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COLONIAL PIPELINE COMPANY

RULES AND REGULATIONS TARIFF
GOVERNING THE TRANSPORTATION OF
PETROLEUM PRODUCTS
BETWEEN POINTS IN TARIFFS MAKING REFERENCE HERETO

RECEIVED
R.R.C. OF TEXAS

JUN 29 2018

GAS SERVICES DIVISION
AUSTIN, TEXAS

THIS TARIFF APPLIES ONLY TO TARIFFS MAKING SPECIFIC REFERENCE HEREIN.

Origin:
Houston (Pasadena)
Harris County, TX

Destination:
Cedar Bayou
Harris County, TX

Owned and operated by Colonial Pipeline Company under P-5 Operator No. 168941 and
T-4 Permit No. 00064

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

EFFECTIVE: July 1, 2018

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SECTION I

RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS RULE 71. PIPELINE TARIFFS

The Rules and Regulations shown in Section I are reprinted here pursuant to the requirements of the Texas Railroad Commission, Rule 3.71.

1. ALL MARKETABLE OIL TO BE RECEIVED FOR TRANSPORTATION:

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

2. BASIC SEDIMENT, HOW DETERMINED – TEMPERATURE:

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

3. "BARREL" DEFINED:

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

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.

5. STORAGE:

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

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.

7. MINIMUM QUANTITY TO BE RECEIVED:

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

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.

9. MEASURING, TESTING, AND DEDUCTIONS:

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

(B.) As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter by:

i. lease automatic custody transfer (LACT) equipment, provided such equipment is installed and operated in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1, or;

ii. any device or method, approved by the commission or its delegate, which yields accurate measurements of crude oil or condensate.

(C.) Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540, American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In allowing the deductions, it is not the intention of the commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.

D. A transfer of custody of crude between transporters is subject to measurement as agreed upon by the transporters.

10. DELIVERY AND DEMURRAGE:

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon twenty-four (24) hours' notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to paragraph 6 of this section, at a rate not exceeding ten thousand (10,000) barrels per day of twenty-four (24) hours. Computation of time of storage (as provided for in 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 ten (10) days of one-tenth of one cent per barrel; and thereafter at a rate of three-fourths of one cent per barrel, for each day of twenty-four (24) hours or fractional part thereof.

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.

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 ninety-one (91) days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within ninety-one (91) days after a reasonable time for delivery has elapsed.

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.

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.

15. SHIPPER'S TANKS, ETC. – INSPECTION:

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

16. OFFERS IN EXCESS OF FACILITIES:

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

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.

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.

19. REPORTS OF LOSS FROM FIRES, LIGHTENING, 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.

(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.

20. PRINTING AND POSTING:

Each pipeline shall have paragraphs (1)-(19) of this section printed on its tariff sheets, and shall post the printed sections in a prominent place in its various offices for the inspection of the shipping public. Each pipeline shall post and publish only such rules and regulations as may be adopted by the commission as general rules or such special rules as may be adopted for any particular field.

- 21.** Immediately upon the publication of its tariffs, and each subsequent amendment thereof, each pipeline is requested to file one copy with the commission.

22. RECORDS:

(A) Each person operating crude oil gathering, transportation, or storage facilities in the state must maintain daily records of the quantities of all crude oil moved from each oil field in the state, and such records shall also show separately for each field to whom delivery is made, and the quantities so delivered.

(B) The information contained in the records thus required to be kept must be reported to the commission by the gatherers, transporters, and handlers at such times and in such manner as may be required by the commission

SECTION II RULES AND REGULATIONS

To the extent allowed by Law, the Rules and Regulations set forth in this Section II herein will apply and take precedence over the Rules and Regulations set forth in Section I.

Item 5 Definitions

As used in these rules and regulations, the following terms have the following meanings:

"API Gravity" means gravity determined in accordance with ASTM Designation D-287-67 or latest revision thereof.

"ASTM Color" means color determined by the ASTM standard method of test ASTM Designation D-1500-64 or latest revision thereof.

