

NuStar Logistics, L.P.

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JUN 06 2018

Containing the Rates, Rules, and Regulations  
 Governing the Intrastate Transportation by Pipeline of GAS SERVICES DIVISION  
 AUSTIN, TEXAS  
 CRUDE PETROLEUM (As Defined Herein)

From	To	Rate in Dollars per Barrel of 42 United States Gallons	
Three Rivers, Live Oak County, Texas	Corpus Christi Valero West, Nueces County, Texas	[!] \$0.7726	
Three Rivers, Live Oak County, Texas	Corpus Christi Valero West, Nueces County, Texas	<u>Incentive Rates ( Note 1)</u>	
		Base Rate: 0 to 40,000 BPD	[!] \$0.6799
		Incentive Rate 1: 40,001 to 75,000 BPD	[!] \$0.4707
		Incentive Rate 2: 75,001 to 100,000 BPD	[!] \$0.4184
		Incentive Rate 3 : 100,001 to 127,5000 BPD	[!] \$0.3661
		Incentive Rate 4: If the daily throughput average for a given month exceeds 127,500 BPD, all barrels moved in that month will be billed at this rate.	[!] \$0.4958

Note 1: The Incentive Rates are applicable to an Incentive Shipper contracting for a minimum guaranteed volume of 40,000 barrels per day for a ten (10) year term.

Subject to the rates, rules and regulations set forth herein.

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

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SYMBOLS:  
 [!] Increase

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## Rules and Regulations

### Section I

**The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Texas Railroad Commission Title 16 Part 1 Chapter 3 Rule § 3.71**

Carrier (herein generally referred to as "the pipeline", in this tariff) will accept Crude Petroleum (referred to variously in this tariff as "crude oil", "crude", "oil", and "marketable oil", and defined in Rule 1 below) for intrastate transportation by pipeline from the point of origin to the point of destination named in this tariff, subject to the following rules and regulations:

#### Rule 1 All Marketable Oil To Be Received For Transportation

By the term "marketable oil" is meant any crude petroleum adopted for refining or fuel purposes, properly settled and containing not more than two percent 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 the pipeline shall not 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 Railroad Commission of Texas ("Commission") may require.

#### Rule 2 Basic Sediment, How Determined - Temperature

In determining the amount of sediment, water, or other impurities, the 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 to be used in the delivery as in the receipt of oil. The 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.

#### 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 sixty degrees Fahrenheit (60°F).

#### 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.

#### Rule 5 Storage

The 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.

Rule 6 Identity of Oil, Maintenance of Oil

The 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.

Rule 7 Minimum Quantity To Be Received

The pipeline shall not be required to receive less than one 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 500 barrels.

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 Gauging, Testing and Deductions

(Reference Commission Special Order No. 20-63, 098, Effective June 18, 1973).

- (A) All crude oil tendered to the 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 and testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tanks.
- (B) Adjustments shall be made for temperature from the nearest whole number degree to the basis of 60°F 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. The pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon; and 1% 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.

Rule 10 Delivery and Demurrage

The 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 Rule 6 of this tariff, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in Rule 5 of this tariff) shall begin at the expiration of such notice. At the expiration of the time allowed in Rule 5 of this tariff for storage at destination, the pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof.

Rule 11 Unpaid Charges, Lien For And Sale To Cover

The 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 5 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 San Antonio, Texas, 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.

**Rule 12 Notice Of Claims**

Notice of claim 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.

**Rule 13 Telephone - Telegraph Line - Shipper To Use**

If the pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, the 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 these Rules and Regulations.

**Rule 16 Offers In Excess Of Facilities**

If oil is offered to the 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 hold for shipment through its line, and its oil shall be entitled to participate in such apportionment.

**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.

**Rule 18 Receipt and Delivery - Necessary Facilities For**

The 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.

