20th) day of the month preceding the month during which transportation under the Nomination is to begin; except that, if space is available for current movement, Carrier has the right to accept a Nomination of Propylene for transportation after the twentieth (20th) day of the month preceding the month during which transportation under the Nomination is to begin. When the twentieth (20th) day of the month falls on a weekend or a holiday, Nominations will be required prior to 12 Noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the preceding workday.

### **15. Minimum Nomination**

Nominations for the transportation of Propylene for which Carrier has facilities will be accepted into Carrier's system under these Rules and Regulations in quantities of not less than five million (5,000,000) Pounds aggregate from one or more Shippers as operations permit and/or consistent with the minimum volume requirements of outbound pipeline carriers and provided such Propylene is of similar kind, quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Propylene from lease tanks or other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other Propylene such that Carrier can make a single delivery of not less than five million (5,000,000) Pounds, and Carrier will not be obligated to make any single delivery of less than five million (5,000,000) Pounds, unless Carrier's operations dictate otherwise. The term "single delivery" as used herein means a delivery of Propylene in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

**20. Title**

The Carrier shall have the right to reject any Propylene which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by a lien or charge of any kind, and require satisfactory evidence of Shipper's perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By Nominating Propylene, the Shipper warrants and guarantees that the Shipper has unencumbered title thereto or the right to cause the Propylene to be transported and that unencumbered title or right remains in effect throughout the movement covered by this tariff. In addition, Shipper agrees to hold Carrier harmless for any and all loss, cost, liability, damage or expense resulting from failure of title or Shipper's failure to have the right to cause the Propylene to be transported; and Shipper agrees that acceptance by the Carrier of the Propylene for transportation shall not be deemed a representation by the Carrier as to title.

**25. Shipment Quality**

No Propylene will be accepted for injection into the system unless its kind, quality and characteristics are the same as that being received by the Carrier and the delivery of such Propylene will not result in any damages to the quality or characteristics of other deliveries. All Propylene accepted shall be delivered to Carrier's reception point and shall meet all specifications required by Carrier.

Shipper shall be responsible for maintaining the quality of Propylene and shall perform applicable tests to insure that the product delivered conforms to Carrier's specifications. Should the analysis indicate that the product delivered does not meet the specifications required by Carrier, Shipper agrees either voluntarily or upon notification of Carrier, to stop delivery of such off-specification product to Carrier until such time as it is determined by additional testing that the product meets the definition of Propylene issued by the Carrier. Shipper shall indemnify and hold Carrier harmless from any loss sustained by other Shippers or by Carrier by reason of contamination or damage to Propylene in Carrier's custody, or by reason of damage to Carrier's pipeline or associated facilities caused by failure of the materials accepted for delivery to be Propylene as prescribed by specifications issued by Carrier.

Carrier reserves the right to reject:

- A. Propylene where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regulating shipments of Propylene.
- B. Propylene which may materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier.

Notwithstanding the above, Carrier may accept Propylene from Shipper that does not meet the above conditions due to, but not limited to, operational circumstances (i.e. production facility upsets), emergencies, or events of force majeure (such as major storms). In such case, however, Shipper must notify Carrier fully, in writing, of the characteristics of such Propylene and Shipper shall then secure from the Plant 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 downstream facilities, or to Carrier arising from such transportation.

If Carrier determines that a Shipper has delivered to Carrier's facilities Propylene that does not meet the pipeline specifications which causes harm to other Shippers, connecting carriers, users of the contaminated Propylene or Carrier, such Shipper will be excluded from further entry into applicable segments of the pipeline system until such time as the quality of the Propylene is to the satisfaction of the Carrier. Carrier is not responsible for monitoring receipts or deliveries for contaminants. Further, Carrier reserves the right to dispose of any contaminated Propylene blocking its pipeline system. Disposal thereof, may be made in any reasonable manner including but not limited to commercial sales, and any liability associated with the

contamination or disposal of any Propylene shall be borne by the Shipper who introduced into Carrier's system such Propylene that does in any way not comply with the above conditions.

Notwithstanding the foregoing, in general, the Shipper who introduced into Carrier's system Propylene that does in any way not comply with the above conditions is liable towards Carrier for all consequences of transportation by Carrier of such Propylene, including but not limited to, damages, costs and expenses of disposal, costs and expenses necessary to return the Carrier's system facilities to service, claims from other Shippers, connecting carriers, or users of the non-complying Propylene and the costs of any regulatory or judicial proceeding.

**30. Mixing of Propylene in Transit**

Propylene will be accepted for transportation only on condition that it may be subject to such changes in quality while in transit as may result from its mixture with other Propylene in the pipelines or other facilities of the Carrier. Carrier shall not be liable for such changes. Carrier shall be under no obligation to deliver the identical Propylene received but may make delivery out of common stock or out of Carrier's pipeline stream.

