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Gas Services Department
Railroad Commission of Texas

No. 61.16.0
(Cancels No. 61.15.0)

KPL South Texas, LLC

On Behalf of Itself and

ARROWHEAD GATHERING COMPANY, LLC

TEXAS JOINT TARIFF

Naming

RATES

Applying on The Intrastate Transportation of

CRUDE PETROLEUM

Transported by Pipeline

FROM POINTS IN:

Texas

TO POINTS IN:

Texas

Subject to the Rules and Regulations published in KPL South Texas, LLC's No. 57.1.0, and reissues thereof. If any language herein modifies or conflicts with general language on the same subject matter in the rules and regulations tariff, the specific language in this tariff will control. (see exceptions herein)

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

The following is an exception to Item 5, Definitions, in No. 57, and reissues thereof. The additional paragraphs will apply to this tariff.

ITEM 5 DEFINITIONS

As used in this tariff, the following terms have the following meanings:

“Carrier” means KPL South Texas, LLC. and Arrowhead Gathering Company, LLC

“Committed Shipper” means a Shipper that has provided facilities and tankage acceptable to Carrier and has committed to transporting or paying for the transportation of certain minimum volumes of Crude Petroleum pursuant to the terms of a TSA.

“Committed Volume” means the barrel per day volume committed to by a Committed Shipper, in accordance with the TSA, multiplied by the number of days in the relevant month.

“Deficiency Payment” means payments to be made by a Committed Shipper as determined in accordance with a TSA.

“TSA” means an agreement or agreements involving transportation services, including but not limited to a Transportation Service Agreement or a Throughput and Deficiency Agreement on terms acceptable to Carrier.

The following is an exception to Item 10, Specifications as to Quality & Legality of Shipments, in R.R.C. No. 57, and reissues thereof. The additional paragraphs will apply to this tariff.

ITEM 10 SPECIFICATIONS AS TO QUALITY & LEGALITY OF SHIPMENTS

Crude Petroleum having the following specifications will not be accepted for transportation without required approval, namely:

SPECIFICATION	TESTING METHOD
Reid vapor pressure in excess of [U] ten (10.0) pounds	RVP testing shall utilize ASTM D323
True vapor pressure in excess of [U] ten (10.0) pounds	TVP calculation is from API “Manual of Petroleum Measurement Standards Chapter 19.4 Evaporative Loss Reference Information and Speciation Methodology” Section 4.2.
Origin point temperature in excess of [U] (120° F)	
Hydrogen Sulfide (H ₂ S) in excess of [U] 10 parts per million (“PPM”)	H ₂ S in liquids testing shall utilize UOP163. H ₂ S in vapor will be measured by an approved UL/FM listed hydrogen sulfide detector capable of detecting a minimum of 10PPM H ₂ S.
Basic sediment, water or other impurities in excess of [U] one percent (0.01)	As determined by the centrifugal test or by other tests as may be agreed upon by the Shipper and Carrier.

Where Crude Petroleum is delivered to pipeline through automatic custody transfer measurement facilities, or other pipeline metering stations, Carrier may require use of a monitor which rejects oil containing in excess of [U] one percent (0.01) basic sediment and water.

No Crude Petroleum will be accepted unless its gravity, viscosity and other characteristics are such that it will be readily susceptible of transportation through the Carrier's existing facilities and which will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. In the event a Shipper and/or the Carrier are materially disadvantaged due to the quality of other shipments, the Carrier may exercise its right to determine the characteristics of the Common Stream, reject nonconforming Crude Petroleum, and may develop quality bank and batching requirements.

Carrier will transport Crude Petroleum as a commingled, intermixed, Common Stream and will from time to time determine which grades of Crude Petroleum it will regularly transport. Carrier will inform all interested persons of such determination upon request by them and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported. Carrier may from time to time transport other additional grades of Crude Petroleum and Carrier may from time to time, after giving reasonable notice to persons who may be affected, cease to transport particular grades of Crude Petroleum.

When both receipts from and deliveries to a connecting carrier of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with cooperation of the connecting carrier, 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 its Common Stream Crude Petroleum.

The following is an exception to Item 25, Nominations and Minimum Volume, in R.R.C. No. 57, and reissues thereof. The additional paragraphs will apply to this tariff.

