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Gas Services Department  
Railroad Commission of Texas

# **ETP CRUDE LLC**

TEXAS LOCAL PROPORTIONAL TARIFF

APPLYING ON

**CRUDE PETROLEUM**

MESA PIPELINE SYSTEM

FROM

**MIDLAND, MIDLAND COUNTY, TX**

TO

**COLORADO CITY, SCURRY COUNTY, TX**

The rates published in this tariff are subject to the Rules and Regulations contained on pages 3 – 12.

The rates named in this tariff apply to the intrastate gathering and transportation of Crude Petroleum by pipeline. The general rules and regulations published herein apply only under tariffs making specific reference to this tariff; such reference will include supplements thereto and successive issues thereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

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**SECTION I**  
**RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS**  
**RULE 71, PIPELINE TARIFFS**

**Item 1 All Marketable Oil to be Received for Transportation**

By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than two percent (2%) of basic sediment, water, or other impurities above a point six (6) inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding three thousand (3,000) barrels of petroleum in any one (1) day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported there from by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the Commission may require.

**Item 2 Basic Sediment, How Determined – Temperature**

In determining the amount of sediment, water or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than ninety degrees Fahrenheit (90° F), 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.

**Item 3 “Barrel” Defined**

For the purpose of these rules, a "barrel" of crude petroleum is declared to be forty-two (42) gallons of 231 cubic inches per gallon at sixty degrees Fahrenheit (60°F).

**Item 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.

**Item 5 Storage**

Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five (5) days from the date of order of delivery at destination.

**Item 6 Identity and Maintenance of Oil**

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

**Item 7 Minimum Quantity to be Received**

A pipeline shall not be required to receive less than one (1) 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, a pipeline shall not be required to receive less than five hundred (500) barrels.

**Item 8 Gathering Charges**

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

**Item 9 Measurement, Testing, and Deductions**

A. Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.

- B. As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:
- i. lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of 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.

**Item 10            Delivery and Demurrage**

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon twenty-four (24) hours' notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Item No. 6 of this section, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for in Item No. 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Item No. 5 of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first ten (10) days of one-tenth of one cent (\$0.001) per barrel; and thereafter at a rate of three-fourths of one cent (\$0.0075) per barrel, for each day of twenty-four (24) hours or fractional part thereof.

**Item 11            Unpaid Charges, Lien for and Sale to Cover**

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

**Item 12            Notice of Claim**

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

**Item 13            Telephone – Telegraph Line – Shipper to Use**

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

**Item 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.

**Item 15 Shipper's Tanks, Etc. – Inspection**

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

**Item 16 Offers in Excess of Facilities**

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

**Item 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.

**Item 18 Receipt and Delivery – For Necessary Facilities**

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

**Item 19 Reports of Loss from Fires, Lightning, and Leakage**

- A. Each pipeline shall immediately notify the Commission, by telegraph, telephone, or letter, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five (5) barrels escapes. Each pipeline shall report in writing to the Commission, by the fifteenth (15th) day of the calendar month, the estimated amount of loss of oil by fire or leakage from its tanks and pipelines for the preceding month; but not including leakage or evaporation ordinarily incident to transportation.
- B. No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This Item No. 19 shall not apply if the loss occurs because of negligence of the pipeline.
- C. Common carrier pipelines shall mail (return receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within 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**  
**SUPPLEMENTAL RULES AND REGULATIONS**

The requirements of Section II will be in addition to the requirements of Section I. In case of discrepancies in the requirements between the Sections, Section I will prevail.

**Item 1            Specifications and Restrictions**

Carrier will receive Crude Petroleum through its present facilities at only the origin point(s) named in this tariff. Crude Petroleum will be accepted for transportation at such time as Crude Petroleum of the same quality and general characteristics is being transported from origin point(s) to destination point(s). Crude Petroleum tendered for transportation which is not of the same quality and general characteristics of that which is being transported by Carrier will be transported under the terms agreed upon in conformance with this tariff.

