

Filed on:

Mar 10 2023

Gas Services Department
Railroad Commission of Texas

Springfield Texas Tariff No. 9

SPRINGFIELD PIPELINE LLC

LOCAL TARIFF

CONTAINING

RULES, REGULATIONS, AND CHARGES
APPLYING ON THE TRANSPORTATION OF

CRUDE PETROLEUM

(as defined herein)

BY PIPELINE

Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements hereto and reissues hereof. Specific rules and regulations published in individual tariffs will take precedence over the rules and regulations published herein.

EFFECTIVE: March 10, 2023

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

Carrier, as defined in Section II, incorporates by reference into this tariff the rules and regulations set forth in Title 16, Rule § 3.71 of the Texas Administrative Code.

SECTION II SUPPLEMENTAL RULES AND REGULATIONS

The requirements of Section II will be in addition to the requirements set forth in Section I. In case of discrepancies in the requirements between the Sections, the requirements in Section II will take precedence and govern over the requirements in Section I, to the extent permitted by Law.

ITEM 1. DEFINITIONS:

For the purposes of Sections II and III, the following capitalized terms have the meanings ascribed to them below:

"Adequate Assurance of Performance" shall have the meaning set forth in Item 13.

"Affiliate" shall mean, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. The term **"control"** (including its derivatives and similar terms) means possessing the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise.

"Barrel" shall mean a barrel of forty-two (42) gallons, corrected for temperature to sixty degrees (60°) Fahrenheit, in accordance with A.S.T.M.-I.P. Petroleum Measurement tables using the latest revision thereof.

"Base Period" shall mean the eighteen (18)-month period, beginning nineteen (19) calendar months prior to the Proration Month and excluding the calendar month immediately preceding the Proration Month. If Carrier has been in operation less than eighteen (18) months, the Base Period shall be the number of months during which the Carrier has been in operation, excluding the month preceding the Proration Month.

"Carrier" shall mean Springfield Pipeline LLC.

"Cochina OHF Segment" shall mean the portion of the System consisting of those certain oil handling facilities located at an approximate latitude/longitude location of -99.43194, 28.40083.

"Committed Shipper" shall mean a Shipper that has a currently effective TSA with Carrier in which the Shipper dedicates the Crude Petroleum owned, controlled or produced by Shipper or its Affiliates from the Dedicated Area for transportation on the System, in accordance with the terms of the TSA.

"Committed Shipper Capacity" shall have the meaning set forth in Item 9.

"Crude Petroleum" shall mean (i) the direct liquid hydrocarbon production from oil or gas wells, or blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude petroleum or for acceptability to be commingled with other crude petroleum, and (ii) condensate that falls from the natural gas stream. Crude Petroleum for purposes of this Agreement shall meet the Quality Specifications set forth in Item 3.

"Curtailement Order" shall have the meaning set forth in Item 25(D).

"Dedicated Area" shall mean the specific acreage that a Committed Shipper dedicates to the System in its TSA.

"Demand Fee" shall have the meaning set forth in Section III(B) of this tariff.

“Delivery Point” shall mean the point or points on Carrier’s System where Crude Petroleum is delivered to Shipper, as specified in Section III of this tariff and as amended By Carrier from time to time.

“Encumbered Crude Petroleum” shall have the meaning set forth in Item 17.

“Excess Asphaltenes or Paraffins” shall have the meaning set forth in Item 3(C).

“Excess Monthly Committed Volumes” shall mean the volume of a Committed Shipper’s Crude Petroleum to be produced from the Dedicated Area in a Proration Month that exceeds the Committed Shipper’s Maximum Monthly Quantity.

“Force Majeure” shall mean causes, conditions, events or circumstances that are beyond the reasonable control of the party claiming Force Majeure. Such causes, conditions, events and circumstances will include acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, arrests and restraints of governmental authorities, either federal, state, or local, inability of any party to obtain necessary materials or supplies at reasonable market costs or permits due to existing or future rules, orders and Laws of governmental or judicial authorities (federal, state, local, or otherwise), interruptions by government or court orders, present and future orders of any regulatory body having proper jurisdiction, civil disturbances, explosions, sabotage, and partial or entire loss of market. Breakage of or accident to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of Wells or lines of pipe, or partial or entire failure of Wells will be considered Force Majeure if the party claiming Force Majeure has not caused the condition and the cause of the condition was out of the control of such party. Force Majeure could include any other causes, whether of the kind herein enumerated or otherwise not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to overcome, such as the inability to acquire, or the delays in acquiring, at reasonable market cost and after the exercise of reasonable diligence, any servitude, right-of-way grants, permits, or licenses required to be obtained to enable a party hereto to fulfill its obligations hereunder. The inability of a party to be profitable or to secure funds, arrange bank loans or other financing, or to obtain credit will not be regarded as an event of Force Majeure.

“Header Pipeline Segment” shall mean the portion of the System extending from the Main OHF central Delivery Point to those Delivery Point(s) located downstream of such Header Pipeline.

“Law” shall mean all applicable and valid orders, laws, rules and regulations of duly constituted governmental authorities having jurisdiction or control over Carrier and/or Shipper, their facilities or Crude Petroleum supplies, this tariff, or any provisions hereof.

“Line Fill” shall have the meaning set forth in Item 14 of this tariff.

“Main OHF Segment” shall mean the portion of the System consisting of those certain oil handling facilities located at 1740 FM 2688, Catarina, Texas 78836 in Dimmit County, Texas

“Maximum Monthly Quantity” shall mean the volume of a Committed Shipper’s Crude Petroleum to be produced from the Dedicated Area that shall be given firm capacity rights on the System in a Proration Month.