**Rule 19 Report Of Loss From Fire, Lightning and Leakage**

- (A) The 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. The pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. The 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 fires, storm, flood or act of God, and no risk resulting from riot, insurrection, rebellion, war, an 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 the pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from 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 rule 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

### Special Rules

#### Special Rule 1 Definitions

API	American Petroleum Institute.
API Gravity	Gravity determined in accordance with ASTM designation and expressed in degrees.
Assay	A laboratory analysis of Crude Petroleum to include API gravity, Reid vapor pressure, pour point, sediment and water content, sulfur content, viscosity at 60 degrees Fahrenheit, and other characteristics as may be required by Carrier.
ASTM	American Society for Testing Materials.
BPD	Barrels per day
Capacity	The quantity of Crude Petroleum the Pipeline Segment at issue is capable of transporting under the current operating conditions.
Carrier	NuStar Logistics, L.P.
Common Stream	Crude Petroleum moved through the pipeline and pipeline facilities which is commingled or intermixed with crude petroleum of like quality and characteristics as may be determined by Carrier based on Crude Petroleum assays and other pertinent analytical data.
Connecting Carrier	A connecting pipeline company as named or referred to herein.
Consignee	The party to whom a Shipper has ordered the delivery of Crude Petroleum.
Crude Petroleum	The direct liquid product of oil wells or a mixture of the direct product of oil wells and the indirect petroleum products resulting either from refining Crude Petroleum or the operation of gasoline recovery plants, gas recycling plants or distillate recovery equipment in gas and distillate fields, or broken out during the normal production or processing of natural gas and meeting the specifications referenced in Special Rule 2.
Destination	A point named in the tariff at which point Carrier will deliver Crude Petroleum to Shipper or its Consignee after transportation from an Origin.
Incentive Shipper	A Shipper that is a party to a Throughput and Deficiency Agreement.
Origin	A point named in the tariff at which point Carrier will accept Crude Petroleum for transportation.
Pipeline Segment	Section of Carrier's common carrier facilities, the limits of which are defined by two geographically identifiable points, that, because of the way that section of Carrier's common carrier facilities is designed and operated, must be treated as a unit for purposes of determining Capacity.
Segregated Batch	A Tender of Crude Petroleum having specific identifiable characteristics which is moved through the pipeline and pipeline facilities so as to maintain its identity.

Shipper	A party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of this tariff.
Tender	A nomination by a Shipper to Carrier of a stated quantity and grade of Crude Petroleum for transportation from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.
Throughput and Deficiency Agreement	An effective Throughput and Deficiency Agreement executed between Carrier and an Incentive Shipper for the provision of service under this tariff.

Special Rule 2 Crude Petroleum, Acceptance of

(A) Carrier reserves the right to reject Crude Petroleum containing more than one percent (1%) of basic sediment, water, and other impurities, except that:

1. If required by operating conditions, Carrier may reject Crude Petroleum containing less than two percent (1%) of basic sediment, water and other impurities.
2. Sediment and water limitations of a Connecting Carrier may be imposed upon Carrier when such limits are less than that of the Carrier, in which case the limitations of the Connecting Carrier will be applied.

(B) No Crude Petroleum will be accepted for transportation which has a pour point greater than 55 degrees Fahrenheit or which has a viscosity greater than 130 Saybolt Universal Seconds at 60 degrees Fahrenheit (SUS @ 60°F) or less than 40 SUS @ 60°F, unless under terms and conditions acceptable to Carrier.

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

1. Marketable oil having Reid vapor pressure in excess of 10 pounds above a temperature of 100 degrees Fahrenheit.
2. Marketable oil where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authority regulating shipments of marketable oil.
3. Crude Petroleum where sulfur content is greater than 0.50% by weight.

(D) Shipper shall be responsible for all reasonable expenses incurred by Carrier resulting from Carrier's receipt of any Crude Petroleum which does not comply with the requirements of Special Rule 2.

Special Rule 3 Additives

Crude Petroleum shall be free of any additives and inhibitors, including drag reducing agents, unless approved by Carrier.

Special Rule 4 Storage

Carrier will only provide working tankage for such storage that is incidental and necessary to the transportation of Crude Petroleum pursuant to the applicable tariff. Any additional storage in Carrier's tankage, i.e., storage beyond what is incidental and necessary to transportation pursuant to the applicable rate tariff, will be subject to the terms and conditions of Carrier's standard storage agreement.



**Special Rule 5 Receipt Facilities Required**

Where Crude Petroleum to be shipped requires transportation in a Segregated Batch, Shipper or Consignee shall be responsible for providing tankage for the volume of Segregated Batch.

