

PHILLIPS 66 CARRIER LLC

Containing Rules and Regulations
Governing The Gathering And
Transportation of Crude
Petroleum By Pipeline

The Rules and Regulations published herein apply only under tariffs making specific reference by F.E.R.C. or state number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific Rules and Regulations published in individual tariffs will take precedence over Rules and Regulations published herein.

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

[C] This is an original tariff filing

[N] Amends some measurement language to bring it in conformity with current industry standards. Filed on short notice to be effective on 1 days notice.

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RULES AND REGULATIONS

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of Crude Petroleum as a common carrier shall be subject to and governed by the following provisions. Common carriers specified in this section shall be referred to as "pipelines" and the owners or Shippers of Crude Petroleum by pipelines shall be referred to as "Shippers."

SECTION 1

The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Texas Railroad Commission.

Rule 1. All Marketable Oil to be Received for Transportation.

By the term "marketable oil" is meant any Crude Petroleum adapted for refining or fuel purposes, properly settled and containing not more than 2.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank. Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 Barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the Shipper and the owner of the pipeline may agree or the commission may require. (See Rule 25).

Rule 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 90 degrees Fahrenheit, except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon Delivery at destination that the pipeline has to test before receiving from the Shipper. (See Rule 45).

Rule 3. "Barrel" Defined.

For the purpose of these Rules, a "Barrel" of Crude Petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit. (See Rule 20).

Rule 4. Oil Involved in Litigation, Etc.-- Indemnity Against Loss.

When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of Shippers an indemnity bond to protect it against all loss. (See Rule 105)

Rule 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 days from the date of order of Delivery at destination. (Amended by Rule 95)

Rule 6. Identity of Oil, 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. (See Rule 50).

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Rule 7. Minimum Quantity to be Received.

A pipeline shall not be required to receive less than one tank car-load 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 500 Barrels. (See Rule 35)

Rule 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.

Rule 9. Measuring, Testing and Deductions (Reference Special Order Number 20-63,098 Effective June 18, 1973) (See Rule 45)

- 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 tank.
- 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.

Rule 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 24 hours' notice to the Consignee, may offer oil for Delivery from its common stock at the point of destination, conformable to paragraph (6) of this Section, at a rate not exceeding 10,000 Barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this Section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (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 10 days of [I] \$.001 per Barrel; and thereafter at a rate of [I] \$.0075 per Barrel, for each day of 24 hours or fractional part thereof. (See Rule 5)

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Rule 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 days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in 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. (See Rule 110)

Rule 12. Notice of Claim.

Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make Delivery, the claim must be made within 91 days after a reasonable time for Delivery has elapsed. (See Rule 115)

Rule 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.

Rule 14. Contracts of Transportation.

When a consignment of oil is accepted, the pipeline shall give the Shipper a run ticket, and shall give the Shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.

Rule 15. Shipper's Tanks, Etc—Inspection.

When a shipment of oil has been offered for transportation the pipeline shall have the right to go upon the premises where the oil is produced or stored, and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this Rule. (See Rule 80 & 85).

Rule 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 apportionate. (See Rule 125)

Rule 17. Interchange of Tonnage.

Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the commission finds that a necessity exists for connection, and under such regulations as said commission may determine in each case. (See Rule 135)

Rule 18. Receipt and Delivery—Necessary Facilities For.

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. (See Rule 40)

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Rule 19. Reports of Loss from Fires, Lightning, and Leakage.

- A. Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five Barrels escape. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.
- B. No risk of 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 section shall not apply if the loss occurs because of negligence of the pipeline. (See by Rule 120)
- 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.