- A Committed Shipper’s Maximum Monthly Quantity for the Main OHF Segment shall equal the Committed Shipper’s then-effective “CDP MDQ” for the Main OHF, as such amount is set forth in the Committed Shipper’s TSA, multiplied times the number of days in the Proration Month.
- A Committed Shipper’s Maximum Monthly Quantity for the Cochina OHF Segment shall equal the Committed Shipper’s then-effective “CDP MDQ” for the Cochina OHF, as such amount is set forth in the Committed Shipper’s TSA, multiplied times the number of days in the Proration Month.

- A Committed Shipper's Maximum Monthly Quantity for the Header Pipeline Segment shall equal the Committed Shipper's then-effective "CDP MDQ" for the Header Pipeline as such amount is set forth in the Committed Shipper's TSA, multiplied times the number of days in the Proration Month.

"New Shipper" means any Shipper that does not qualify as a Regular Shipper.

"Nomination," "Nominate," or "Nominating" shall mean a written offer (in form and context specified by Carrier) made by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified Receipt Point to a specified Delivery Point pursuant to the terms of this tariff.

"Non-Dedicated Production" shall mean the volume of Crude Petroleum that a Committed Shipper Nominates for transportation in a Proration Month that was not produced in the Dedicated Area.

"Receipt Point" shall mean the point or points where Crude Petroleum is received into Carrier's System, as specified in Section III of this tariff.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, or limited liability company.

"Proration Month" means the month for which capacity on Carrier's System is subject to prorationing under Item 9 of this tariff.

"Quality Specifications" shall have the meaning set forth in Item 3(A) of this tariff.

"Regular Shipper" shall mean a Shipper that has shipped Crude Petroleum on Carrier's System during each of the eighteen (18) consecutive calendar months preceding the Proration Month.

"RVP" shall mean Reid Vapor Pressure.

"Shipment" shall mean the transportation of actual volumes of Crude Petroleum through Carrier's System from the Receipt Point to the Delivery Point, as measured on an average Barrel per day basis (averaged over a calendar month).

"Shipper" shall mean a party who contracts with Carrier for transportation of Crude Petroleum as defined herein and under the terms of this tariff.

"Single Delivery" shall have the meaning set forth in Item 4.

"System" shall mean Carrier's pipeline system, including all appurtenances thereto related to the provision of transportation services owned by Carrier.

"Tender," "Tenders," or "Tendered" shall mean the presentation by a Shipper to Carrier of a stated quantity of Crude Petroleum for transportation from a specified Receipt Point to a specified Delivery Point in accordance with this tariff.

"Third Party Shipper" shall have the meaning set forth in Item 9.

"TSA" shall mean an agreement involving transportation services on the System that is entered into between Carrier and a Committed Shipper, which shall include but not be limited to a Lease Dedication and Oil Gathering Agreement.

"Unremoved Crude Petroleum" shall mean Crude Petroleum that Shipper is unable or refuses to receive upon Carrier's delivery at the Nominated Delivery Point.

ITEM 2. COMMODITY:

Carrier is engaged in the transportation of Crude Petroleum, as that term is defined herein, and therefore will not accept any other commodity for transportation under this tariff.

ITEM 3. SPECIFICATIONS AS TO QUALITY:

- A. The specifications set forth in this Item 3 (the “**Quality Specifications**”), which may be amended by Carrier from time to time, are the required specifications for the Crude Petroleum and shall apply to each Barrel of Shipper’s Tender and shall not be limited to the composite sample of the Tender, except where noted [W] ;provided, however, the quality specifications in a Committed Shipper’s TSA shall control if such quality specifications are different from the Quality Specifications .

Constituent or Property	Limit
Max. Delivered Temperature	120° F
Max. Hydrogen Sulfide	15 PPM (by weight)
Max. Sulfur	0.3% (by weight)
Max. Sediment and Water	1.00% (by volume)
[N] Max. Metals: Vanadium, Nickel, Iron	[N] 10 PPM (aggregate, by weight)
Max. Inorganic Salts	75 pounds per 1,000 Barrels
Max. Lead	0.010 PPM (by weight)
Max. Organic Chlorides [Note 1]	10 PPM (by weight) for 400° F end cut
Max. Total Organic Halogen Compounds	10 PPM (by weight)
Max. Oxygenated Hydrocarbons & Methanol	50 PPM (by weight)
Max. Viscosity at Min. Delivery Temperature	1000 SSU
Max. Viscosity at 60° F	1000 SSU
Max. Reid Vapor Pressure	10 PSIA
Max. API Gravity	75° API
Min. API Gravity	20° API
Maximum Shipper Receipt Point API Gravity [Note 2]	54° API
Maximum Delivery Point API Gravity [Note 3]	54° API

Note 1: Includes but is not limited to Carbon Tetrachloride, Chloroform, Ethylene Dichloride, Dichloroethylene, Methyl Chloride, Ethylene Chloride, Methylene Chloride, Vinyl Chloride, 1,1 Dichloroethane, Trichloroethane, Tetrachloroethylene, Trichloroethane, Monochlorobenzene, Chloroprene, Perchloroethylene.

Note 2: The volume weighted average API gravity of Shipper’s Crude Petroleum delivered into the System, as measured on a cumulative, daily basis at such Shipper’s Receipt Points must not exceed 54 degrees.

Note 3: The blended API gravity of all Crude Petroleum delivered to the Delivery Points must not exceed 54 degrees to Carrier’s satisfaction.