Carrier reserves the right to reject any and all of the following shipments:

- A. Crude Petroleum which is not good merchantable oil, which does not meet quality standards established pursuant to Item 4 or which will otherwise materially affect or damage the quality of other shipments or cause disadvantage to other Shippers and/or Carrier.
- B. Crude Petroleum whose gravity, viscosity or other characteristics are such that it is not readily susceptible to transportation on Carrier's existing facilities.
- C. Crude Petroleum containing basic sediment, water or other impurities totaling in excess of two (2) percent as determined by centrifugal test or by such other tests as may be agreed upon by the Shipper and Carrier.
- D. Crude Petroleum where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations.

Crude Petroleum shall not exceed 11 psia True Vapor Pressure at the receiving temperature independent of gravity.

**Item 2            Clear Title Required**

Carrier shall have the right to reject any Crude Petroleum, when tendered for transportation which may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any kind dispute, or which may be encumbered by lien or charge of any kind. If Carrier has a reasonable basis to believe that such a situation exists, it will require of the Shipper satisfactory evidence of his perfect and unencumbered title or satisfactory indemnity to protect Carrier against any and all loss resulting from transporting Petroleum Products involved in litigation.

**Item 3            Establishment of Quality**

In addition to the general requirements for transportation set forth in Item 1 above, Carrier will from time to time determine the quality and general characteristics of Crude Petroleum it will regularly transport as a common stream between particular origin points and destination points on its trunk pipelines. Carrier will inform all interested persons of such Crude Petroleum quality and general characteristics upon request by them. Changes in petroleum quality standards will be made by new tariff filings.

Crude Petroleum quality and general characteristics include, but are not limited to, whole crude properties such as API gravity, sulfur, S. & W., Reid Vapor Pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.

**Item 4            Nominations**

All Shippers and Consignees desiring to ship or receive Crude Petroleum through the pipelines of Carrier shall provide Carrier, in writing, the following information needed by Carrier to schedule and dispatch each shipment of Crude Petroleum: the kind, quantity, receipt point, sequence of delivery, delivery point and Shipper of each proposed Crude shipment.

Nominations must be received by the Final Nomination Deadline. The Final Nomination Deadline is 3:00 p.m. on the fifteenth (15<sup>th</sup>) day (excluding Carrier holidays) of the month preceding the month in which Shipper desires to ship.

Carrier will inform Shippers of Carrier holidays at the time they become Shippers and thereafter on January 15 of each year in the event the holidays are changed.

Nominations or changes in nominations received after the Final Nomination Deadline will not be accepted from the Final Nomination Deadline date to the first day of the following month. After the first of the month, changes will be accepted only in writing and only if space is available and the additional or changed nominations do not impair the movement of Crude nominated prior to the Final Nomination Deadline.

All Nominations must contain a final destination point to be accepted.

In the event the total nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably among all shipments according to the proration procedure set forth in Item 22.

**Item 5            Scheduling**

For each calendar 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 origin points and delivered by Carrier at destination points.

Carrier will inform each Shipper of the time within each calendar month when Crude Petroleum will be received from such Shipper at origin points and Carrier will inform each Shipper or his Consignee of the approximate time within each calendar month when Crude Petroleum will be delivered to such Shipper or Consignee at destination points.

A change in destination point may be made without charge if requested by the Shipper prior to arrival at original destination subject to the rates, rules, and regulations applicable from point of origin to point of final destination, provided then current pipeline operations of the Carrier will permit such a change of destination. Such a request must be in writing.

**Item 6            Transfers Within System**

Intrasystem transfers will not be recognized by Carrier for Crude Petroleum in Carrier's custody, except for transfers resulting from application of Item 22 herein.