**35. Storage**

Carrier will provide no storage facilities at Reception and Destination Point(s). Propylene will be accepted for transportation only when shipper has provided equipment and facilities satisfactory to Carrier for receipt or delivery of such shipments.

**40. Reserved for Future Use**

**45. Duty of Carrier**

Carrier shall transport Propylene with reasonable diligence, considering the quality of the Propylene, the distance of transportation, the safety of operation, and other material elements. Carrier cannot commit to delivering Propylene to a particular destination at a particular time.

**50. Origin Facilities Required**

Shipper shall furnish the necessary facilities at Reception Points capable of delivering Propylene into the Carrier's system at pressures, temperatures, and pumping rates required and determined solely by the Carrier.

**55. Destination Facilities Required**

The Carrier may refuse to accept Propylene for transportation unless satisfactory written evidence is furnished that the Shipper or Consignee has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Propylene as it arrives at the destination. Notwithstanding other conditions, at minimum such facilities shall have adequate available capacity and be capable of receiving said Propylene at pressures and pumping rates required and determined solely by the Carrier.

**60. Notice of Arrival, Delivery at Destination**

If the Shipper, or Consignee, is unable or refuses to receive said Propylene as it arrives at the destination, the Carrier reserves the right to make whatever arrangements for disposition of the Propylene it deems appropriate in order to clear its pipeline. Any additional expenses incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee.

**65. Inventory Requirements**

Prior to delivering Pounds out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Propylene necessary to ensure efficient operation of Carrier's pipeline system. Propylene provided by Shippers for this purpose may be withdrawn only after:

- (1) Shipments have ceased and the Shipper has notified Carrier in writing of its intention to discontinue shipments in Carrier's system, and
- (2) Shipper balances have been reconciled between Shipper and Carrier.

Carrier, at its discretion, may require advance payment of transportation charges on the quantities to be cleared from Carrier's system, and any unpaid accounts receivable, before final delivery will be made. Carrier shall have a reasonable period of time from the receipt of said notice to complete administrative and operational requirements incidental to Shipper withdrawal.

#### **70. Gauging, Testing, and Quantity Corrections**

Propylene shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards. The API revision in use will be solely determined by the Carrier.

Propylene received by the Carrier for delivery may be tested by Carrier prior to its receipt from Shipper. Quantities shall be measured by meters.

Carrier shall account to each Shipper for all Propylene received.

One of the following pipeline loss allowances will be used when specifically referenced in the tariff.

##### Option 1

From the net quantities so determined for acceptance, a further deduction will be made to cover evaporation and loss. Pipeline loss adjustments will be made on the basis of total quantities transported.

##### Option 2

No deduction will be made to cover evaporation and loss during transportation.

After consideration of all the factors set forth in this Item No. 70, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

#### **75. Apportionment When Nominations are in Excess of Facilities**

At such times as Carrier determines that it may be necessary to allocate space in a pipeline segment, the transportation furnished by Carrier shall be apportioned among Regular Shippers and New Shippers as follows:

##### (1) Apportionment Definitions:

- a. The "Base Period" is a period of 12 months beginning 13 months prior to the month of allocation and excluding the month preceding the month of allocation.
- b. A "Regular Shipper" is any Shipper having a record of movement(s), in the line segment being prorated, during the Base Period and does not meet the definition of a New Shipper.
- c. A "New Shipper" is any Shipper having no record of movement(s), in the line segment being prorated, during the Base Period. A New Shipper shall not become a Regular

Shipper until the beginning month of the defined Base Period for the requested shipment month equals the Shipper's first month of physical movement. For ease in interpreting this definition, the following example illustrates the intent:

<p><b>Shipper Nominates for and moves Pounds in January 2019 for its first movement on the pipeline system.</b></p> <p><b>Shipper will not become a Regular Shipper until February 2020 as shown in the table below. February 2020 would be the month where a defined Base Period would set January 2019 as the first month of its Base Period.</b></p>		
Calendar Month	Base Period Definition for February 2020	Shipper Status
Jan-19	Base Period Month 1	New
Feb-19	Base Period Month 2	New
Mar-19	Base Period Month 3	New
Apr-19	Base Period Month 4	New
May-19	Base Period Month 5	New
Jun-19	Base Period Month 6	New
Jul-19	Base Period Month 7	New
Aug-19	Base Period Month 8	New
Sep-19	Base Period Month 9	New
Oct-19	Base Period Month 10	New
Nov-19	Base Period Month 11	New
Dec-19	Base Period Month 12	New
Jan-20	Excluded month	New
Feb-20	Allocated Month	Regular

(2) New Shippers shall be initially allocated up to a total of ten percent (10%) of the available pipeline capacity. If more than one New Shipper has Nominated volumes, pipeline space shall be allocated proportionately to each New Shipper in relation to the total Nominations by New Shippers, so that the total pipeline capacity allocated for all New Shippers shall not exceed ten percent (10%) of the available pipeline capacity unless Item 3 re-allocates unused space previously reserved for Regular Shippers.