- B. In addition to meeting the specifications set forth in Paragraph A, Crude Petroleum delivered to the Receipt Point(s) must also be good merchantable Crude Petroleum of such viscosity, pour point and temperature as will permit it being freely handled and gathered under conditions existing in the System, and which is properly warranted. Crude Petroleum is to be free of any contamination that might render such Crude Petroleum unusable for its commonly used applications, or that would be injurious to pipelines, meters or other facilities, or that may interfere with the processing, refining, transmission or commercial utilization of such Crude Petroleum. Specific contaminants include (but are not limited to) dirt, rust, scale, and all other types of solid contaminants, caustic, amines, chlorides, heavy metals, oxygenates, inerts, and any component added to the product to enhance the ability to

meet the specifications contained herein. Crude Petroleum shall contain no active bacteria

or bacterial agent, including but not limited to sulphate reducing bacteria and acid producing bacteria, or any hazardous or toxic substances.

- C. If Crude Petroleum delivered to the Receipt Point(s) contains Excess Asphaltenes or Paraffins, the Shipper shall provide and inject the required chemicals per Carrier's approval that would resolve any maintenance and flow assurance concerns related to asphaltene and paraffin deposits in the System. **"Excess Asphaltenes or Paraffins"** shall mean asphaltenes or paraffins of such volume and type that results (after routine pigging conducted weekly or at more frequent intervals if operationally compatible with the System) in the collection by Carrier in its pig trap of the lesser of twenty-five (25) gallons per pig run or a rate of twenty-five (25) gallons per week of paraffin and asphaltene residue reasonably attributable to each producer. The methods used to attribute the collected asphaltenes and paraffin to the various sources of Crude Petroleum supply may include the "cold-finger" or other lab tests or other chemical analysis and modeling agreed to between Shipper and Carrier as well as historical paraffin and asphaltene deposits collected on the System.
- D. Carrier reserves the right to reject any Crude Petroleum not meeting the Quality Specifications. Carrier may also reject any Crude Petroleum having other characteristics, including but not limited to total acid number (TAN), such that it will not be readily gathered through the System or which will materially affect or damage the quality of other shipments or cause disadvantage to other shippers and/or the System.
- E. Notwithstanding the specifications in this Item 3, should any connecting carrier or other downstream party notify Carrier of a different or additional quality specifications required for the receipt of Crude Petroleum from the System, then Carrier will notify Shipper of any such different or additional specifications as soon as practicable after being notified by such connecting carrier or other downstream party, and such specifications will, upon Shipper's receipt of such notice, be deemed to amend the above Quality Specifications for as long as required by such connecting carrier or other downstream party.

ITEM 4. MINIMUM TENDER:

Crude Petroleum of the required Quality Specifications shall be Tendered for transportation in quantities not less than the number of Barrels required (i) for accurate measurement, and (ii) to satisfy downstream carrier tariffs or specifications, except that Carrier may, in its sole discretion, accept any quantity of Crude Petroleum if such quantity can be consolidated with other Crude Petroleum such that Carrier can make a Single Delivery that would satisfy (ii) above. The term **"Single Delivery"** as used herein means a delivery of Crude Petroleum in one continuous operation into a single facility to which Carrier is connected.

ITEM 5. STORAGE AND STABILIZATION OF CRUDE PETROLEUM:

Carrier only provides storage, stabilization, and blending services that are necessary and integral to transportation on the System, as determined by Carrier in its sole discretion. Please see Item 24 for additional details regarding the stabilization and blending services provided by Carrier. Any other storage, stabilization, or blending must be provided by Shipper or Shipper's designee at the sole cost of Shipper.

ITEM 6. MEASUREMENT AND TESTING:

- A. All Crude Petroleum transported by Carrier shall be measured at the applicable Receipt Point and Delivery Point, and may be measured at any other location on the System deemed appropriate by Carrier, with such measurement done in accordance with applicable A.P.I. M.P.M.S. and A.S.T.M. standards. All measurements shall be performed by Carrier or its designee, but Shipper or its representative may be present to witness such measurement, provided such witnessing does not unreasonably interfere with Carrier's operation of the System. Carrier may deduct sediment, water, and other impurities as shown by the centrifugal method, Karl Fischer method or other test agreed upon.

- B. In determining the amount of sediment, water or other impurities, Carrier is authorized to make a test of the Crude Petroleum 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 Carrier and 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 Crude Petroleum.
- C. Crude Petroleum received from Shipper and Crude Petroleum delivered to Shipper shall, in each instance, be evidenced by tickets, showing opening and closing meter readings or inactive tank gauges, as applicable, temperature, pressure, and any other data essential to the determination of quantity. Such tickets shall be jointly signed by representatives of Carrier and Shipper, and shall constitute full receipt for: (i) the Crude Petroleum received and (ii) the Crude Petroleum delivered, except where a discrepancy exists between the net meter tickets and any other available information. In the event of a discrepancy, the party discovering the discrepancy will immediately notify the other party, and the parties shall investigate the discrepancy and attempt to resolve any dispute by mutual agreement.
- D. A representative of Carrier shall have the right to enter upon the premises where Shipper's Crude Petroleum is received or delivered and have access to any and all storage receptacles or meters for the purposes of measuring and testing and to make any examination, inspection, measurement or test required.

ITEM 7. IDENTITY OF CRUDE PETROLEUM, MAINTENANCE OF:

- A. Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum that may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit.
- B. Carrier shall have no responsibility in, or for, any revaluation or settlements that may be deemed appropriate by Shippers because of mixing or commingling of Crude Petroleum between the receipt and delivery of such Shipments by Carrier within the same common stream.
- C. Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other material elements. Carrier cannot commit to delivering Crude Petroleum at a particular time.

