

SHELL PIPELINE COMPANY LP

RULES AND REGULATIONS

APPLYING ON THE TRANSPORTATION OF

PETROLEUM PRODUCTS

BY

PIPELINE

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GAS SERVICES DIVISION
AUSTIN, TEXAS

GENERAL APPLICATION

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

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

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5. Definitions

"Barrel" as herein used means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit and zero (0) gauge pressure if the vapor pressure of the Petroleum Products is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Petroleum Products is above atmospheric pressure.

"Carrier" as herein used means Shell Pipeline Company LP.

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

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

"Petroleum Products" as herein used means, and is limited to, gasoline and petroleum oil distillates including alkylate. Tariffs will state if the transportation is for Petroleum Products or a specific product.

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

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

"Alkylate" as herein used means a type of gasoline blend stock.

10. Tender Required

Shippers will be required to submit Tenders by 12:00 Noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the twentieth (20th) of the month preceding the month of shipment and no Tender shall be considered beyond the amount which the party requesting shipment has readily accessible for shipment. If space is available for current movement, Carrier has the right to accept a Tender of Petroleum Products for transportation after the twentieth (20th) day of the month preceding the month during which transportation under the Tender is to begin. When the twentieth (20th) of the month falls on a weekend or a holiday, Tenders will be required prior to 12:00 Noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the preceding workday. Item 75 (APPORTIONMENT WHEN TENDERS ARE IN EXCESS OF FACILITIES) will apply when Tenders are in excess of facilities.

15. Minimum Tender

Tenders for the transportation of Petroleum Products for which Carrier has facilities will be accepted into Carrier's system in quantities of not less than twenty-five thousand (25,000) Barrels aggregate from one or more Shippers as operations permit and provided such Petroleum Products are of similar quality and characteristics as is being transported from receipt point to destination point; except that Carrier reserves the right to accept any quantity of Petroleum Products from any other facilities to which Carrier's facilities are connected if such quantity can be consolidated with other Petroleum Products such that Carrier can make a single delivery of not less than ten thousand (10,000) Barrels. The term "single delivery" as used herein means a delivery of Petroleum Products in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.

20. Title

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

25. Shipment Quality

Petroleum Products will be accepted for transportation at such time as Petroleum Products of the same quality and specifications are currently being transported from receiving point to destination. No shipment hereunder will be accepted by the Carrier for transportation unless the same consists of good, merchantable Petroleum Products that are free from water and other foreign substances. Carrier reserves the right to reject Petroleum Products which exceed 115 degrees Fahrenheit. All additives and inhibitors to be included in Shippers' Petroleum Products must first be approved by the Carrier before such Petroleum Products will be accepted for transportation.

If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Petroleum Products that have been contaminated by impure substances, such Shipper 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 Carrier. Further, Carrier reserves the right to dispose of any contaminated Petroleum Products blocking its pipeline system. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any such Petroleum Products shall be borne by the Shipper introducing the contaminated Petroleum Products into Carrier's system.

Carrier may require the Shipper to furnish certified laboratory reports showing the results of tests on the Petroleum Products offered for transportation. Carrier may also make such tests of the Petroleum Products as it deems desirable.

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

30. Mixing of Petroleum Products in Transit

Petroleum Products will be accepted for transportation on the condition that the Carrier will use due diligence to transport same to destination with a minimum of contamination. It being impracticable for Carrier to maintain identity of each entire shipment, Carrier reserves the right to substitute a like volume of the same kind and quality as the commodity shipped.

40. Additives

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

Shipper must inform Carrier before Tender is made of the percentage by volume and kind of any blending components used which are not pure hydrocarbons and are in excess of one-tenth of one percent (0.1%) of the total volume Tendered.

45. Duty of Carrier

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

50. Origin Facilities Required for Automatic Custody Transfer

[N] Shipper shall furnish the necessary facilities at origin points capable of delivering Petroleum Products into the Carrier's system at pressures and pumping rates required and determined solely by the Carrier.

Where Consignor (or Shipper) elects to deliver Petroleum Products to the Carrier at point of origin through automatic custody transfer facilities (in lieu of tankage), the Consignor (or Shipper) shall furnish the required automatic measuring and sampling facilities and the design, construction, and calibration of such facilities must be approved by the Carrier and any appropriate regulatory body. In the event automatic custody transfer is made by meters, the Consignor (or Shipper) shall also furnish whatever pumping service is necessary to ensure that the Petroleum Products being delivered to the meter are at a pressure in excess of the bubble point of the liquid.