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SECTION 2 – Amended Rules and Regulations

Phillips 66 Carrier LLC will undertake the gathering or the receipt and the transportation between points of origin and delivery of Crude Petroleum on its own pipeline system and on connecting pipeline systems that concur in its issuance of tariffs, subject to the following:

Rule 20. Definitions

As used in this tariff, the following meanings are applicable:

- a. "Crude Petroleum" means (i) the direct liquid hydrocarbon production from oil wells that remains liquid at atmospheric pressure after passing through surface separating facilities, (ii) liquid hydrocarbons removed from gas well production (associated or nonassociated) by mechanical separators, without the use of refrigeration or expansion process, and (iii) Natural Gasoline, if accepted in the Common Stream under the provisions of Rule 25a.
- b. "Barrel" means 42 U.S. gallons.
- c. "Carrier" means Phillips 66 Carrier LLC and all other pipelines that concur with it in joint tariffs that specifically incorporate therein these rules and regulations.
- d. [W] "API MPMS" means American Petroleum Institute Manual of Petroleum Measurement Standards.
- d. "ASTM" means [W] ASTM International (formerly known as the American Society for Testing and Materials) ~~American Society for Testing and Materials~~.
- e. [N] "TVP" means Total Vapor Pressure, which is the vapor pressure of crude oil at a vapor liquid ratio of 4:1 and at one hundred degrees Fahrenheit (100° F) as determined by ASTM D6377, Standard Test Method for Determination of Vapor Pressure of Crude Oil: VPCR_x (Expansion Method)
- f. "Shipper" means the party who contracts with the Carrier for transportation of Crude Petroleum defined herein and under the terms and conditions acceptable to the Carrier and this tariff.
- g. "Consignee" means the party to whom a Shipper has ordered the delivery of the Crude Petroleum.
- h. "Tender" means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.
- i. "Assay" means a laboratory analysis of Crude Petroleum to include the following: [W] API MPMS gravity, [W] TVP Reid vapor pressure, pour point, water and sediment content, sulfur content, and hydrogen sulfide.
- j. "Common Stream" means Crude Petroleum moved through the Carrier's pipeline and pipeline facilities which is commingled or intermixed with other Crude Petroleum of like quality and characteristics. Carrier's Common Streams and the characteristics of each are set forth in Rules 20.l and 20.m. and as determined in accordance with Rule 25a. below.
- k. "Gathered Receipts" means Crude Petroleum received by the Carrier subject to a gathering tariff or a gathering charge and Crude Petroleum received at a truck point.
- l. For the purpose of Gathered Receipts, "Sour Crude Oil" means Crude Petroleum with a sulfur content in excess of 0.5% (by weight) or greater at the wellhead, as determined by [W] ~~Test Method~~ Current ASTM Test Methods ~~D-1552 or D-129~~, and a [W] TVP Reid vapor pressure not exceeding four (4) psi, absolute unless otherwise agreed by the Shippers. For the purpose of Common Stream receipts in each segment of the Carrier's pipeline system, Sour Crude Oil consists of Crude Petroleum with a sulfur content in excess of 0.5% by weight and a [W] TVP Reid vapor pressure of no more than 4.5 psi, absolute, or as determined in accordance with the provisions of Rule 25a.
- m. For the purpose of Gathered Receipts, "Sweet Crude Oil" means Crude Petroleum with a sulfur content of no more than 0.5% (by weight) at the wellhead, as determined by [W] ~~Test Method~~ Current ASTM Test Methods

D-1552 or D-129, and a [W] ~~TVP Reid vapor pressure~~ not exceeding eight (8) psi, absolute unless otherwise agreed by the Shippers. For the purpose of Common Stream receipts in each segment of the Carrier's pipeline system, Sweet Crude Oil consists, of Crude Petroleum with a sulfur content of 0.5% or less by weight and a [W] ~~TVP Reid vapor pressure~~ of no more than [W] 11 ~~10~~ psi, absolute, or as determined in accordance with the provisions of Rule 25a

- n. "Natural Gasoline" means a liquid product separated above atmospheric pressure in natural gas processing plants or gas recycling plants that does not exceed a [W] ~~TVP Reid vapor pressure~~ of [W] fourteen ~~ten~~ (14) (10) psi, absolute, at the outlet of the plant.
- o. "Natural Gas Liquids" means hydrocarbons recovered in natural gas processing plants or gas recycling plants, consisting of ethane, propane, butane, and isobutane, either separately or mixed together or mixed with Natural Gasoline and which may be partially or fully fractionated products.