ITEM 8. NOMINATIONS REQUIRED:

- A. Crude Petroleum for Shipment through Carrier's System will be received only on properly executed Nominations from Shipper showing the point at which the Crude Petroleum is to be received, the point at which the Crude Petroleum is to be delivered, and the amount of Crude Petroleum to be transported. Carrier may refuse to accept Crude Petroleum for transportation if Shipper has not furnished documentation demonstrating that it has made provision for prompt receipt thereof at the Nominated Delivery Point.
- B. Any Shipper desiring to Nominate Crude Petroleum for transportation shall make such Nomination to Carrier in writing on or before the twenty-fifth (25th) day of the month preceding the month during which the transportation under the Nomination is to begin; except that, if space is available for current movement, Carrier, in its sole discretion, may consider a Nomination from Shipper for transportation of Crude Petroleum submitted after the twenty-fifth (25th) day of the month preceding the month during which the transportation under the Nomination is to begin.
- C. Carrier may refuse to accept Crude Petroleum for transportation if Shipper is not in compliance with other provisions of this tariff or where Shipper has failed to comply with all applicable Law regulating Shipments of Crude Petroleum.

- D. Carrier will transport accepted Crude Petroleum during regular business hours, as established by Carrier from time to time. Carrier may refuse to accept Crude Petroleum for transportation outside of those regular business hours.

ITEM 9. OFFERS IN EXCESS OF FACILITIES:

- A. When Carrier receives more Nominations in a month for transportation of Crude Petroleum than Carrier is able to transport, Carrier shall allocate the capacity of the System under the provisions of this Item 9. Carrier shall allocate capacity of the System on a line segment by line segment basis, with the particular line segments being determined by Carrier. The initial line segments that Carrier will use include the Main OHF Segment, the Cochina OHF Segment and the Header Pipeline; provided, however, that these line segments are subject to change at Carrier's sole discretion. The capacity available on each line segment will vary; accordingly, the available capacity on one line segment may differ from the available capacity on another line segment. In no event will a Shipper be allocated more capacity for a line segment than the line segment is physically able to receive or transport during the Proration Month.
- B. Available capacity on a line segment shall be divided between Committed Shippers as a class, New Shippers as a class, and Regular Shippers as a class.
- C. Allocation to Committed Shippers: Carrier shall allocate up to ninety-five percent (95%) of the available capacity on a line segment to Committed Shippers ("**Committed Shipper Capacity**") in the manner described below:
- i. Carrier shall first allocate each Committed Shipper a portion of the Committed Shipper Capacity equal to the lesser of (i) its Nomination for the Proration Month, or (ii) its Maximum Monthly Quantity.
 - ii. Carrier, in its sole discretion, next may allocate each Committed Shipper a portion of the remaining Committed Shipper Capacity equal to the Committed Shipper's Nomination for Excess Monthly Committed Volumes, if any. If there is insufficient Committed Shipper Capacity to allow allocations pursuant to this Item 9(C)(ii), Carrier may allocate the remaining Committed Shipper Capacity among all Committed Shippers that submitted a Nomination for Excess Monthly Committed Volumes, with such allocation being done in proportion to each such Committed Shipper's Maximum Monthly Quantity level.
 - iii. To the extent there is any Committed Shipper Capacity remaining for allocation following the allocations in Item 9(C)(i-ii), Carrier may allocate such remaining Committed Shipper Capacity to Committed Shippers that submitted a Nomination for Non-Dedicated Production, with such allocation being done in proportion to each Committed Shipper's Maximum Monthly Quantity.
 - iv. A Committed Shipper may use a third party shipper to ship its Crude Petroleum on the System ("**Third Party Shipper**"), and in such event, volumes Nominated for transportation by a Third Party Shipper on behalf of a Committed Shipper will receive the same allocation of capacity priority as that applicable to the Committed Shipper. Shipper shall provide Carrier with at least thirty (30) days' written notice of its intent to designate a Third Party Shipper; such notice requirement shall apply to each Third Party Shipper designated by Shipper and shall include the name, address, contact Person and telephone number for such Third Party Shipper. Shipper shall be prohibited from utilizing such Third Party Shipper until such time as the Third Party Shipper has executed an agreement with Carrier agreeing to all the terms and conditions set forth in the applicable tariffs.

D. Allocation of Capacity to New Shippers:

- i. Not more than five percent (5%) of the available capacity on a line segment will be made available to New Shippers during the Proration Month.
- ii. Each New Shipper shall be allocated an amount of capacity during the Proration Month that is equal to its Nomination, provided that in no event will any New Shipper be allocated more than a maximum of five hundred (500) Barrels per day, in aggregate, on Carrier's System; and further provided that if the total volume allocated among all New Shippers would exceed five percent (5%) of the available capacity on a particular line segment, then each New Shipper's allocation for that line segment will be reduced on a pro rata basis, in accordance with its Nomination, so that the allocation to all New Shippers in the aggregate does not exceed five percent (5%) of the available capacity on the line segment. If a New Shipper is unable to arrange for the delivery of Product at the Delivery Point, then such New Shipper's Nomination shall be deemed to be reduced by the volume that such New Shipper is unable to arrange delivery for at the Delivery Point.

E. Allocation to Regular Shippers:

- i. After the allocation of capacity to Committed Shippers and New Shippers pursuant to Items 9(C) and 9(D), all remaining available capacity on a line segment shall be available to Regular Shippers that have Nominated volumes for the Proration Month, with each Regular Shipper receiving the lesser of (i) its Nomination, or (ii) a fraction of the remaining available capacity, which shall be calculated by multiplying the available capacity times the following fraction: the number of Barrels shipped by the Regular Shipper on Carrier's System during the Base Period divided by the total number of Barrels shipped by all Regular Shippers during the Base Period.