"Barrel" means 42 United States gallons at 60 degrees Fahrenheit and zero psi gauge.

"Batch" means a quantity of petroleum product moved through the pipeline as an identifiable unit. A "Batch" shall be classified as segregated, joint or fungible, each classification being described as follows:

- (a) A "Segregated Batch" is a quantity of petroleum product being the product of a single shipper.
- (b) A "Joint Batch" is the combination of two or more quantities of petroleum product commingled by the carrier at the request of the participating shippers.
- (c) A "Fungible Batch" is a quantity of petroleum product meeting carrier's established specification which may be commingled with other quantities of petroleum product meeting the same specification.

"Carrier" means Colonial Pipeline Company and other pipeline companies concurring in tariffs making specific reference hereto by FERC number.

"Change Fee Begin Date" is the date five (5) days prior to the Cycle Begin Date.

"Change Fee Periods" are defined as Fee Period 1 which commences on each Change Fee Begin Date and ends on each Cycle Begin Date and Fee Period 2 which commences on each Cycle Begin Date and ends on each Cycle End Date.

"Closing Date" is defined as the date that is approximately four (4) business days prior to the cycle lifting date at each major origin. All current shippers are notified of the Closing Dates via the *Date Info* bulletin provided by Transport 4. The Closing Dates can also be obtained by contacting Scheduling at customerrelations@colpipe.com.

"Cycle Begin Date" is the published lifting date out of Houston of the first Petroleum Products Shipment within a cycle as defined in Colonial's *Origin Starts* bulletin provided by Transport 4 to all current shippers. The dates in the bulletin represent a close approximation of the targeted lifting date. The targeted lifting dates can also be obtained by contacting Scheduling at customerrelations@colpipe.com.

"Cycle End Date" is the date of the conclusion of the shipper's final Petroleum Product Shipment from any Gulf Coast origin location in each Cycle.

"Consignee" means the party to whom a shipper has ordered the delivery of petroleum product.

"Cycle" means a period of time (approximately 5 days) during which each type of product is pumped for all shippers desiring transportation of such product.

"Final Termination" means complete removal of a batch or the final portion thereof from carrier's main lines.

"Gross Nomination Change Value" is the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Gulf Coast origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

"Interface Mixture" is that mixture occurring in pipeline operations between adjoining batches of petroleum product having either similar or dissimilar physical characteristics.

- (a) "Compatible Interface" is that mixture occurring between adjoining batches of petroleum product having similar physical characteristics which can be absorbed into the adjoining batches.
- (b) "Transmix" is that mixture occurring between adjoining batches of petroleum product having dissimilar physical characteristics which cannot be absorbed into the adjoining batches.

"Petroleum Products" means gasolines and petroleum oil distillates as further described in Item 10.

Pipeline segments within the Colonial Pipeline system are identified in the following manner:

- (a) "Main Lines" are those pipelines in carrier's system being 30 inches or more in diameter.
- (b) "Stub Lines" are carrier's pipelines extending from other main line system to one or more of carrier's custody metering facilities.

- (c) "Delivery Lines" are those pipelines extending from carrier's custody metering facilities to consignee's or connecting carrier's receiving facilities. "Point of Origin" means the specific location on carrier's system as designated in its tariff where carrier accepts petroleum product for shipment and may be referred to in other items of this tariff as "origin station or origin."

"Point of Origin" means the specific location on carrier's system as designated in its tariff where carrier accepts petroleum product for shipment and may be referred to in other items of this tariff as "origin station or origin."

"Receiving Party Origin" means the provider of storage facilities and the associated tankage at the delivery point designated in this tariff.

"Shipment" means a volume of petroleum product offered to carrier at a point of origin for transportation through carrier's system to designated delivery locations.

"Shipper" means the party who contracts with carrier for shipment of petroleum products under the rules, regulations and rates of this tariff and other tariffs making specific reference hereto by FERC number.

"Transport 4" is the internet-based shipper information system allowing Colonial customers to access nominations, schedules, tickets, inventories, invoices and bulletins.