(3) The remaining capacity shall be allocated among Nominating Regular Shippers as the lesser value of either the Shipper's proportion of the Regular Shippers' Base Period shipment volume or the Shipper's Nominated volume. If a Regular Shipper Nominates less than their calculated allocation, the unused space will be allocated to other Regular Shippers as described in this item. Should the sum of Nominations submitted by all Regular Shippers be less than ninety percent (90%), any unused space will be offered to New Shippers in accordance with the procedures stated in Item (2) of this section.

No Nominations shall be considered beyond the amount which the party requesting shipment has available for shipment. Carrier reserves the right to require Shipper to show sufficient evidence of available volume.

**80. Application of Rates and Charges**

Propylene accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Propylene by the Carrier. Trunk line transportation and all other lawful charges will be collected on the basis of the net quantities of Propylene delivered. All net quantities will be determined in the manner provided in Item 70 (GAUGING, TESTING, AND VOLUME CORRECTIONS).

**85. Application of Rates From and To Intermediate Points**

For Propylene accepted for transportation from any point on Carrier's lines not named in a particular tariff, which is intermediate to a point from which rates are published in said tariff, through such unnamed point, the rate published from the next more distant point specified in such tariff will apply.

For Propylene accepted for transportation to any point not named in a particular tariff which is intermediate to a point to which rates are published in said tariff, through such unnamed point, the rate published therein to the next more distant point specified in the tariff will apply.

**90. Reserved for Future Use**

**95. Commodity**

The Carrier will transport Propylene and has no obligation to accept any other commodity for transportation.

**100. Payment of Transportation and Other Charges**

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and Carrier shall have the right to require Shipper to prepay such charges or furnish guaranty of payment satisfactory to Carrier. Propylene accepted for transportation shall be subject to the rates in effect on the date of receipt by Carrier, irrespective of the date of the Nomination.

Except where pre-payment is required, all charges shall be paid by Shipper within ten (10) days from the date of invoice from Carrier. All charges that remain unpaid for more than ten (10) days from the date of Carrier's invoice shall accrue an interest charge equal to 125% of the prime rate as quoted by a major New York bank or the maximum non-usurious interest rate that may then be charged under applicable law.

Carrier shall have a lien on all Propylene accepted for transportation to secure payment of all charges, including demurrage charges, and may refuse to accept future Nominations and/or make delivery of any Propylene until all charges have been paid. If such charges, or any part thereof, remain unpaid five (5) days after notice and demand therefore or when there shall be failure to take the Propylene at the point of destination within five (5) days per Item 60 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION) of these Rules and Regulations, the Carrier, or its representatives, shall have the right to sell such Propylene. The Carrier may be a bidder and purchaser at such sale. From the proceeds of the sale, the Carrier may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be held without interest for whomsoever may be lawfully entitled thereto.

In addition to all other charges accruing on Propylene accepted for transportation through Carrier's facilities, a per Pound charge will be assessed and collected in the amount of any fee or other charge, however denominated, which is levied against Carrier by any federal, state or local agency.

**105. Diversion**

Subject to Item 15 (MINIMUM NOMINATION), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing.

**110. Liability of Carrier**

As a condition to Carrier's acceptance of Propylene, each Shipper agrees that Carrier shall not be liable for any loss thereof, damage thereto, or delay, except to the extent that liability therefore is imposed on the Carrier by law. In case of loss of or damage to Propylene for which Carrier is not responsible under applicable law, the Shipper shall bear the loss or damage in such proportion as its total volume in Carrier's Pipeline System bears to the total volume in said system.

If Carrier is unable to accept Propylene for any reason, Carrier will not be liable for delay or damages associated with its inability to accept volumes.

**115. Claims, Suits, and Time for Filing**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with the Carrier within nine (9) months after delivery of the Propylene, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years from the time when the Carrier delivers, or arranges delivery of, the Propylene or, in case of failure to make or arrange delivery, then within two (2) years after a reasonable time for delivery has elapsed. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Propylene. 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.

**120. 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.

**125. Reserved for Future Use**

**130. Reserved for Future Use**

**135. Reserved for Future Use**

**140. Common Stream Propylene – Connecting Carriers**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Propylene 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 Propylene 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 Propylene.

**145. Direction of Flow**

In the event the pipeline is configured and equipped so that it is physically capable of bi-directional flow, Carrier, at its sole discretion, will choose the direction of flow between Reception Point(s) and Delivery Point(s). Carrier will make a reasonable attempt to accommodate Shippers through the exchange of Propylene at Reception and Delivery Points. Any exchanges will be subject to the same terms and conditions applicable to shipments pursuant to this tariff. The provisions of this tariff apply to all shipments or exchanges regardless of the direction of flow or whether the product shipped or received is physically moved from one point to another.

**EXPLANATION OF REFERENCE MARKS:**

[N] New