F. Remaining Capacity: Any remaining available capacity on a line segment not allocated through the application of Items 9(C) through 9(E) will be allocated among all Shippers having remaining unmet Nominations, in proportion to each such Shipper's initial capacity allocation for the Proration Month pursuant to Items 9(C) through 9(E) (for the avoidance of doubt notwithstanding the percentage caps set forth in Item 9(C) above). If allocation to any Shipper pursuant to this Item 9(F) exceeds its remaining Nomination, then the excess volume will be allocated among all other remaining Nominations (for the avoidance of doubt notwithstanding the percentage caps set forth in Item 9(C) above) until the remaining capacity is fully allocated or all of the remaining Nominations have been fulfilled.

G. During periods when Carrier applies this Item 9:

- i. The capacity allocated to a Shipper will be provided as a daily or monthly value, at Carrier's discretion, and will be calculated for the Proration Month; and
- ii. Carrier will use its reasonable efforts to notify each Shipper of its allocation not later than the first working day of the Proration Month.

H. If a Shipper does not use the capacity allocated to it under this Item 9 at the times and in the amounts designated by Carrier, Carrier shall have the right to use Shipper's unused capacity to fulfill the unmet Nominations of other Shippers.

I. If a New Shipper does not use at least ninety-five percent (95%) of the capacity allocated to it under this Item 9 in a Proration Month, such Shipper shall pay Carrier a \$1.00 per Barrel fee for each Barrel of capacity that the New Shipper was allocated but did not use in the Proration Month. Notwithstanding the foregoing, Carrier has the discretion to waive or modify application of this Item 9(I) when Carrier determines that the New Shipper's failure to use such allocated capacity was due to an event of Force Majeure declared by Shipper.

ITEM 10. FAILURE TO TAKE DELIVERY AT DESTINATION POINT:

After a Shipment of Crude Petroleum has had time to arrive at Shipper's Nominated Delivery Point and on twenty-four (24) hours' notice to Shipper, Carrier may begin delivery of such Crude Petroleum to Shipper at Carrier's current rate of pumping. Shipper shall timely remove its Crude Petroleum, or cause the Crude Petroleum to be removed, from the System following transportation to a Nominated Delivery Point. If Shipper is unable or refuses to receive said Shipment, Carrier may curtail the amount of Crude Petroleum it will accept from Shipper until such Unremoved Crude Petroleum is removed. Carrier also reserves the right if deemed necessary to clear Carrier's System and to make whatever arrangements for disposition of the Unremoved Crude Petroleum that are appropriate, which includes selling the Unremoved Crude Petroleum to the first available purchaser at a reasonable price, which reasonableness shall be in Carrier's sole discretion. Any expenses incurred by Carrier in making such arrangements shall be borne by Shipper. Shipper shall indemnify Carrier for all losses associated with Unremoved Crude Petroleum and Carrier's disposition of the Unremoved Crude Petroleum. Carrier shall have no liability to Shipper associated with Shipper's Unremoved Crude Petroleum or Carrier's disposition of the Unremoved Crude Petroleum.

ITEM 11. APPLICATION OF RATES:

Crude Petroleum 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, or the date of delivery to Shipper.

ITEM 12. PAYMENT OF TRANSPORTATION RATES AND OTHER CHARGES:

- A. Shipper shall pay, as provided below, all applicable transportation and other charges accruing on Crude Petroleum handled by Carrier. The transportation charges Shipper owes to Carrier will be calculated based upon the volume of Crude Petroleum Shipper delivers to Carrier at the applicable Receipt Point, and such volume shall not take into account any reductions in volume that occur during transportation or as a result of stabilization/blending.
- B. All payments are due within fifteen (15) days of receipt of the invoice.
- C. If any charge remains unpaid after the due date, then such amount due may bear interest from the day after the due date until paid, calculated at an annual rate equivalent to the lower of: (i) the maximum lawful rate of interest in the State of Texas, or (ii) the prime rate of interest published under the "Money Rates" section by The Wall Street Journal (or a comparable rate of interest mutually agreeable to the Parties should The Wall Street Journal cease publication), plus two percent (2%), calculated on a monthly basis and compounded daily, which interest shall be promptly paid by Shipper. Additionally, if Shipper is more than ten (10) days late in making any payment, in addition to all other rights and remedies of Carrier, and upon at least five (5) days' prior written notice, Carrier may cease receiving Shipper's Crude Petroleum until Shipper's account is brought current, with interest.
- D. In the event Shipper fails to pay any charges when due, Carrier shall have the right, until such payments, including interest thereon, are made in full, to: (i) refuse to provide Shipper access to Carrier's System or provide services pursuant to this tariff, (ii) offset the current and future amounts owed by Shipper against any amounts Carrier owes to Shipper, and (iii) exercise any other rights and remedies granted under this tariff or existing under applicable Law.
- E. Carrier shall have a self-executing lien on all Crude Petroleum delivered to Carrier to secure the payment of any and all transportation or any other charges that are owed Carrier. Such lien shall survive delivery of Crude Petroleum to Shipper. Such lien shall extend to all Crude Petroleum in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. The lien provided herein shall be in addition to any lien or security interest provided by this tariff, statute or applicable Law. Carrier may withhold delivery to Shipper of any of Shipper's Crude

Petroleum in its possession and exercise any other rights and remedies granted under the applicable tariffs or existing under applicable Law until all such charges have been paid as provided above.