**Item 7            Duty of Carrier**

Carrier will receive and/or transport and deliver Crude Petroleum with reasonable diligence and dispatch. The Shipper or Consignee will be notified twenty-four (24) hours prior to the arrival of a shipment of Crude Petroleum and if the Shipper or Consignee is unable or refuses to receive the Crude Petroleum shipment as it arrives at destination point(s), the Carrier reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline. Any expense incurred by the Carrier in making such arrangements shall be borne by the Shipper or Consignee, which charges are in addition to transportation charges accruing to Shipper or Consignee.

**Item 8            Origination Facilities Required**

Carrier will receive Crude Petroleum from Shippers at origin points on its trunk lines. Crude Petroleum will be received only from pipelines, tanks or other facilities which are provided by Shipper. Carrier will determine and advise Shippers of the size and capacity of pipelines, tanks and/or metering facilities to be provided by Shipper at the point of receipt to meet the operating conditions of Carrier's facilities at such point. Carrier will not accept Crude Petroleum for transportation unless such facilities have been provided to meet industry standards.

**Item 9            Destination Facilities Required**

The Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory written evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.

Carrier does not furnish storage facilities at any destinations. Carrier's storage is only that necessary for the operation of the pipeline system.

**Item 10 Minimum Tender**

Crude Petroleum (as defined in Explanation of Terms and Abbreviations of this tariff) will be accepted for transportation under this tariff in shipments of not less than two thousand (2,000) Barrels from one Shipper to one Consignee and destination point(s) under the following condition:

The minimum two thousand (2,000) Barrels tender and shipment may have one or more origin points. However, tenders from each origin point shall be subject to the quality specifications of Item No. 1 herein.

**Item 11 Measurement and Adjustments**

All shipments tendered to Carrier for transportation shall be tested, gauged or metered by a representative of Carrier prior to, or at the time of Receipt from the Shipper and Delivery to Consignee, but the Shipper or Consignee shall at all times have the privilege of being present or represented during the testing, gauging or metering.

- A. Quantities for receiving and delivering will be Net Standard Volume. Quantities may be computed from tank tables compiled or accepted by the Carrier.
- B. The volume of impurities in Crude Petroleum received and delivered by Carrier will be measured by centrifugal test, or by such other tests as may be agreed upon by the Shipper and Carrier. The volume of impurities will be deducted from the volume of such receipts and deliveries.
- C. In addition to deductions for losses as provided for in the Liability of Parties section of this tariff, Crude Petroleum quantities received for transportation may be adjusted to allow for inherent losses including but not limited to shrinkage, evaporation, interface losses and normal "over and short" losses. Carrier's loss adjustment will be made monthly on the basis of total quantities transported.
- D. In addition, whenever the product of oil or gas wells with a gravity that equals or exceeds fifty-five degrees (55°) API is permitted to be commingled with other Crude Petroleum in transit, Carrier shall deduct at the point of origin a percentage of the volume of such Crude Petroleum in accordance with the following table:

API Gravity, Degrees	Percentage Deduction
Less than 55°	None
55° through 74.9°	2%
75° through 99.9°	4%
100° and above	5%

The net balance after all deductions will be the quantity Carrier is obligated to deliver to the Consignee.

**Item 12 Pipeage or Other Contracts Required**

Separate pipeage and other contracts in accordance with these rules and regulations covering further details may be required by the Carrier before any duty for transportation shall arise.

**Item 13 Rates and Rules Applicable: Delivery Based Systems**

The rate which shall apply to the transportation of Crude Petroleum shall be the rate in effect on the date Crude Petroleum is received by Carrier for transportation.

The rules and regulations which shall govern the transportation of Crude Petroleum shall be the rules and regulations in effect on the date Crude Petroleum are received by the Carrier for transportation.

**Item 14 Liability for Charges**

The Shipper and Consignee shall be jointly and severally liable for the payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Carrier by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Crude Petroleum delivered by Carrier to Consignee. All accrued charges are due on delivery of Crude Petroleum by Carrier to Consignee.