ITEM 25 NOMINATIONS AND MINIMUM VOLUME

Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier's system under these rules in volumes of not less than two thousand [U] (2,000) bpd (barrels per day) aggregate from one or more Shippers as operations permit and provided such Crude Petroleum is of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any volume of Crude Petroleum if such volume can be consolidated with other Crude Petroleum such that Carrier can make a single delivery of not less than two thousand [U] (2,000) bpd, and Carrier will not be obligated to make any single delivery of less than two thousand [U] (2,000) bpd, unless Carrier's operations dictate otherwise.

Crude Petroleum for shipment through lines of Carrier will be received only on properly executed Nominations from the Shipper showing the point at which the Crude Petroleum is to be received, point of delivery, consignee and amount of Crude Petroleum transported.

Any Shipper desiring to Nominate Crude Petroleum for transportation shall make a Nomination to the initial Carrier in writing on or before the [U] twenty-fifth (25th) day of the month preceding the month during which the transportation under the Nomination is to begin; except that, if Transportation Space is available for current movement, a Shipper may Nominate Crude Petroleum for transportation after the [U] twenty-fifth (25th) day of the month preceding the month during which the transportation under the Nomination is to begin.

If a Committed Shipper fails to tender a volume of Crude Petroleum equal to the Committed Volume, it shall pay to the Carrier the Deficiency Payment, which payment shall be equal to the shortfall in the volume tendered multiplied by the applicable rate.

The following is an exception to Item 30, Apportionment, in No. 57, and reissues thereof. The additional paragraphs will apply to this tariff.

ITEM 30 APPORTIONMENT

If Carrier receives Nominations for more Crude Petroleum than Carrier can transport in a given month, then Committed Shippers will be allocated their aggregate Committed Volumes. Any remaining capacity will be apportioned among all remaining Shipper Nominations, including excess Committed Shipper Nominations, in accordance with the provisions in this same item in the associated rules and regulations tariff.

The following is an exception to Item 55, Measuring, Testing, and Deductions, in R.R.C. No. 57, and reissues thereof. The additional paragraphs will apply to this tariff.

ITEM 55 MEASURING, TESTING, AND DEDUCTIONS

(a) All shipments of Crude Petroleum and indirect liquid products, 60° F, having an API Gravity of [U] 60 degrees or above, shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the Carrier's facilities. Such deduction shall be determined in accordance with the following table:

API GRAVITY, Degrees	% DEDUCTION
60 through 74.9	[U] 1%
75 through 84.9	[U] 5%
85 and above (with approval)	[U] 20%

(b) The Carrier shall deduct the basic sediment, water and other impurities, as shown by the centrifugal or other test agreed upon by the Shipper and the Carrier; and [U] two tenths of one percent (.2%) for evaporation and loss during transportation. The net balance at sixty degrees (60°) Fahrenheit will be the volume deliverable by Carrier to Shipper or Consignee and the transportation charges will be assessed in accordance therewith.

ITEM 140 RATES APPLICABLE TO TRANSPORTATION OF CRUDE PETROLEUM

(In cents per Barrel)

Arrowhead Gathering Company, LLC ORIGIN	KPL South Texas, LLC DESTINATION	RATE	RATE TYPE
	Midway Station, San Patricio County, TX Or Flint Hills Resources L.P. Ingleside Crude Terminal, San Patricio County, TX	[I] 293.19	Non- Incentive
[C] Dilley Station, Frio County, TX			
North Tilden Station, McMullen County, TX			
Fowlerton Junction, La Salle County, TX		[I] 225.02	Incentive 1
[C] Stonegate Interconnect, La Salle County, TX		[I] 150.02	Incentive 2
EOG Three Rivers Station, Live Oak, Tx			
Cotulla Station, La Salle County, TX	Fowlerton Junction, La Salle County, TX	[I] 92.14	Non- Incentive
		[I] 92.14	Incentive 1
		[I] 92.14	Incentive 2

Incentive Rate Terms

Non-Incentive: Rate for 1 bpd to 15,000 bpd for a given calendar month delivered to any destination point.

Incentive 1: Rate for 15,001 bpd to 30,000 bpd for a given calendar month delivered to any destination point.

Incentive 2: Rate for 30,000 + bpd for a given calendar month delivered to any destination point.

EXPLANATION OF REFERENCE MARKS

[I] Increased Rate
[W] Wording
[C] Cancelled