**Special Rule 6 Destination Facilities Required**

Carrier will refuse to accept Crude Petroleum for transportation unless satisfactory evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of Crude Petroleum batches. If the Shipper or Consignee is unable or refuses to receive said Crude Petroleum as it arrives at Destination, Carrier reserves the right to make arrangement for disposition of the Crude Petroleum it deems appropriate in order to clear the Carrier's pipeline. Any additional expenses incurred by Carrier in making such arrangements shall be borne by the Shipper or Consignee.

**Special Rule 7 Acceptance Free From Liens and Charges**

Carrier shall have the right to reject any Crude Petroleum which, when tendered for transportation, may be involved in litigation, or the title of which may be in dispute, of which may be encumbered by lien or charge of any kind, and Carrier may require of the Shipper satisfactory evidence of the Shipper's perfect and unencumbered title or satisfactory indemnity bond to protect Carrier. By tendering Crude Petroleum, the Shipper warrants and guarantees that it owns or controls, has the right to deliver or have delivered for its account, such Crude Petroleum, and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of ownership or control thereto, provided, that acceptance for transportation shall not be deemed a representation by Carrier as to ownership or control.

**Special Rule 8 Gauging, Measurement**

Crude Petroleum tendered to Carrier for transportation shall be measured by tank gauges and computations made from 100% of the full capacity of the tanks, or by mutually accepted custody transfer facilities. Shipper and Consignee shall have the privilege of being present or represented during measuring and testing of shipments by Carrier. Measurement by the Carrier shall be considered prima facie evidence of the amount tendered, regardless if the Shipper or Consignee is present.

Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit.

Carrier will adjust any overage or shortage of Crude Petroleum with Shippers to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, interface mixture, product measurements and other physical losses not due to negligence of Carrier. The adjustments for losses or gains will be allocated by grade by month, among the Shippers in the proportion that the total number of barrels of a given grade delivered out of the system, by grade, for each Shipper bears to the total number of barrels of that grade delivered out of the system for all Shippers.

**Special Rule 9 Evidence of Receipts and Deliveries**

Crude Petroleum received from Shipper and Crude Petroleum delivered to Consignee shall, in each instance, be evidenced by tickets or Carrier's statements containing data essential to the determination of quantity.

**Special Rule 11 Duty of Carrier**

(A) Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation and other

material elements, and will not accept Crude Petroleum to be transported in time for any particular market.

(B) Carrier will use reasonable care to transport Crude Petroleum received to destination with a minimum contamination and mixing, and will attempt to maintain the identity of each shipment. Carrier will not be required to deliver the identical Crude Petroleum received. Carrier will not be liable for damage or loss, including but not limited to consequential, incidental, direct or indirect damages or damage or lost profits, caused by contamination, discoloration, deterioration, a change in density, or other change in quality of a Shipper's Crude Petroleum resulting from Carrier's transportation of the Crude Petroleum.

(C) Special Rule 11(B) does not apply to pipeline systems that are designated as "Common Stream".

#### Special Rule 12 Claims

Notice of claims for loss or damage in connection with shipments must be made to Carrier in writing within nine (9) months and one day after same shall have accrued, or, in case of failure to make delivery, within nine (9) months and one day after a reasonable time for delivery shall have elapsed. Such claims, fully amplified, must be filed with Carrier within nine (9) months and one day thereafter, and unless so made and filed, Carrier shall be wholly released and discharged therefrom and shall not be liable therefore in any court of justice. No suit at law or in equity shall be maintained upon any claim unless instituted within two (2) years and one (1) day after the cause of action accrued. Any such loss or damage shall be determined solely on the basis of volumetric loss and not on the monetary value of the Crude Petroleum.

#### Special Rule 13 Application of Rates from and to Intermediate Points

For Crude Petroleum 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 there, through such unnamed point, Carrier will apply from such unnamed point the rates published therein from the next more distant point specified in such tariff. For Crude Petroleum 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 tariffs, through such named point, the rate published therein to the next more distant point specified in the tariff will apply.

#### Special Rule 14 Line Fill and Tank Bottom Inventory Requirements

Carrier will require each Shipper to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of the pipeline system prior to delivery. Crude Petroleum provided by Shippers for this purpose may be withdrawn only after: (1) shipments have ceased and Shippers have notified Carrier in writing to discontinue shipments in Carrier's system; and (2) Shipper balances have been reconciled between Shippers and Carrier. Carrier, at its sole 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 sold notice to complete administrative and operational requirements incidental to Shipper withdrawal.