55. Destination Facilities Required

Petroleum Products will be accepted for transportation only when Shipper has provided equipment and facilities satisfactory to Carrier for delivery of such shipments. [N]Notwithstanding other conditions, at minimum such facilities shall have adequate available capacity and be capable of receiving said Petroleum Products at pressures and pumping rates required and determined solely by the Carrier.

60. Notice of Arrival, Delivery at Destination

Delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Petroleum Products from the Carrier with all possible dispatch into the tanks or receptacles to be provided by the Shipper or Consignee.

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

65. Inventory Requirements

Prior to delivering Barrels out of Carrier's pipeline system, each Shipper will be required to supply a pro rata share of Petroleum Products necessary for pipeline and tankage fill to ensure efficient operation of Carrier's pipeline system. Carrier may require Shippers to carry additional inventory in the event of a tropical storm or a hurricane as a safety precaution or to ensure efficient operations. Petroleum Products provided by Shippers for these purposes may be withdrawn only after:

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

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

70. Gauging, Testing, and Volume Corrections

Twenty-four (24) hours prior to acceptance of Petroleum Products for transportation, Carrier may test such Petroleum Products and may require from Shipper a certificate setting forth in detail the specifications of each shipment of Petroleum Products which must indicate all additives and inhibitors included.

Petroleum Products shipped hereunder shall be measured and tested by representatives of the Carrier or by automatic equipment approved by the Carrier. Quantities shall be determined by dynamic or static measurement methods in accordance with appropriate American Petroleum Institute (API) standards, test revision, and adjusted to base (reference or standard) conditions.

The base conditions for the measurement of liquids having a vapor pressure equal to or less than atmospheric pressure at base temperature are as follows:

Pressure..... 14.696 psia (101.325 kPa)
Temperature.....60.0 F (15.56 C)

For liquids, such as liquid hydrocarbons, having a vapor pressure greater than atmospheric pressure at base temperature, the base pressure shall be the equilibrium vapor pressure at base temperature.

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

Option 1

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

Option 2

From the net quantities so determined for acceptance, a further deduction of one-tenth of one percent (0.1%) will be made to cover evaporation and loss during transportation. The balance shall be the net quantities deliverable.

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

75. Apportionment When Tenders are in Excess of Facilities

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

(1) Apportionment Definitions:

- a. The "Base Period" is a period of 12 months beginning 13 months prior to the month of allocation and excluding the month preceding the month of allocation.
- b. A "Regular Shipper" is any Shipper having a record of movement(s), in the line segment being prorated, during the Base Period and does not meet the definition of a New Shipper.
- c. A "New Shipper" is any Shipper having no record of movement(s), in the line segment being prorated, during the Base Period. A New Shipper shall not become a Regular Shipper until the beginning month of the defined Base Period for the requested shipment month equals the Shipper's first month of physical movement. For ease in interpreting this definition, the following example illustrates the intent:

Shipper Tenders for and moves barrels in January 2013 for its first movement on the pipeline system
Shipper will not become a Regular Shipper until February 2014 as shown in the table below
February 2014 would be the month where a defined Base Period would set January 2013 as the first month of its Base Period

Calendar Month	Base Period Definition for February 2014	Shipper Status
Jan-13	Base Period Month 1	New
Feb-13	Base Period Month 2	New
Mar-13	Base Period Month 3	New
Apr-13	Base Period Month 4	New
May-13	Base Period Month 5	New
Jun-13	Base Period Month 6	New
Jul-13	Base Period Month 7	New
Aug-13	Base Period Month 8	New
Sep-13	Base Period Month 9	New
Oct-13	Base Period Month 10	New
Nov-13	Base Period Month 11	New
Dec-13	Base Period Month 12	New
Jan-14	Excluded month	New
Feb-14	Allocated Month	Regular

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

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

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

80. Application of Rates and Charges

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

85. Application of Rates From and To Intermediate Points

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

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

100. Payment of Transportation and Other Charges

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

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

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

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

105. Diversion

Subject to Item 15 (MINIMUM TENDER), change in destination or routing will be permitted without additional charge, on written request from the Shipper, provided an applicable tariff is in effect for any requested destination or routing, and provided that no back-haul is required.

110. Liability of Carrier

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

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

115. Claims, Suits, and Time for Filing

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

120. Pipeage or Other Contracts

Separate pipeage and other contracts may be required of a Shipper, in accordance with the applicable tariff and these Rules and Regulations, before any duty of transportation by the Carrier shall arise.

EXPLANATION OF REFERENCE MARKS:

[N] New