**Item 15 Liability of Parties**

As a condition to Carrier's acceptance of Crude Petroleum under this tariff, each Shipper agrees to defend, indemnify and hold harmless Carrier against claims or actions for injury and/or death of any and all persons whomever and for damage to property of or any other loss sustained by Carrier, Shipper, Consignee and/or any third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by Shipper, Consignee, their agents, employees or representatives and 2) the negligent act(s), or failure(s) to act of Shipper, Consignee, their agents, employees or representatives in connection with Delivery or Receipt of Crude Petroleum.

The Carrier, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof; damage hereto; or delay caused by act of God, war, act of public enemy, quarantine, the authority of law, strikes, riots, civil disorder, requisition or necessity of the Government of the United States in time of war, default of Shipper or owner, or from any cause not due to the sole negligence of the Carrier.

- A. In case of loss of any Crude Petroleum, from any such causes, after it has been received for transportation and before the same has been delivered to Shipper or Consignee, such loss will be charged proportionately to each Shipper in the ratio that his Crude Petroleum, or portion thereof, received and undelivered at the time the loss occurs, bears to the total of all Crude Petroleum then in the custody of the Carrier for transportation via the lines or other facilities in which the loss occurs.
- B. Carrier will be obligated to deliver only that portion of such Crude Petroleum remaining after deducting Shipper's proportion of such loss determined as aforesaid. Transportation charges will be assessed only on the quantity delivered.
- C. Carrier will compensate Shippers for Crude Petroleum losses for which Carrier is liable by paying the value of such Crude Petroleum at the point where transportation originated. The dollar value of such loss shall be determined by the average posted price of all postings of Crude Petroleum of like gravity and quality in the field or fields from which the Crude Petroleum so lost was produced. The average posted price shall be determined by the postings of Crude Petroleum in effect on the date the Crude Petroleum was lost. If there are no posted prices for the Crude Petroleum lost, the dollar value of such loss shall be its market price based upon the average of the two highest and two lowest prices posted for crude oil of similar gravity and quality in effect on the date the Crude Petroleum was lost.

**Item 16 Notice of Claims**

Claims for loss or damage must be made in writing with Carrier within nine (9) months after delivery of the property, or in case of a failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suits for loss or damage shall be instituted only within two (2) years and one (1) day after delivery of the property, or in case of a failure to make delivery, then within two (2) years and one (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with the Carrier, suit must be brought within two (2) years and one (1) day after notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim for any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and the Carrier will not be liable.

**Item 17 Volumetric Adjustment**

Any volumetric difference between receipts from Shipper and delivery to Shipper or Consignee during a current month as a result of scheduling will be adjusted in the following month without any further liability to Carrier, taking into consideration all prior deductions allowed pursuant to the rules and regulations contained herein.

**Item 18 Application of Rates from/to Intermediate Origin/Destination Points**

For Crude Petroleum accepted for transportation from any origin point on Carrier's lines not named in the individual tariffs, which is intermediate to any published origin and/or destination points for which rates are published, Carrier will apply from such unnamed point the rate published from the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.

For Crude Petroleum accepted for transportation to any destination point on Carrier's lines not named in the individual tariffs, which is intermediate to any published destination and/or origin points for which rates are published, Carrier will apply to such unnamed point the rate published to the next more distant point specified. If branch or diverging lines create two or more "next most distant points", Carrier will apply the rate which will result in the lowest charge.

Carrier will file a tariff applicable to such transportation movements within 30 days of the start of the service if the intermediate point is to be used on a continuous basis for more than 30 days.

**Item 19 Charge for Spill Compensation**

In addition to the transportation charges and all other charges accruing on Crude Petroleum accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such a commodity, pursuant to any Federal, State or local act or regulation which levies a tax, fee, or other charge, on the receipt, delivery, transfer or transportation of such commodities within their jurisdiction for the purpose of creating a fund for the prevention, containment, cleanup and/or removal of spills and/or the reimbursement of persons sustaining loss therefrom.

**Item 20 Additives**

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

**Item 21 Proration**

During any month in which the total nominations submitted for shipment in a pipeline segment exceed the capacity of that segment, the capacity will be prorated equitably among all Shippers as described by the following Proration Policy:

I. Prorationing

At such times as Carrier determines that it may be necessary to allocate space in a pipeline segment, Carrier will notify all Shippers of the necessity to prorate the segment. Carrier will also notify each Shipper of its allocated space for the month. The allocation will be determined according to the procedure described in Section II of this Item.

II. Allocation Procedure

When the nominated volumes for any month exceed the capacity of any one or more segments of the system, the total nominated volumes for the segment(s) shall be divided into each Shipper's nominated volume to determine the factor for that Shipper. Each Shipper's allocation for that segment(s) shall be determined by multiplying its factor for that segment(s) by the capacity of the prorated segment. Capacity will be defined as the throughput limit for the prorated segment in barrels per day as determined by Carrier.

Carrier will require Shippers to nominate volumes to be shipped in the prorated line segment by the Final Nomination Deadline. The Final Nomination Deadline is 3:00 p.m. on the fifteenth (15<sup>th</sup>) day (excluding Carrier holidays) of the month preceding the month in which Shipper desires to ship. Such nominations are subject to provisions contained in Item 5. Shippers will be informed of their allocations one (1) day after the Final Nomination Deadline.

Nominations are subject to provisions contained in Item 5. Shippers will be informed of their allocations one (1) day after the Final Nomination Deadline. Should Shipper(s) wish to change individual tender locations after being notified of their allocation Shipper(s) will be required to resubmit their allocated nomination two (2) days after the Final Nomination Deadline. Acceptance of tender location changes will be subject to pumping limitations of Carrier's lines.

III. General

Volumes injected into Carrier's pipeline system will be limited to throughput capacity as determined by Carrier.

Shipper must have unencumbered title to all volumes which are nominated. Space allocated to a Shipper may only be used by such Shipper and may not be assigned, sold or otherwise transferred to another Shipper. Any Shipper violating this provision will not be allowed to ship in the following prorated scheduling month if proration continues.

If a Shipper fails to use its total allocated space for the month then such Shipper's allocated volume for each subsequent prorated scheduling month, will be reduced by up to the amount of unused space; except that to the extent such failure

is, in the sole opinion of Carrier, due to causes beyond the reasonable control of Shipper or due to other reasonable cause, in which event Shipper will not be penalized in its allocated volume for the subsequent prorated scheduling period(s)

**Item 22            Mixing in Transit**

Crude Petroleum will be accepted for transportation only on condition that it shall be subject to such changes in gravity, quality, or general characteristics, while in transit as may result from the mixture with other Crude Petroleum received, and the Carrier shall be under no obligation to make Delivery of the identical Crude Petroleum received but may make Delivery out of its common stock.

Except in systems where Carrier administers gravity banks, there will be no adjustment for downgrading or upgrading of Crude Petroleum tendered for transportation as a result of mixing in transit.

**Item 23            Inventory Requirements**

Carrier will require each Shipper to supply a pro-rata share of Crude Petroleum necessary for pipeline fill and working stock for efficient operation of the Carrier's pipeline system prior to Delivery. Based on the total line fill of segment(s) utilized by Shipper, Crude Petroleum provided by a Shipper for this purpose may be withdrawn from the system only after shipments have ceased and if written notice to discontinue shipments in Carrier's system is received on or before the fifteenth (15<sup>th</sup>) day of the month preceding the last calendar month in which the Shipper intends to ship.

**Item 24            Payment of Transportation and Other Charges**

Transportation charges will be assessed and collected by Carrier at the rates in effect as provided in Item 18 above on the basis of Net Standard Volume actually delivered at the delivery point(s).

The Shipper or Consignee shall pay the transportation and all other charges applicable to the shipment, and, if required, shall prepay or guarantee the same before acceptance by the Carrier, or pay the same before Delivery. Carrier shall have a lien on all Crude Petroleum in its possession belonging to the Shipper to secure the payment of all unpaid charges due by such Shipper and may withhold such Crude Petroleum from Delivery until all of such unpaid charges shall have been paid.

If said charges shall remain unpaid five (5) days after the time which may be fixed for delivery as provided for in Item 8, or, in the absence of unpaid charges, when there shall be failure to take the Crude Petroleum at the destination point as provided in these rules and regulations, the Carrier may, by an agent, sell said Crude Petroleum at public auction for cash on any day not a Sunday or legal holiday, and not less than forty-eight (48) hours after publication of notice, in a daily newspaper, of the time and place of such sale and the quantity of Crude Petroleum to be sold. The Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale the Carrier may pay itself all transportation and any other lawful charges, expense of notice, advertisement, sale, and other necessary expense, and of caring for and maintaining the Crude Petroleum, and the net balance shall be held without interest for whomsoever may be lawfully entitled thereto.

**Item 25            Connection Policy**

Connections to Carrier's pipeline(s) will only be considered if made by formal written notification to Carrier and all requests will be subject to the following standards and conditions.

All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

**Item 26            Creditworthiness of Shippers**

All prospective Shippers must submit sufficient financial information to establish creditworthiness. If a prospective Shipper is not credit-worthy, or if a current Shipper's credit deteriorates, Carrier may require prepayment of transportation charges and/or a letter of credit from an appropriate financial institution in a form acceptable to Carrier.

This is in addition to, and does not limit, Carrier's right to prepayment or furnishing of guaranty of payment under Item 24.

**Item 27 Terms and Abbreviations**

“API” means American Petroleum Institute.

“ASTM” means American Society for Testing Materials.

“Barrel (Bbl)” means Forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (“0”) gauge pressure if the vapor pressure of the petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the petroleum is above atmospheric pressure.

“Carrier” means ETP Crude LLC.

“Common Stream” means Crude Petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with other Crude Petroleum.

“Consignee” means Party, including a connecting pipeline system, to whom Shipper has ordered Delivery of Crude Petroleum.

“Condensate” means Liquid products of oil wells and gas wells resulting from condensation of petroleum hydrocarbons existing initially in gaseous phase in an underground reservoir that are recovered at the surface without resorting to processing.

“Crude Petroleum” means Direct liquid products of oil wells, condensate or a mixture.

“Delivery” means Transfer from Carrier at destination to Shipper or Consignee.

“Gross Standard Volume” means Volume corrected to a temperature of sixty degrees (60°) Fahrenheit, in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure.

“Indirect Liquid Products of Oil or Gas Wells” means Liquid products resulting from the operation of gasoline recovery plants, gas recycling plants, or distillate recovery equipment in gas or oil fields, or a mixture of such products including Natural Gasoline or Natural Gas Liquids.

“Net Standard Volume” means Gross Standard Volume less deductions of impurities shown by tests made by Carrier prior to receipt and upon delivery.

“Receipt” means Transfer from Shipper at origin to Carrier for transportation.

“Shipper” means Party who contracts with Carrier for the transportation of Crude Petroleum under the terms of this tariff.

“Tender” means Written designation by a Shipper to the Carrier of an approximate quantity of Crude Petroleum for transportation from a specified origin point(s) to a specified destination point(s) over a period of one calendar month in accordance with these rules and regulations.

“Texas R.R.C.” means Railroad Commission of Texas.

**TABLE OF RATES**

<b>Rate in Cents per Barrel of 42 U.S. Gallons</b>		
<b>From</b>	<b>To</b>	<b>Rate</b>
Midland, Midland County, TX	Colorado City, Scurry County, TX	[I] 31.22

**GATHERING CHARGE:** No gathering service will be performed under this tariff. The rate shown herein applies to trunk line transportation only.

**Explanation of Reference Marks**

[I] Increased