If Shipper's inventory balance drops below its pro rata portion of the volume of Crude Petroleum necessary for the efficient operation of Carrier's pipeline system, Carrier will require Shipper to provide the necessary volume to meet its pro rata portion of such volume of Crude Petroleum.

#### Special Rule 15 Proration of Pipeline Capacity

When a quantity of Crude Petroleum is tendered by Shippers to Carrier which exceeds the Capacity of any Pipeline Segment from an Origin to a Destination, Crude Petroleum tendered by

each Shipper for transportation from that Origin to that Destination will be transported in such quantities and at such times to the limit of Carrier's Capacity in a manner determined by Carrier to be equitable to all Shippers. The details of Special Rule 15 are set out in the following paragraphs 1.0 through 2.9:

**1.0 Definitions**

- 1.1 "New Shipper" means a Shipper that has not delivered Crude Petroleum to any Destination on the Pipeline Segment to be prorated within the Base Period. A Shipper that becomes a New Shipper shall remain one for the following 12 consecutive months.
- 1.2 "Regular Shipper" means a Shipper that is not a New Shipper.
- 1.3 "Current Tender Basis" means that the portion of Capacity available pursuant to paragraph 2.2 contained in Special Rule 15 to New Shippers will be allocated among all New Shippers in proportion to the volumes of Crude Petroleum tendered by each New Shipper for that month in accordance with Special Rule 16.
- 1.4 "Base Period" is the 12-calendar-month period just preceding the Calculation Month. Individual months within the Base Period are designated by Nos. 1 through 12, with "Month 1" being the most recent Base Period month and "Month 12" being the oldest Base Period month.
- 1.5 "Base Shipment Percentage" for each Regular Shipper is the total deliveries of Crude Petroleum to all Destinations on the Pipeline Segment to be prorated by the Regular Shipper during the Base Period divided by the lesser of (a) twelve or (b) the number of Base Period month within which the Regular Shipper first delivered Crude Petroleum to a Destination on the Pipeline Segment to be prorated.
- 1.6 "Calculation Month" is the calendar month immediately preceding the month for which Capacity is being prorated.

**2.0 Prorating of Capacity**

- 2.1 When Capacity will be prorated. Carrier will allocate Capacity among all Shippers for any month for which the Carrier determines, at its sole discretion, that the aggregate volume of Crude Petroleum that all Shippers Tender to all Destinations in a Pipeline Segment exceeds Capacity. Proration will be applied separately to each Pipeline Segment where a need for prorating shall arise.
- 2.2 Availability and Allocation of Capacity to New Shippers. Up to five percent of Capacity shall be made available to New Shippers and will be prorated among them on a Current Tender Basis.
- 2.3 Availability of Capacity to Regular Shippers. After the allocation of the portion of Capacity to New Shippers that is required by paragraph 2.2, the remaining portion of Capacity for that month shall be available to Regular Shippers who have tendered volumes for that month.
- 2.4 Allocation to each Regular Shipper. Such remaining portion of Capacity shall be allocated among Regular Shippers in proportion to their Base Shipment Percentages. In the event that the volume of Crude Petroleum that would be allocated to a Shipper on the basis of its Base Shipment Percentage is greater than the volume it tenders, the difference between its volume calculated on the basis of its Base Shipment Percentage and its volume tendered will be reallocated among all other Regular Shippers in proportion to their Base Shipment Percentages. Any remaining prorated allocation of Capacity after this reallocation

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among all Regular Shippers in proportion to their Base Shipment Percentages shall be made available to New Shippers and will be prorated among them on a Current Tender Basis.