Item 10 Specifications

- (a) Carrier may require the shipper to furnish certified laboratory reports indicating the results of the testing of petroleum products offered for transportation. Carrier will also make such tests of the petroleum products as it may deem appropriate. In the event of a variance between shipper's report and carrier's test, carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.
- (b) Carrier shall have no obligation to accept petroleum products for shipment if such products contain water or other impurities; have a color darker than No. 3 ASTM; have a vapor pressure of more than 15 pounds absolute at 100 degrees Fahrenheit; have an API gravity of less than 25 degrees or more than 80 degrees at 60 degrees Fahrenheit; a viscosity of more than 4.3 centistokes at 100 degrees Fahrenheit and a temperature of more than 100 degrees Fahrenheit; or are not in compliance with the carrier's published Product Quality Assurance specifications established for all shippers. These specifications are published in Section 3 of Carrier's Shipper Manual entitled "Product Codes & Specifications." An electronic copy of this can be found on the Carrier's website at www.colpipe.com. Petroleum products accepted will be corrected as to volume in accordance with Item 40 of this tariff.

In the event the U.S. Environmental Protection Agency ("EPA") and/or the applicable states issue a Fuel Waiver that effectively modifies the specifications requirements for a particular grade or grades of gasoline, Carrier may modify its specifications for those grades to comply with the waiver allowance. Specification changes will be immediate with notice from Colonial. Grades with the same specifications will be commingled in Colonial system. Carrier will have no liability to Shipper as a result of such modification, other than as set forth in Item 60.

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- (c) Products tendered for transportation shall not contain blending components, which are not pure hydrocarbons, unless carrier has been notified of these components in advance and has agreed to accept such products for shipment. Shipper must report type and percent by volume of all non-hydrocarbon blending components.
- (d) Carrier reserves the right to refuse to accept any shipment of product that is: (1) not in compliance with state and federal regulations, (2) a health hazard, (3) incompatible with its transportation system, method of operation or transportation of other petroleum products.

Item 20 Minimum Tender, Batch, and Delivery

- (a) Minimum Tender - The minimum quantity of petroleum products which will be accepted at one point of origin from a single shipper for inclusion in a joint, segregated or fungible batch shall be 15,000 barrels at all origin stations on Lines 1-4, except that for points of origin in Linden, New Jersey or New York, that minimum shall be 15,000 barrels. The minimum quantity of petroleum products that can be accepted at one point of origin from a single shipper for inclusion in a joint, segregated or fungible batch shall be 5,000 barrels at all origin stations on stub lines.
- b) Minimum Batch - A segregated, fungible, or joint batch originating in Houston (Pasadena), Harris County, TX to Cedar Bayou, TX on either of the main lines shall consist of no less than 75,000 barrels.
- c) Delivery Restrictions - For batches nominated to the Cedar Bayou, TX destination, only a Cedar Bayou, TX destination will be allowed. Shippers will not be permitted to split delivery nominations where a Cedar Bayou, TX destination will be included.

Item 25 Notice of Intent to Ship: Shipping Schedules

- (a) Shippers shall be required to submit nominations to carrier by the first Tuesday of the month preceding the month in which they want to ship. This requirement provides carrier with information to review and analyze to determine the requirements necessary to handle all shippers' Petroleum Products. Unless such nominations are made, the carrier shall be under no obligation to accept Petroleum Products from such shipper.
- (b) Carrier shall prepare and make available, via electronic information networks, Closing Dates for fungible gasoline and distillate products. Shippers shall be required to have their Batches nominated and confirmed by any third parties involved in the Batch by the Closing Dates. Unless such nominations and confirmations are received, the carrier shall be under no obligation to accept Petroleum Products from such shipper. Carrier reserves the right to ship barrels in a Cycle different from which they were nominated, to achieve optimum utilization of its pipeline system.
- (c) Carrier will prepare and make available, via electronic information networks, schedules showing the estimated time each shipment will be received for transportation at points of origin and the estimated time of arrival at destination. Such schedules may be modified from time to time to the extent reasonably desirable to facilitate the efficient and economical use and operation of carrier's facilities and to reasonably accommodate shippers' needs for transportation.
- (d) Shipper shall have each shipment available in tankage connected to carrier's origin stations to allow reasonable time for product sampling and testing prior to the scheduled time for receipt by carrier; carrier's experience indicates that eight (8) hours prior to the scheduled time for receipt is sufficient. When a product is not available for carrier sampling and testing, acceptance of said product will be at the discretion of the carrier. The carrier will endeavor to accept the product so long as such acceptance does not adversely affect the operations of the pipeline.
- (e) All communications relating to a Shipper's nominations, deliveries to or from Carrier, payment of invoices or other matters pertaining to the Shipper's business with Carrier shall be conducted solely by an officer or employee of the Shipper. If a Shipper wishes to use an agent, the shipper must designate, in writing, an agent to act on the Shipper's behalf in conducting such communications. The designation must acknowledge the following items to be effective:
 - (i) the Shipper consents to disclosure of any and all information regarding the Shipper's nominations, deliveries to or from Carrier, payment of invoices, or other business with Carrier to such agent and releases Carrier and holds Carrier harmless from any and all liability relating to such disclosure; and
 - (ii) such designation shall be valid and binding on Shipper until Carrier receives written notice from Shipper expressly terminating such designation.

Item 27 Nomination Integrity Program

To improve ratatability of petroleum product originations and deliveries, fees will be assessed on a per shipper basis to discourage major changes in nominations. Such fees shall be assessed in conformity with the terms and conditions set forth below.

- (a) Nomination change fees per shipper shall be applicable to changes in the sum of the volumes nominated per shipper for all gasoline products at all Houston, TX origin locations, and likewise to changes in the sum of volumes nominated for all distillate products at all Houston, TX origin locations.
- (b) Fees shall be calculated on the basis of the Change Fee Begin Date, Cycle Begin Date and Cycle End Date. The Cycle Begin Date, represents a close approximation of the first Houston origin start of any Petroleum Products Shipment within a Cycle. Cycle Begin Dates occurring otherwise shall be published via carrier's electronic information network.
- (c) There shall be two (2) Change Fee Periods during which nomination change fees shall be assessed:
 - (1) Change Fee Period 1 shall commence on each Change Fee Begin Date and shall end on each Cycle Begin Date.
 - (2) Change Fee Period 2 shall commence on each Cycle Begin Date and shall end on each Cycle End Date.
- (d) For each Change Fee Period, the Gross Nomination Change Value shall be the absolute difference between the sum of the nominations volumes for gasoline products and likewise for distillate products, at all Houston, TX origin locations, recorded in the carrier's electronic information network, at the end of the first and last days of the Change Fee Periods.

Nomination change fees shall be applied to the positive difference of the Gross Nomination Change Values less the greater of twenty five thousand (25,000) barrels or twenty (20) percent of the nomination volume recorded on the first day of each Change Fee Period. Nomination change fees shall be assessed as follows:

- (1) [U] One and a half (1.5) cents per barrel for Change Fee Period 1; and
 - (2) [U] Three (3) cents per barrel for Change Fee Period 2.
- (e) All nomination change fees that would otherwise be assessed within an affected cycle shall not be assessed in the event that carrier:
- (1) Allocated Shipments on Line 1 or Line 2; or
 - (2) Disrupts shipping schedules to accommodate unplanned system maintenance; or
 - (3) Disrupts shipping schedules in response to delays caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, or floods.

Item 30 Segregation and Variations in Quality and Gravity

- (a) It is inherent in the operations of a products pipeline that interface mixtures will occur between batches. Therefore, carrier shall not be liable for variation in gravity or quality of petroleum products occurring while in its custody, resulting from any cause other than the negligence of the carrier, and carrier is under no obligation to deliver the identical petroleum products received and may deliver petroleum products of substantially the same specifications.
- (b) Subject to the foregoing, carrier will, on segregated batches and to the extent permitted by carrier's facilities, make delivery of substantially the identical petroleum products at destinations; however, it being impractical to maintain absolute identity of each total shipment of petroleum products, reasonable substitution of petroleum product having substantially the same specifications will be permitted.