Rule 25. Crude Petroleum Quality Specifications

- a. The initial quality and characteristics of Crude Petroleum that the Carrier shall transport in a Common Stream or Streams in each segment of the Carrier's pipeline system, and the Sweet Crude Oil and Sour Crude Oil parameters for the purpose of Common Stream receipts in each segment of the Carrier's pipeline system, shall be governed by Rule 20.l and 20.m, above. As an optional method, one or more Shippers may request changes to such existing quality, specifications, or parameters to be established by the Carrier by notification to each Shipper and connecting carrier on that segment of the Carrier's pipeline system in writing, setting forth the proposed changes to the quality, specifications, and parameters of the Crude Petroleum for each Common Stream or Streams on that segment of the Carrier's pipeline system, and providing that the same shall become effective 45 days after the date of such notice.

If any Shipper or connecting carrier on a segment of the Carrier's pipeline system disagrees with any changes to the quality, characteristics, or parameters of the Common Stream or Streams for that segment, it shall notify the Carrier in writing within 30 days, setting forth the specific objection, and Carrier shall suspend implementation of such changes for an additional 45 days after the end of the first 45-day period in order to allow the interested parties on that segment of the Carrier's pipeline system to attempt to resolve their disagreement. If requested, the Carrier shall call a Shippers' meeting prior to the end of the second 45-day period to assist in resolving any disagreement. At the end of the second 45-day period, the Carrier shall implement such changes to the quality, characteristic, or parameters of the Common Stream or Streams as may be acceptable to Shippers of 60% or more of the volume of Crude Petroleum shipped in the affected Common Stream or Streams, based on total shipments during the 12-month period' next preceding the implementation date; provided, however, that if one Shipper has shipped 60% or more of the volume, then the agreement of at least one other Shipper in the affected Common Stream or Streams shall be required to establish a change to the quality, characteristic, or parameter and provided, further, that the implementation, of such change to the quality, characteristic, or parameter shall not affect the right of any affected party to pursue available legal remedies.

- b. Shippers are required to furnish Crude Petroleum Assays upon the request of the Carrier for all new proposed additions to the Common Stream of crude oil receipts that have not previously been received in that Common Stream, so that quality determinations may be made.
- c. For Gathered Receipts, by tendering Crude Petroleum for transportation, the Shipper warrants that (i) the Crude Petroleum meets the specifications contained herein and the definitions in Rule 20 of Crude Petroleum and Sweet Crude Oil, or Sour Crude Oil, as the case may be; (ii) the Crude Petroleum is Sweet Crude Oil and not a blend of Sweet Crude Oil and Sour Crude Oil, unless the Crude Petroleum is tendered into a designated Sour Crude Oil Stream or for transportation in a segregated batch.
- d. For receipts into a Common Stream, by tendering volumes for transportation, the Shipper warrants that (i) the Crude Petroleum tendered for transportation meets the requirements established for the Common Stream or (ii) the volumes tendered are received from a common stream of a connecting common carrier which material is within the quantitative limits established for the Common Stream.
- e. Shipper will be liable to the Carrier, other Shippers, or Consignees for any damages, including special, incidental, and consequential damages, as well as attorneys' fees, arising from a breach of the warranty under 25c or 25d.

- f. If Crude Petroleum tendered for transportation does not meet the applicable definitions in Rule 20 or differs materially in character from Crude Petroleum being transported by the Carrier, after reasonable notice to Shipper, transportation may be refused or offered only outside the Common Stream. If upon investigation the Carrier determines that a Shipper has tendered or delivered to the Carrier's facilities Crude Petroleum that does not meet the applicable definitions in Rule 20 or the specifications contained herein or that contains excess amounts of impure substances, including, but not limited to, chlorinated and/or oxygenated hydrocarbons, hydrogen sulfide, arsenic, lead, and/or metals which may contaminate or materially affect the Common Stream, such Shippers will be excluded from further entry into applicable segments of the pipeline system until such time as quality specifications are met to the satisfaction of the Carrier.
- g. If Crude Petroleum tendered for shipment is so different from the Common Stream usually transported by the Carrier that it would materially affect the quality of the stream in an adverse way, then it shall be accepted for segregated transportation only under such terms and conditions as the Shipper and the Carrier may agree upon.
- h. No Crude Petroleum has to be accepted for transportation that does not meet the definition of Gathered Receipts or Common Stream receipts; provided, however, that individual batches of Crude Petroleum may be accepted and transported in accordance with the provisions of Rules 50b and 95a hereof.
- i. Carrier reserves the right to reject any Crude Petroleum containing basic sediment, water, or other impurities totaling in excess of one (1) percent. Carrier may restrict the maximum water content in Crude Petroleum to a level less than one (1) percent in certain regions of the country where necessary due to seasonal climatic conditions.

Rule 30. Tender

Any Shipper desiring to tender Crude Petroleum for transportation shall make such Tender to the initial Carrier in writing on or before the twenty-fifth day of the month preceding the month during which the transportation under the Tender is to begin. The Carrier shall not be obligated to accept Tenders received after that date nor Tenders that are not complete. Acceptance of Tenders after that date will depend upon space availability, and the Carrier will not guarantee completion of delivery within the month.

Rule 35. Minimum Receipts and Deliveries

- a. Where the custody transfer volumes of Crude Petroleum from field tank batteries connected to the Carrier's gathering system, or from tank car and truck tankage, are determined by hand gauge methods, the Carrier shall not be required to accept deliveries at intervals of less than seven days except in runs of 450 barrels or more each.
- b. The Carrier shall not be required to accept receipts on, or make deliveries from, its trunk line facilities in quantities less than 10,000 barrels in a single continuous receipt or deliver from or into a single facility.

Rule 40. Points of Origin and Destination

- a. Crude Petroleum shall be accepted for transportation only at established receiving points on the Carrier's system, only when tendered for shipment to established destination points on the Carrier's system, and only when the Shipper or his Consignee has provided satisfactory facilities, including tankage, for handling receipts and deliveries.
- b. Any Crude Petroleum that may arrive at destination and not be accepted by the Shipper or Consignee may be disposed of in any reasonable manner as determined by the Carrier.
- c. Existing rates between points named in the tariff will be applied to transportation movements from intermediate origin points not named in the tariff to named destination points, and from named origin points to intermediate destination points not named in the tariff.

Rule 45. Gauging, Testing, and Deductions

- a. All Crude Petroleum gathered by the Carrier shall be tested for basic sediment and water and gauged or metered by the Carrier's representative, and the Shipper or Producer shall have the privilege of witnessing such tests and measurements. The Carrier's representative shall test and gauge or meter all other custody transfers of Crude Petroleum to, or from, its system according to the other party to such transfers the privilege of witnessing such tests and measurements, or alternatively shall witness such tests and measurements made by such other party.

- b. [W] Volume and density measurements shall be adjusted from observed conditions to standard or base conditions (i.e. 60 degrees Fahrenheit and a pressure of one standard atmosphere of 14.696 PSIA etc.) in accordance with the latest revision of API MPMS Chapter 11 (e.g. Table 6A). Volumetric and gravity corrections shall be made to sixty degrees (60°) Fahrenheit using ASTM Petroleum Measurement Tables as approved by the API and generally accepted in the industry.
- c. The Carrier will deduct the percentage of basic sediment and other impurities as the centrifuge test or other tests as agreed upon may show, and the net balance shall be the quantity of Crude Petroleum delivered.
- d. The Carrier reserves the right to make deductions for shrinkage of volumes as a result of mixing dissimilar petroleums within its system. Such deductions shall be computed in accordance with current [W] API MPMS procedures or by such other method as may be agreed upon.
- e. One-tenth of one percent (1/10 of 1 percent) will be deducted from all Crude Petroleum received for transportation at point of origin and retained by Carrier to cover losses due to shrinkage and evaporation incident to pipeline transportation.

Rule 50. Identity of Crude Petroleum

- a. Where it is not feasible to segregate particular Crude Petroleums or particular mixtures of Crude Petroleums through specific line sections of the Carrier's pipeline system without increasing investment or operating costs, the Carrier will handle only one Common Stream of traffic through such sections.
- b. Where it is feasible to segregate particular Crude Petroleums or particular mixtures of Crude Petroleums through specific line sections of the Carrier's pipeline system without increasing investment or operating costs, the Carrier will endeavor to handle through such sections, segregated streams of mixed Crude Petroleums or of individual Crude Petroleums, but the number of such segregated streams will not be increased if an added stream would require an increase in investment or in operating costs.
- c. The acceptance of Crude Petroleum for transportation shall be on the condition that such Crude Petroleum shall be subject to such changes in gravity, in quality, and in value as may result from its mixture in transit with other Crude Petroleums in the Carrier's pipeline and tanks.
- d. The Carrier shall be under no obligation to make delivery of the identical Crude Petroleum received but shall make deliveries as appropriate out of the particular stream to which it was tendered for transportation.
- e. The Carrier shall have no responsibility in, nor for, any revaluations nor settlements deemed appropriate by Shippers and Consignees because of mixing of component parts of Crude Petroleum streams between the receipt and delivery of such streams by the Carrier, other than to furnish volume and gravity data on the Crude Petroleums received into and delivered out of the respective streams.

Rule 55. Heating of Petroleum

The Shipper or Producer shall heat any Crude Petroleum tendered to the Carrier from field tank batteries, if necessary, to raise temperatures to forty degrees (40°) Fahrenheit, or to such higher temperatures as, in the reasonable discretion of the Carrier, is the practical minimum required for the petroleum to readily move out of the tankage and into the Carrier's facilities. The Carrier will not be required to accept Crude Petroleum into the facilities at a temperature higher than one hundred twenty degrees (120°) Fahrenheit.

Rule 60. Receipts Other Than Crude Petroleum

- a. The Carrier will accept receipts of Natural Gas Liquids or Natural Gasoline, if not accepted in the Common Stream under the provisions of Rule 25a, for segregated transportation only under such terms and conditions as Shipper and Carrier may agree upon. The Producer or Shipper shall furnish quantitative data on each component of such mixture on each run ticket.

Rule 65. Tank Car and Truck Receipts

- a. Tank cars and trucks used for delivery of Crude Petroleum to Carrier's facilities shall be fitted with proper bottom unloading equipment and shall provide unloading pumps.
- b. The Carrier may refuse to accept deliveries of Crude Petroleum by tank car or truck when a hazard exists or when drivers of trucks disregard Carrier's safety requirements.

- c. If the Carrier rejects Crude Petroleum delivered into its facilities because of a basic sediment and water content, and Shipper does not remove it within 24 hours, the Carrier may remove and dispose of it or cause it to be processed to marketable condition, and Shipper shall reimburse the Carrier for such treating or removal and disposition.

Rule 70. Metered Custody Transfer

- a. Where the Carrier and a Producer mutually agree that automatic metering is feasible for the custody transfer measurement of any of the Producer's Crude Petroleum gathered by the Carrier, and where they also mutually agree as to which of them shall furnish the individual items of equipment for such metering, the Carrier shall accept such deliveries by meter.
- b. The Carrier shall have the right to discontinue automatic metering of receipts from any field tank battery if the basic sediment and water content of a proportional sample from the battery exceeds the limits set forth in Rule 25i.
- c. The metering service for deliveries between pipeline systems that involve the Carrier shall be furnished by the delivering party subject to the agreement by both parties that the equipment used is satisfactory. Where both parties agree that specific local conditions warrant it, however, the metering service may be furnished by the receiving party under the terms and conditions mutually agreed upon.
- d. Whenever there is substantial physical evidence of meter malfunction in a custody transfer measurement, the parties involved in the custody transfer shall negotiate appropriate adjustment on the basis of the most accurate information otherwise available. Comparison of tank gauge volumes against meter measurements unsupported by other substantiating indications shall not suffice as evidence of meter malfunction.

Rule 75. Other Custody Transfer Considerations

- a. The carrier may require that Crude Petroleum handled through tankage open to the atmosphere be weathered 24 hours before accepting delivery.
- b. At the Carrier's, option, volumes of Crude Petroleum received from lease tank batteries may be determined by down gauge in the battery tankage, or by meter subject to Rule 70a, and volume received at truck points, by up gauge in truck tankage, by down gauge in truck tankage, or by meter.

Rule 80. Access and Use of Shipper's and Producer's Facilities

- a. The Carrier shall have the right to install in suitable locations and to operate and maintain pipelines, pumping equipment, other auxiliary pipeline equipment, and power service facilities upon and across surface lands held by the Shipper or Producer in connection with the production of Crude Petroleum tendered for transportation under this tariff.
- b. The Carrier, by its representative, shall have the right to go upon the premises where Crude Petroleum tendered for shipment is produced or stored and shall have access to any metering installations or storage receptacles for the purpose of making examinations, inspection, measurements, or tests authorized by these regulations.
- c. The Carrier shall be allowed full and free use of roads and airstrips built or owned by the Shipper or Producer when in the Carrier's opinion their use is required for access to and the operation and maintenance of the Carrier's pumping equipment and pipeline, system. The Producer shall maintain such roads in a reasonable condition.

Rule 85. Shippers' Tanks

When, in the Carrier's opinion, Producers' or Shippers' tanks are unsafe or are unsuitable for use in custody transfer because of improper connections, high bottom accumulations of wax or other extraneous material, incrustations on the inside of tank walls, or any other unacceptable conditions, the Carrier may reject the use of such tanks until the unacceptable conditions are corrected or alternatively, in the case of incrustation on the inside of tanks, the Carrier may apply a factor to correct the capacity which correction shall be calculated in accordance with the latest issue of [W] API MPMS RP 2556.

Rule 90. Tank Capacity Tables

- a. The Carrier shall strap such tanks and supply the necessary individual tank capacity tables in accordance with the latest issue of [W] API MPMS Standard 2501, according the other party involved in the transfer of custody the privilege of witnessing the strapping measurements and the table preparation.

- b. Notwithstanding the provisions, of subparagraph 90a, either party shall have the right to strap or to restrap in accordance with the latest issue of [W] API MPMS Standard 2501 any tank used in custody transfer measurements to which it is a party and to prepare new tank capacity tables from such strapping, according the other party in such custody transfer the privilege of witnessing the strapping and table preparation; provided, however, that neither the Carrier, nor any Producer, Shipper, Consignee, connecting pipeline, nor any person or firm who may be a party with the Carrier to any transfer of custody of petroleum shall have or make any claim or demand or bring any action or suit against the other party on the basis of, or arising out of, any discrepancies or inaccuracies in any tank measurement or tank capacity tables used in any transfer of custody of petroleum, or in the volume of petroleum accepted in accordance therewith.

Rule 95. Storage Facilities and Demurrage Charge

- a. Only such storage as is necessarily incident to Crude Petroleum transportation in the Carrier's pipeline system shall be provided by the Carrier except, however, that no storage will be furnished for the accumulation of receipts, for the transportation, or for the delivery of Crude Petroleum having a [W] TVP Reid-vapor-pressure greater than 12 pounds per square inch.
- b. Without prejudice and in addition to all other lawful remedies it might have, the Carrier may assess a storage charge of [U] 0.50 cents per barrel for each day of 24-hour period, or fractional part thereof, on all petroleum tendered by the Carrier for delivery out of the system and delivery of which the Shipper or Consignee has not accepted.

Rule 100. Fuel for Pumping

When adequate and suitable gas is available at gathering locations and is not being used by the Shipper or Producer, the Carrier shall be granted connection to it to fuel engines for gathering service.

Rule 105. Payments and Liens

Crude Petroleum transported shall be subject to the rates in effect on date such Crude Petroleum is received by the Carrier. The Shipper or Consignee shall pay the Carrier for transportation of petroleum at the rates per barrel specified in particular tariffs to which these rules and regulations apply and likewise shall pay all other lawful charges applicable. Payments not received by the carrier in accordance with invoice terms shall be subject to a late charge at an annual interest rate of 12 percent. If required by the Carrier, such payments shall be made in advance of receipt or before delivery. Where payments are not required in advance, the Carrier shall have a lien on all Crude Petroleum in its possession of the Shippers or Consignees concerned to cover such charges. If any such charges remain unpaid for more than five days after notice of readiness to deliver, the Carrier may dispose of the Crude Petroleum in any reasonable manner available.

Rule 110. Liens and Charges

The Carrier may refuse to accept for transportation any Crude Petroleum that is involved in litigation or the title to which is encumbered by a lien or charge of any kind or is involved in any dispute; or alternatively, the Carrier may require Shippers or such Crude Petroleum to obtain indemnity bonds protecting the Carrier against any loss resulting from having transported and delivered such Crude Petroleum.

Rule 115. Notice of Claims

- a. Neither the Shipper nor Consignee may institute any action arising out of loss, damage, or delay of petroleum shipments hereunder unless claim for such loss, damage, or delay is delivered in writing to the Carrier within nine months after the expiration of reasonable time of delivery.
- b. If Carrier rejects such claim, any suits or further action by the Shipper or Consignee shall be instituted within two years of receipt of written notice of such rejection from the Carrier. Failure to institute suit, or further action within such two-year period shall be deemed to waive all rights of such Shipper or Consignee at common law or otherwise for recovery because of such loss, damage, or delay.

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Rule 120. Liability of Carrier

The Carrier shall not be liable for any loss, damage, or delay due to act of God, public enemy, quarantine, authority of law, strike, riot, fire, or the act of default of the Shipper or, owner, or for any other cause not due to the negligence of the Carrier, whether similar or dissimilar to the causes herein enumerated; and in case of loss from any causes after Crude Petroleum 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 over such segment at the time of the loss is to all the Crude Petroleum in the custody of the Carrier over such segment 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 deduction of his due proportion of loss, but in such event, the Shipper shall be required to pay charges only on the quantity of Crude Petroleum delivered.

Rule 125. Proration of Pipeline Capacity

When there shall be tendered to the Carrier, for transportation, more Petroleum than can be currently transported, the transportation furnished by the Carrier shall be apportioned among all shippers in such quantities and at such times to the limit of capacity so as to avoid discrimination among Shippers. The Proration Policy for Phillips 66 Carrier LLC dated June 1, 2013 is available on request by calling the number or writing to the address under the "Compiled by" heading on the title page of this tariff.

Rule 130. Other Details

The Carrier may require separate contracts or agreements as to any details and aspects incident to the receipt, transportation, and delivery of petroleum not authorized by these rules and regulations before any obligation of transportation shall arise.

Rule 135. Common Stream Petroleum-Connecting Carriers

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 petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes.

Rule 140. Quality Bank

See individual tariffs for Quality Bank provisions on specific systems, if applicable.

PLEASE NOTE: IN THE EVENT OF ANY CONFLICT BETWEEN SECTION 1 AND SECTION 2 OF THIS TARIFF, SECTION 2 WILL GOVERN.

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