- 2.5 Basis of allocation: notification. When prorationing of Capacity is in effect, Capacity shall be allocated among eligible Shippers on a monthly basis and Carrier shall use reasonable efforts to notify each Shipper entitled to an allocation of a portion of Capacity of the amount of its allocation no later than the 25<sup>th</sup> day of the month proceeding the month for which the allocation is made.
- 2.6 Good Faith Tenders. Carrier will accept only good faith tenders from Shippers and Carrier shall use whatever reasonable means necessary to determine whether tenders are made in good faith. Good Faith means the non-contingent ability and willingness of Shipper to deliver to Carrier at the Origins specified in the Tender all of the Barrels tendered during the month for which the Tender is made.
- 2.7 Failure to use allocated portion of Capacity. If a New Shipper making a Good Faith Tender fails to deliver, at the Origins specified by it in its Tender, Crude Petroleum sufficient to fill the portion of Capacity allocated to it and such failure has not been caused by force majeure, as substantiated in a manner satisfactory to the Carrier, Carrier will reduce such Shipper's allocation for the next proration period after the end of the month during which such failure occurred for which such Shipper tenders as a New Shipper by the allocated portion of Capacity not utilized.
- 2.8 Transfer of Base Shipment Percentage or allocated portion of Capacity; use of affiliates. Neither a Shipper's Base Shipment Percentage nor volumes allocated to it during a period when prorationing is in effect shall be assigned, conveyed, loaned, transferred to, or used in any manner by, another Shipper. However, a Shipper's Base Shipment Percentage or its allocation may be transferred as an incident of the bona fide transfer if the Shipper's business or to a successor to the Shipper's business by the operation of law, such as an executor or trustee in bankruptcy. A Shipper may not use an affiliated or cooperating entity to increase its Base Shipment Percentage or its allocated portion of Capacity. All transfers made pursuant to this section shall be irrevocable.
- 2.9 Enhancement of Allocation. In no event will an allocation to a Shipper be used in such a manner that will enhance the allocation of another Shipper beyond the allocation that such Shipper would be entitled to under this policy. Carrier may require written assurances from a responsible officer of Shipper regarding its use of its allocated portion of Capacity stating that Shipper has not violated this policy. In the event any Shipper shall, by any device, scheme or arrangement whatsoever, attempt to transfer all or any part of its allocated portion of Capacity to any other Shipper in violation of this policy, or in the event any Shipper shall attempt to receive and use such portion of Capacity, the portion of Capacity allocated to such Shipper will be reduced in the next month that is subject to prorationing after the date that the violation is discovered by a volume equal to such attempted transfer.

**Special Rule 16 Tenders; Minimum Quantity**

Marketable oil will be transported by Carrier only under a Tender accepted by Carrier. Any Shipper desiring to tender marketable oil for transportation shall make such Tender to Carrier in writing on or before 4:15 PM central standard time, the last working day prior to 16<sup>th</sup> day of the month preceding the month during which the transportation under the Tender is to begin; except that, if space is available for current movement and at the sole discretion of Carrier, a Shipper may tender marketable oil for transportation after 4:15 PM central standard time on the 16<sup>th</sup> day of the month preceding the month during which the transportation under the Tender is to begin. A

"working day" shall be a Monday, Tuesday, Wednesday, Thursday or Friday of a calendar week, except when a Federal holiday falls on such day of the week.

Tenders for the transportation of marketable oil for which Carrier has facilities will be accepted into the pipeline under the tariff in quantities of not less than the following:

	Minimum Tender Aggregate
Common Stream	2,000 barrels per day
Segregated Batch	50,000 barrels

Before Carrier will accept a Tender from a new Shipper, such Shipper (i) will comply with Special Rule 19(a); (ii) will demonstrate to Carrier the adequacy of such Shipper's facilities as referenced in Special Rule 5 and Special Rule 6; and (iii) will provide any other information reasonably requested by Carrier.

#### Special Rule 17 Application of Rates

Marketable oil accepted for gathering and/or transportation shall be subject to the rates in effect on the date of delivery by Carrier, irrespective of the date of the Tender.

#### Special Rule 18 Specifications as To Quality and Legality of Shipments

Carrier reserves the right to reject marketable oil where the Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authority regulating shipments of marketable oil.