- F. If Shipper fails to pay an invoice by the due date, in addition to any other remedies under this tariff or under applicable Law, Carrier shall have the right, either directly or through an agent, to sell any Crude Petroleum of such Shipper in Carrier's custody at public auction, on any day not a legal holiday, not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city, or general area where the sale is to be held, stating the time and place of sale and the quantity and location of the Crude Petroleum to be sold. At said sale, Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. The proceeds of any sale shall be applied in the following order: (i) to the reasonable expenses of holding, preparing for sale, selling, and to the extent allowed by Law, reasonable attorney's fees and legal expenses incurred by Carrier; and (ii) to the satisfaction of Shipper's indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto. Carrier will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Carrier from Shipper and the proceeds of any sale after reduction as set forth above.

ITEM 13. FINANCIAL ASSURANCES:

If Carrier has reasonable grounds for insecurity regarding the performance of any obligation under this tariff (whether or not then due) by Shipper (including, without limitation, the occurrence of a material change in the creditworthiness of Shipper), Carrier may demand Adequate Assurance of Performance, which shall be furnished within five (5) Days of such demand. "**Adequate Assurance of Performance**" shall mean sufficient security in the form, amount and for the term reasonably acceptable to Carrier, including, but not limited to, a standby irrevocable letter of credit, a prepayment, or a performance bond or guaranty (including the issuer of any such security). In the event Shipper fails to comply with any obligation in this Item 13 on or before the due date provided herein, Carrier shall not be obligated to provide Shipper with access to its System or to provide the transportation services pursuant to this tariff until such requirement is fully met.

ITEM 14. LINE FILL:

Shipper shall supply its proportionate share of the Crude Petroleum and tank bottom inventory and working tank inventory requirements on the System Carrier determines is necessary for efficient operation of Carrier's System ("**Line Fill**"). Carrier shall not be obligated to accept Shipper's Nominations or Tenders until Shipper has met its Line Fill obligations pursuant to this Item 14.

ITEM 15. CLAIMS, SUITS AND TIME FOR FILING:

As a condition precedent to recovery by Shipper for loss, damage or delay in receipt or delivery of Shipper's Crude Petroleum for which Carrier may be responsible, Shipper's claim must be filed in writing with Carrier within nine (9) months after delivery of the affected Crude Petroleum, or, in case of Carrier's failure to make delivery of Shipper's Crude Petroleum, then within nine (9) months after a reasonable time for delivery has elapsed. Suit against Carrier shall be instituted only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to Shipper that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Carrier shall not be liable.

ITEM 16. LIABILITY:

The liability provisions set forth in this Item 16 shall apply to all Shippers on the System; provided, however, if a Shipper has entered into a TSA with Carrier that contains liability provisions that differ from those set forth herein, the liability provisions in the TSA will control over these provisions.

- A. **AS A CONDITION TO CARRIER'S ACCEPTANCE OF CRUDE PETROLEUM UNDER ITS TARIFF(S), EACH SHIPPER AGREES TO PROTECT AND INDEMNIFY CARRIER AGAINST CLAIMS OR ACTIONS FOR INJURY AND/OR DEATH OF ANY AND ALL PERSON WHOMEVER AND FOR DAMAGE TO PROPERTY OF OR ANY OTHER LOSS SUSTAINED BY CARRIER, SHIPPER AND/OR ANY THIRD PARTY RESULTING FROM OR ARISING OUT OF (I) ANY BREACH OF OR FAILURE TO ADHERE TO ANY PROVISION OF CARRIER'S TARIFF(S) BY SHIPPER, ITS AGENTS, EMPLOYEES OR REPRESENTATIVES; AND/OR (II) THE NEGLIGENT ACT(S) OR FAILURE(S) TO ACT OF SHIPPER, ITS AGENTS, EMPLOYEES OR REPRESENTATIVES IN CONNECTION WITH DELIVERY OR RECEIPT OF CRUDE PETROLEUM. THIS INDEMNITY OBLIGATION SHALL EXTEND TO ANY INDEMNIFIABLE CLAIM EVEN THOUGH SUCH CLAIM ARISES AS A RESULT OF THE NEGLIGENCE OF THE PARTY INTENDED TO BE INDEMNIFIED BY THE APPLICABLE INDEMNITY PROVISION, EXCEPT THAT THIS INDEMNITY SHALL NOT EXTEND TO ANY PORTION OF AN INDEMNIFIABLE CLAIM THAT ARISES AS A RESULT OF THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PARTY INTENDED TO BE INDEMNIFIED BY THIS INDEMNITY PROVISION.**
- B. Carrier, while in possession of Crude Petroleum herein described, shall not be liable, and Shipper hereby waives any claims against Carrier for, any loss thereof, damage thereto, delay, hindrance, or failure to perform its obligations caused by Force Majeure or by act of default of Shipper, or resulting from any other causes not due to the sole negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. In case of loss of Crude Petroleum from any such causes, after it has been received for transportation at the Receipt Point and before the same has been delivered to Shipper at the Delivery Point, Shipper shall stand a loss in such proportion as the amount of its Shipment, already delivered to Carrier, bears to all of the Crude Petroleum then in the custody of Carrier, for Shipment via the lines or other facilities in which the loss or damage occurs, and Shipper shall be entitled to have delivered only such portion of its Shipment as may remain after deduction of its due proportion of such loss, but in such event Shipper shall be required to pay charges only upon the quantity delivered.
- C. Carrier operates under this tariff solely as a common carrier and not as an owner, manufacturer, or seller of the Crude Petroleum transported hereunder, and Carrier expressly disclaims any liability for any express or implied warranty for Crude Petroleum transported hereunder including any warranties of merchantability or fitness for intended use.
- D. Carrier will not be liable for discoloration, contamination, or deterioration of the Crude Petroleum transported hereunder unless such discoloration, contamination, or deterioration of Crude Petroleum transported results from the sole negligence of Carrier. Negligence in this case shall not be construed to include contaminants, such as Transmix, absorbed by the material during transit through Carrier's System, which is used for multi-product transportation.
- E. **NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, THIS AGREEMENT DOES NOT AUTHORIZE CARRIER OR SHIPPER TO SUE FOR OR COLLECT FROM THE OTHER PARTY ITS OWN CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR INDIRECT DAMAGES, AND EACH PARTY HEREBY WAIVES ANY AND ALL CLAIMS IT MAY HAVE AGAINST THE OTHER PARTY FOR ITS OWN SUCH DAMAGES. FURTHERMORE, THE INDEMNITY OBLIGATIONS CONTAINED IN THIS AGREEMENT DO NOT INCLUDE INDEMNIFICATION FOR PUNITIVE OR EXEMPLARY DAMAGES UNDER ANY LAW OR OTHERWISE.**

ITEM 17. CRUDE PETROLEUM INVOLVED IN LITIGATION, ETC. – INDEMNITY AGAINST LOSS:

At the time of Nomination, Shipper shall inform Carrier if any Crude Petroleum Nominated and/or Tendered to Carrier for transportation may be (i) encumbered by a lien or charge of any kind, (ii) may be involved in litigation or, (iii) may be subject to a title dispute ("**Encumbered Crude Petroleum**"). When any Encumbered Crude Petroleum is Nominated for transportation, Carrier may require Shipper to provide one or more of the following: (i) satisfactory evidence of its perfected and unencumbered title, (ii) satisfactory indemnity bond to protect Carrier against any and all loss, (iii) pre-payment of transportation charges, or (iv) a subordination agreement from the applicable lienholder. Carrier also has the right to refuse any Shipment of Encumbered Crude Petroleum. Shipper warrants that it has good title to, or the unencumbered right to ship the Crude Petroleum hereunder and Tendered at the Receipt Point(s), and that such Crude Petroleum is free of all liens and adverse claims of any kind and shall indemnify, release and hold Carrier harmless against all such liens and adverse claims; provided that acceptance for transportation shall not be deemed a representation by Carrier as to title.

In addition, Shipper shall not cause or permit any lien, security interest or other form of burden be filed or created with respect to Crude Petroleum in Carrier's possession, except for the lien created in favor of Carrier under Item 12(E) of this tariff.

ITEM 18. CONNECTING CARRIERS:

When receipts from a connecting carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection or at interconnections along the same pipeline system, Carrier reserves the right, with cooperation of the connecting carrier, to offset like volumes of such Crude Petroleum in order to avoid capacity constraints or 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 its common stream of Crude Petroleum.

ITEM 19. ORIGIN AND DESTINATION FACILITIES:

Carrier shall accept Crude Petroleum for transportation only when Shipper has provided necessary facilities for receipt of the Crude Petroleum into Carrier's System at the Nominated Receipt Point and delivery of the Crude Petroleum from Carrier's System at the Nominated Delivery Point, at pressures and pumping rates required by Carrier. Such facilities shall be provided at the sole cost of Shipper seeking access to Carrier's System.

ITEM 20. CONNECTIONS:

Requests for connections to the System shall be made by formal written request to Carrier, at the address shown on the front page of this tariff. Acceptance of any connection request will be in Carrier's sole discretion and subject to compliance with all governmental regulations.

ITEM 21. SEPARATE PIPELINE AGREEMENTS:

Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to Carrier's System and in accordance with this tariff shall be required of any Shipper before any obligation to provide transportation shall arise.

ITEM 22. ROYALTY AND TAXES:

Shipper shall account for and pay all royalties, overrides, and other taxes, fees and sums due by Shipper or otherwise due pursuant to applicable Law, or due to the owners of the mineral, royalty, and other interests in the Crude Petroleum, and Shipper shall indemnify, release and hold Carrier harmless against any loss, damage, expense or claim of every character arising out of or related thereto.

ITEM 23. ASSIGNMENT:

The rights and obligations of a Shipper under a TSA, as they relate to transportation services offered under this tariff, may not be assigned, transferred, subcontracted, or otherwise conveyed to a non-Affiliate without the express prior written consent of Carrier and then only in accordance with the assignment provisions of the TSA. Any such action without the prior written consent of Carrier shall be void and of no effect.

ITEM 24. STABILIZATION AND BLENDING SERVICES:

Carrier provides stabilization and/or blending services as part of the transportation services offered under this tariff when Carrier determines such stabilization and/or blending services are necessary to maintain the quality of the common stream and to ensure that the common stream conforms to the applicable Quality Specifications at the Delivery Point. All of the Crude Petroleum that Shipper Tenders to Carrier that has a Receipt Point RVP equal to or greater than 9 PSIA shall be subject to such stabilization and/or blending services. Carrier will make the natural gas liquids that are produced from the stabilization and/or blending of the referenced portion of Shipper's Crude Petroleum available to Shipper at the tailgate of the Maverick OHF Stabilization Facility, and Shipper shall be required to receive or otherwise dispose of such natural gas liquids in a timely fashion, at its sole expense. Carrier shall accept Crude Petroleum for transportation hereunder only when Shipper has provided information to Carrier that sufficiently demonstrates Shipper has made such arrangements.

In the event Carrier delivers natural gas liquids to Shipper or its designee at the tailgate of the Maverick OHF Stabilization Facility in accordance with the provisions of this Item 24, the quantity of Crude Petroleum delivered to Shipper at the Delivery Point shall be reduced to reflect the amount of natural gas liquids received by Shipper or its designee.

ITEM 25. CURTAILMENT:

- A. Carrier shall have the right to curtail service under this tariff, in whole or in part on all or any portion or portions of its System, at any time (i) for reasons of Force Majeure incurred by Carrier or a facility downstream of the Delivery Point, or (ii) when, in Carrier's reasonable judgment, capacity or operating conditions so require, or (iii) when it is desirable or necessary to make modifications, repairs or operating changes to the System.
- B. Carrier will use reasonable efforts to identify and curtail only those shippers whose Crude Petroleum is Nominated through the receipt point(s) on the System (including the Receipt Point(s)), or any portion or portions of the System, which are subject to curtailment. To the extent permitted by Law, curtailments shall be handled as follows: (i) first, Crude Petroleum of Uncommitted Shippers shall be curtailed ratably until curtailment volume is met, (ii) second, Non- Dedicated Production shall be curtailed ratably until curtailment volume is met, (iii) Excess Monthly Committed Volumes of Committed Shippers shall be curtailed ratably until curtailment volume is met, and then (iv) its Maximum Monthly Quantity of Committed Shippers shall be curtailed proportionately based on total System capacity (or the applicable portion thereof) according to each Committed Shippers' respective CDP MDQ(s) and/or Delivery Point MDQ(s) (as set forth in their TSAs), as applicable.

As used herein, the term "ratably" shall mean that available capacity shall be allocated by Carrier to all affected shippers based on the percentage derived by dividing each affected shipper's confirmed quantity of Crude Petroleum Nominated by the total confirmed quantity of Crude Petroleum Nominated by all affected shippers. Carrier shall determine the available capacity in the System, or affected portions of the System, and the effective time and date of any such curtailment, while taking into account safety and operational flexibility considerations.

- C. Carrier shall provide Shipper with notice of curtailment or interruption at a time and in a manner that is reasonable under then existing conditions ("**Curtailment Order**"), and shall in any event confirm in writing or by facsimile transmission the notice given, if originally provided by telephone.

Shipper shall have the responsibility to inform the facility that is designated to receive Shipper's Crude Petroleum downstream of the Delivery Points, downstream customers, end-users, suppliers, and all others involved or affected by any curtailment or interruption described in Carrier's Curtailment Order.

- D. Shipper shall indemnify Carrier against and hold Carrier harmless from any and all damages, claims, suits, actions or proceedings whatsoever threatened or initiated as a result of any curtailment or interruption invoked by Carrier, which shall include any curtailment or interruption described in any of part of this Item 25. Shipper shall not be required to indemnify Carrier as stated above to the extent that the curtailment or interruption is a result of Carrier's gross negligence, bad faith or willful misconduct.

SECTION III RATES

A. Transportation Rates

RATES IN DOLLARS PER BARREL OF 42 U.S. GALLONS

RECEIPT POINT	DELIVERY POINT	COMMITTED SHIPPER RATE (Notes 1, 2, & 3)	<u>[N] RATE FOR SHIPPERS OTHER THAN COMMITTED SHIPPERS</u>
Dimmit, Webb, and LaSalle Counties, Texas	Harvest - Cotulla Station	[U] \$2.200 per Barrel	[N] <u>\$2.000 per Barrel</u>
	Plains JV - Gardendale		
	NuStar - Gardendale		
	Kinder Morgan - Gardendale		

Notes

1. The Committed Shipper Rate is only available to Committed Shippers who have entered into a TSA with Carrier. If any party that does not have a TSA with Carrier should request service on the System, Carrier will file a rate that is applicable to such service at that time, provided such request is reasonable and complies with the terms of this tariff.
2. The Committed Shipper Rate will be subject to adjustment, effective each January 1, pursuant to the terms of the "Rate Calculation Methodology" set forth in Exhibit F to the Committed Shipper's TSA. Carrier will file the adjusted Committed Shipper Rates as soon as practical following their calculation, but regardless of such filing date, such revised Committed Shipper Rates shall be effective and charged to Committed Shippers as of January 1 of each year.
3. The rates reflected in this rate table also include any stabilization and/or blending services that Carrier provides pursuant to Item 24.

B. Demand Fee Applicable to Committed Shippers:

Except as otherwise provided in Section 3.D(i)(a) of a Committed Shipper's TSA, in addition to paying any transportation fees owed to Carrier during a month under Part III(A) of this tariff, a Committed Shipper shall also be responsible for paying a "**Demand Fee**" each Month to Carrier, which shall equal \$1.944 per Barrel multiplied by the Committed Shipper's then-applicable Monthly Minimum Volume Commitment, which commitment amount is set forth in Exhibit G of the Committed Shipper's TSA.

C. IRR Payment Applicable to Committed Shippers

In addition to paying Carrier the amounts owed pursuant to Paragraphs A and B of this Section III, a Committed Shipper will also be responsible for paying Carrier any IRR Payment that is owed under the Committed Shipper's TSA, the payment of which would be due (if owed) at the earlier of (i) the end of the Primary Term of the TSA, as defined in the TSA, or (ii) the termination of the TSA. The term "IRR Payment" shall have the meaning prescribed to it in the Committed Shipper's TSA.

Explanation of Reference Marks:

[U] Unchanged

[N] New

[W] Change in wording only