Item 31 Prorating; Capacity Allocation Program

When the total volume offered for shipment by all shippers in accordance with Item 25 is greater than can be transported within the period and between the locations specified by such offers, petroleum products offered by each shipper for transportation will be transported between such locations in such quantities, at such times and to the limit of carrier's operating capacity so as to avoid discrimination (unreasonable preference or prejudice) among shippers, and so as not to adversely affect the reasonable operation of carrier's facilities.

Item 35 Origin and Destination Facilities -- Duties of Shippers and Consignees -- Disposition of Product on Failure to Accept Delivery -- Demurrage Charges At Carrier Tankage

- (a) Shipper shall furnish facilities to deliver petroleum products to carrier's booster pump suction at origin stations at any requested rate which is within carrier's minimum and maximum operating rates and at a minimum of 5 psi gauge pressure for any applicable pumping rate.
- (b) No duty to transport shall arise until shipper has provided necessary facilities, to which carrier is connected at destination points, capable of receiving shipments without delay at maximum operating pressures and pumping rates of carrier. These facilities must: 1) meet a minimum rating of 275 psi Maximum Operating Pressure, 2) be capable of receiving deliveries of products with a reasonable margin of safety to provide for unplanned changes in operating conditions, i.e., line blockage at the receiving terminal manifold, and 3) incorporate two-stage high-level alarms (e.g., a) a liquid level alarm that is activated from the gauging system, and a separate liquid level alarm which is activated by a float or b) a non-intrusive unit that continuously monitors liquid levels and sends two separate alarms] in proper working condition, for all receiving tanks that are part of the facility, with monitoring capability at carrier's facilities, including the activation of the alarm when the system is not functioning in its normal manner.

If, in carrier's reasonable opinion, the facilities provided by shipper fail to meet any or all of the above requirements, carrier may discontinue deliveries to such facility. Carrier may, however, at its sole option, make or continue deliveries to a facility not in compliance with this Item (b) to avoid disruption of its pipeline system or to avoid any other unsafe condition. Any decision to make or continue a delivery shall neither be construed as a waiver by carrier of the shipper's breach of this tariff item nor in any other way affect shipper's obligations under Item 65 of this tariff. Furthermore, carrier's acceptance and delivery of product to

For explanation of Abbreviations and Reference Marks not found hereon, see last page of tariff.

any facility provided by shipper shall not evidence carrier's approval of the adequacy of such facilities or the competency of its personnel and responsibility for such facilities and its personnel shall be exclusively that of the shipper.

- (c) It shall be the duty of the Shipper and Consignee to make the necessary arrangements for the safe receipt of the petroleum products into Consignee's or Shipper's tankage. Not less than 24 hours before arrival of petroleum products at Shipper's designated delivery location, Shipper shall ensure that its designated delivery location has confirmed, via Carrier's web Customer User Interface ("CUI"), its readiness to receive such delivery. Such confirmation shall be deemed invalid if it does not include a contact name and number for the person responsible for coordinating receipt of the product ("Designated Operator On-Duty"). If the confirmation indicates the terminal is locked, i.e., open and ready to receive product at any time, no further action is required. In all other instances, at least sixty (60) minutes prior to the estimated time of arrival of the delivery, the Shipper shall ensure that its designated delivery location notifies Carrier that the receiving tank, manifold and alarm systems are ready and in a safe condition to receive product. Carrier may begin delivery of product within sixty (60) minutes of the estimated delivery time provided to the Designated Operator On-Duty. When Carrier elects or agrees to deliver product into a receiving tank(s) that has malfunctioning high-level alarms, Shipper shall ensure that the designated delivery location has established a safe operating procedure. Shipper shall also ensure that the designated delivery location monitors and periodically reports status of delivery conditions to Carrier during delivery, notifies Carrier that the delivery of product has been concluded and that the designated delivery location facilities are in a safe operating condition.
- (d) In the event carrier has accepted petroleum products for transportation in reliance upon shipper's representations as to acceptance at destination, and there is failure to promptly accept such petroleum products at destination as provided in paragraph (b) hereof or confirm readiness as provided in paragraph (c) hereof, then and in such event carrier shall have the right to divert, re consign or make whatever arrangements for disposition of the petroleum products it deems appropriate to clear its pipeline facilities including the right to sell, for the account of the shipper, the petroleum products at private or public sale, and to charge the shipper demurrage as provided in paragraph (e) hereof. Out of the proceeds of said sale, carrier may pay itself all transportation charges and other necessary expense for caring for and maintaining the petroleum products and the balance shall be held for whomsoever may be lawfully entitled thereto.
- (e) Demurrage shall be charged at [U] 25 cents per barrel per day, or portion thereof, for volumes remaining in carrier tankage beyond the end of the cycle and such demurrage shall be charged to the shipper of that batch. For product movements the shipper must designate a valid destination not later than 8:00 am Eastern Standard Time three business days prior to the day of that batch delivering into carrier tankage.

Item 45 Change, Diversion or Reconsignment

Houston (Pasadena), Harris County, Texas will be the only eligible origin location for volumes moved under this tariff. No back haul movement will be permitted. Requests for changes in delivery points shall not be permitted after a batch has been lifted.

Item 50 Tariffs Applicable

Petroleum products accepted by carrier shall be subject to and governed by the rates, rules and regulations contained in tariffs issued by carrier and in effect at 12:00 midnight Eastern Standard Time on the date petroleum products are received by carrier.

Item 55 Handling Charges

- (a) Transportation charges will be computed and collected, in United States currency, at the applicable tariff rate on the basis of the number of barrels of petroleum products delivered at destination, after volume corrections, as provided for in Item 40.
- (b) In the event that an invoice for the charges described in (a) above, or for delivery adjustments under Item 75, is not paid to and received by carrier in full within fifteen (15) days of its date, the balance due on such invoice shall bear interest from that 15th day at an annual rate equal to the prime rate, as posted in the Wall Street Journal, plus 3%, but not to exceed the rate permitted on such invoices by applicable state law. The interest rate for each month will be determined the first business day of each month.
- (c) The shipper shall be responsible for all charges applicable to the particular shipment and if required by carrier, shall prepay all charges or furnish guaranty of payment satisfactory to carrier.
- (d) Carrier shall have a security interest in all petroleum products accepted from a shipper under this tariff. This security interest shall secure:
 - (1) All transportation, delivery adjustment, interest charges and any other amounts due or to become due from a shipper, and

- (2) All costs and expenses of carrier in exercising any of its rights detailed in (e) below, including, but not limited to, reasonable attorney fees, storage charges and settlement of conflicting liens.
- (e) The security interest provided herein shall be in addition to any lien provided by statute or common law. In the event shipper fails to satisfy when due any obligation to carrier, carrier shall have all the rights and remedies accorded to a secured party under applicable state law and in addition may in its sole discretion and without notice take any or all of the following actions:
- (1) Refuse to deliver petroleum products in its possession until all such obligations have been paid.
 - (2) Proceed to sell any such products, in accordance with the applicable provisions of state law, and apply the proceeds to such obligations.
 - (3) Store such products or contract for storage of such products pending sale or other disposition.
 - (4) Take any other action it deems necessary for the proper protection and sale of such products.

Item 60 Liability of Carrier

While in custody of any petroleum product, carrier shall not be liable for loss thereof, or damage thereto, or delay caused by acts of God, public enemy, quarantine, authority of law, governmental action, strikes, riots, nuclear or atomic explosions, floods, or act of default of the shipper or consignee or any other cause whether similar or dissimilar to the causes herein enumerated, not due to the negligence of the carrier. Losses not due to the negligence of carrier will be allocated to the shippers as provided in Item 75 of this tariff. Losses due to the negligence of carrier shall be the obligation of carrier and settled by carrier for carrier's account using the Gain/Loss Adjustment pricing methodology in Item 75(a).

Statements of the losses, ascertained and computed by carrier's standard accounting procedure, are to be accepted by shipper as prima facie correct in the distribution of such losses under this Item and Item 75.

Carrier shall not be liable for discoloration, contamination or deterioration of petroleum products transported, unless such discoloration, contamination or deterioration results from the negligence of the carrier.

The carrier will be obligated to deliver only that portion of such petroleum products remaining after deducting for all shrinkage, evaporation, other physical product loss and transmix contemplated under this tariff. All such product losses shall be accounted for as provided under this Item and Item 75. Carrier recognizes and accepts custody of all petroleum product accepted for shipment while such petroleum product is in pipeline facilities owned and operated by carrier.

Item 65 Liability of Shipper

As a condition to carrier's acceptance of petroleum products under this tariff, each shipper (for purposes of this item the term "shipper" shall include users of tank space) agrees to protect and indemnify carrier against claims or actions for injury to and/or death of any and all persons whomever and for damage to property of carrier, shipper, consignee and/or third party resulting from or arising out of 1) any breach of or failure to adhere to any provision of this tariff by the shipper, his consignee, his agents, employees or representatives and 2) the negligent act or acts or failure to act of the shipper, his consignee, his agents, employees or representatives in connection with the delivery or receipt of such petroleum product and 3) liability arising from the chemical characteristics of product(s), except to the extent such liability arises from carrier's negligence.

Item 70 Title

An offer of petroleum products for shipment shall be deemed a warranty of title by the party offering, but acceptance shall not be deemed a representation by the carrier as to title. The carrier may, in the absence of adequate security, decline to receive any petroleum products which are in litigation, or as to which a dispute over title may exist, or which are encumbered by a lien. Delivery of petroleum products to the consignee designated by the shipper shall relieve carrier of all liability as to custody or title.

Item 71 Registration

- (a) Shipper represents to Carrier that Shipper and any consignee hold valid active federal excise and state motor fuel registrations with the appropriate Federal and State tax authorities and will furnish such proof upon request. In any event, Shipper will be responsible to reimburse Carrier for any such taxes, levies or assessments, penalties and interest, plus the cost of collection and related expenses, if they should be imposed against Carrier with respect to any Shipment of Shipper.

Item 75 Delivery Adjustments

- (a) Carrier shall account to each shipper for all petroleum products received. Losses resulting from shrinkage, evaporation, and interface mixture will be settled financially with each shipper based on carrier's meter measurements and carrier's monthly settlement pricing. Shipper will be credited for any interface mixture that is clearly identifiable to the shipper's intrastate movements and is disposed at private or public sale by carrier. All other product losses not resulting from carrier's negligence will be the sole responsibility of the shipper.

Item 80 Time Limitation On Claims

As a condition precedent to recovery for billing disputes, loss, damage, or delay of shipments, claims must be filed in writing with the carrier within nine months and one day after delivery of the product, or in case of failure to make delivery, then within nine months and one day after reasonable time for delivery, based on carrier's normal operations, has elapsed; and suits shall be instituted against the carrier only within two years and one day from the day when notice in writing is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, carrier hereunder shall not be liable, and such claims will not be paid.

Item 85 Corrosion Inhibitors

Shipper may be required by carrier to inject oil soluble corrosion inhibitors acceptable to carrier, in the petroleum products to be transported.

**SECTION III
TABLE OF CHARGES**

| TABLE OF CHARGES | | |
|---|--|---|
| Handling Charge in Cents per Barrel of 42 United States Gallons | | |
| ITEM | DESTINATION | POINT OF ORIGIN |
| 1 | <u>State of Texas</u> Cedar Bayou (Harris County) | Houston (Pasadena) Harris County, Texas |
| | | [I] 6.05 cpb |

Explanation of Abbreviations and Reference Marks

| | |
|------|---|
| API | American Petroleum Institute |
| ASTM | American Society of Testing and Materials |
| CCHA | Calculated Cycle Historical Allocation |
| FERC | Federal Energy Regulatory Commission |
| IHT | Intra Harbor Transfer |
| No | Number |
| Psi | Pounds per square inch |

[I] Increased rate