#### Special Rule 19 Payment of Carrier Charges

- (A) Prior to becoming a Shipper, a prospective Shipper must submit to Carrier sufficient financial information to establish creditworthiness. The type of information from a prospective Shipper requests include but are not limited to: most recent year end financials, 10K reports or other filings with regulatory agencies and bank references. If, in the reasonable opinion of Carrier: (i) Shipper is not creditworthy, or (ii) if an existing Shipper's credit deteriorates, Carrier may require such Shipper to prepay all transportation and other fees and lawful charges accruing on Crude Petroleum delivered and accepted by Carrier or supply an irrevocable letter of credit from a bank acceptable to Carrier, with terms in a form acceptable to Carrier.
- (B) The Shipper shall pay all transportation and other fees and lawful charges accruing on Crude Petroleum delivered to and accepted by Carrier for shipment by the due date stated in Carrier's invoice.
- (C) If charges are not paid by the due date stated on the invoice, Carrier shall have the right to assess finance charges on the entire past due balance (including principal and accumulated but unpaid finance charges) until paid in full, at a rate equal to 125% of the prime rate of interest as reported in the Wall Street Journal as of first of the month in which the charges are due or the maximum finance rate allowed by applicable law, whichever is less.
- (D) Carrier shall have the right to withhold an amount of Crude Petroleum belonging to Shipper from delivery that would be sufficient to cover all unpaid charges due to Carrier from Shipper until all such unpaid charges have been paid. Furthermore, Carrier shall retain a perfected possessory lien under Chapter 9 of the Uniform Commercial Code, as applicable, on an amount of a Shipper's Crude Petroleum in Carriers possession sufficient to secure payment of

any and all amounts owed by such Shipper to Carrier. Carrier reserves the right to set-off any such charges against any monies owed to Shipper by Carrier or any Crude Petroleum of Shipper in Carrier's custody. If said charges remain unpaid ten (10) days after the due date therefor, Carrier shall have the right, through an agent, to sell such Crude Petroleum at public auction, on any day not a legal holiday, in not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town or city where the sale is to be held, stating the time, place of sale, and the quantity and location of Crude Petroleum to be sold. At said sale, Carrier shall have the right to bid, and if the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will pay itself the transportation and all other lawful charges, including expenses incident to said sale, and the balance remaining, if any, shall be held for Shipper or whomsoever may be lawfully entitled thereto.

#### **Special Rule 20 Liability of Carrier**

- (A) Carrier shall not be liable for any delay in delivery of or any loss of Crude Petroleum caused by acts of God, acts of government, acts of terrorists, storm, flood, extreme weather, fire, explosion, by acts of war, terrorism, quarantine, authority of law, by breakdown or accident to machinery or equipment, or by act of default of Shipper or Consignee resulting from any other cause reasonably beyond the control of Carrier and not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated. Any such loss shall be apportioned by Carrier to each Shipper of Crude Petroleum in the proportion to Shipper's total volume transported in the calendar month in which such loss occurs. Shipper shall be entitled to receive only that portion of its Crude Petroleum remaining after deducting such Shipper's proportion of such loss, as above determined. Carrier shall prepare and submit a statement to each Shipper showing the apportionment of any such loss of Crude Petroleum.
- (B) To the maximum extent permitted by law, Shipper shall release, indemnify, defend and hold harmless Carrier, its Affiliates and its Representatives from and against all actions, claims, cause of action, costs, demands, obligations, losses, lawsuits, liabilities, fines, penalties, damages and expenses (including court costs, defense costs and reasonable attorneys' fees and expenses) of any kind or character arising from or related to: (1) the negligent or willful acts or omissions on the part of Shipper, its employees, agents or contractors (including, but not limited to, any contractors transporting products(s) to or from any location on Carrier's System); or (2) liability arising from the chemical characteristics of Crude Petroleum, except to the extent such liability arises from Carrier's negligence.

#### **Special Rule 21 Scheduling of Delivery**

When Shippers request delivery from the pipeline at a destination of a volume of LPG greater than can be immediately delivered, Carrier shall schedule delivery. Carrier shall not be liable for any delay in delivery resulting from such scheduling of delivery.

#### **Special Rule 22 Pipage Agreement**

Separate agreements in accordance with this tariff and these regulations covering further details may be required by Carrier before any duty for transportation shall arise.

#### **Special Rule 23 Establishment of Grades**

Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a Common Stream between particular origins and destinations on its pipelines. Carrier will inform all interested persons of such determination upon request by them and this will

**R.R.C. No. 97.5.0**  
**(Cancels R.R.C. No. 97.4.0)**

constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported.