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**TX No. 1.2.0**  
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# FM Gathering LLC ♦

## RULES AND REGULATIONS

GOVERNING

THE GATHERING AND TRANSPORTATION OF

**CRUDE PETROLEUM**

BY  
PIPELINE

**GENERAL APPLICATION**

The rules and regulations published herein apply only under tariffs making specific reference by TX number to this tariff; such reference will include supplements hereto and reissues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

[C] ~~Effective February 7, 2020, Felix Midstream, LLC changed its name to FM Gathering LLC.~~

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**EFFECTIVE: July 1, 2020**

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

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♦ FM Gathering LLC is operated by Plains Pipeline, L.P. under T-4 permit Nos. 09937, 10104, 10167 and 10172; and, P-5 Permit No. 667884.

**FM GATHERING LLC  
RULES AND REGULATIONS**

Every person owning, operating, or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing, or delivering of crude petroleum as a common Pipeline Operator shall be subject to and governed by the following provisions, Common Pipeline Operators specified in this section shall be referred to as "pipeline," pipelines" or "Pipeline Operator" and the owners or shippers of crude petroleum by pipelines shall be referred to as shippers."

**SECTION 1**

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

**Rule 1. All Marketable Oil To Be Received For Transportation.**

By the term "marketable oil" is meant any crude petroleum adapted for refining or fuel purposes, properly settled and containing not more than 1.0% of basic sediment, water, or other impurities above a point six inches below the pipeline connection with the tank.<sup>(1)</sup> Pipelines shall receive for transportation all such "marketable oil" tendered; but no pipeline shall be required to receive for shipment from any one person an amount exceeding 3,000 barrels of petroleum in any one day; and, if the oil tendered for transportation differs materially in character from that usually produced in the field and being transported therefrom by the pipeline, then it shall be transported under such terms as the shipper and the owner of the pipeline may agree or the commission may require. (amended by Rule 40D).

*<sup>(1)</sup> This deviates from Rule 71 (A) (1) of the General Conservation Rules in that the per cent for basic sediment, water and other impurities is one per cent (1%) rather than two per cent (2%) as provided in the rule.*

**Rule 2. Basic Sediment, How Determined—Temperature.**

In determining the amount of sediment, water, or other impurities, a pipeline is authorized to make a test of the oil offered for transportation from an average sample from each such tank, by the use of centrifugal machine, or by the use of any other appliance agreed upon by the pipeline and the shipper. The same method of ascertaining the amount of the sediment, water, or other impurities shall be used in the delivery as in the receipt of oil. A pipeline shall not be required to receive for transportation, nor shall consignee be required to accept as a delivery, any oil of a higher temperature than 90 degrees Fahrenheit, except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper. (amended by Rule 40)

**Rule 3. "Barrel" Defined.**

For the purpose of these sections, a "barrel" of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit.

**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. (supplemented by Rule 125)

**Rule 5. Storage.**

Each pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination. (amended by Rule 140)

**Rule 6. Identity Of Oil, Maintenance Of Oil.**

A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value. (amended by Rule 50)

**Rule 7. Minimum Quantity To Be Received.**

A pipeline shall not be required to receive less than one tank car-load of oil when oil is offered for loading into tank cars at destination of the pipeline: When oil is offered for transportation for other than tank car delivery, a pipeline shall not be required to receive less than 500 barrels. (amended by Rule 25)

**Rule 8. Gathering Charges.**

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

**Rule 9. Measuring, Testing, and Deductions (Reference Special Order Number 20-63,098 Effective June 18, 1973)-(Or By Revised Newer Standard) (amended and supplemented by Rules 65 and 80)**

- A. Except as provided in subparagraph (B) of this paragraph, all crude oil tendered to a pipeline shall be gauged and tested by a representative of the pipeline prior to its receipt by the pipeline. The shipper may be present or represented at the gauging or testing. Quantities shall be computed from correctly compiled tank tables showing 100% of the full capacity of the tank.
- B. As an alternative to the method of measurement provided in subparagraph (A) of this paragraph, crude oil and condensate may be measured and tested, before transfer of custody to the initial transporter, by:
- i. lease automatic custody transfer (LACT)—equipment, provided such equipment is installed and operated in accordance with the latest revision of American Petroleum Institute (API) Manual of Petroleum Measurement Standards, Chapter 6.1.; or
  - ii. any device or method, approved by the commission or its delegate, which yields accurate measurements of crude oil or condensate.
- C. Adjustments to the quantities determined by the methods described in subparagraphs (A) or (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis of 60 degrees Fahrenheit and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540. American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August, 1980. A pipeline may deduct the basic sediment, water, and other impurities as shown by the centrifugal or other test agreed upon by the shipper and pipeline; and 1.0% for evaporation and loss during transportation. The net balance shall be the quantity deliverable by the pipeline. In all owing the deductions, it is not the

intention of the commission to affect any tax or royalty obligations imposed by the laws of Texas on any producer or shipper of crude oil.

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

**Rule 10. Delivery And Demurrage.**

Each pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon 24 hours notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to paragraph (6) of this section, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in paragraph (5) of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in paragraph (5) of this section for storage at destination, a pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel; and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof. (amended by Rules 140 and 75)

**Rule 11. Unpaid Charges, Lien For And Sale To Cover.**

A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold.

From the proceeds of the sale, the Pipeline Operator 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. (supplemented by Rule 115)

**Rule 12. Notice Of Claim.**

Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed. (amended by Rule 135)

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

If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service. (clarified by Rule 160).

**Rule 14. Contracts Of Transportation.**

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

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

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

**Rule 16. Offers In Excess Of Facilities.**

If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionate. (supplemented by Rule 85)

**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. (amended by Rule 70)

**Rule 18. Receipt And Delivery—Necessary Facilities For.**

Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the commission finds that a necessity exists therefor, and under regulations by the commission. (amended by Rule 70)

**Rule 19. Reports Of Loss From Fires, Lightning, And Leakage.**

- A. Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.
- B. No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war, or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such even 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 Pipeline Operator 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 Pipeline Operator is not required to furnish such reports to the resident or landowner.

## SECTION 2

### Rule 20. Definitions:

“Affiliate” as herein used means any entity that is under direct or indirect common control, or directly or indirectly (i) controls a Shipper; (ii) is controlled by another Shipper; (iii) is controlled by the same entity that controls a Shipper; or, (iv) is controlled by and through one or more intermediaries that controls another Shipper. For the purposes of this definition the term “controls” and “controlled by” shall mean the use of shared mailing or business addresses; the use of shared business telephone numbers; the use of common bank account(s) with regards to the payment of transportation charges; substantially the same management or general partner; one Shipper directing or conducting business on behalf of another Shipper as it relates to tendering and accepting quantities of Crude Petroleum; the power to direct or cause the direction of the management or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes with respect to the control of or by a corporation the ownership of shares or equity interests carrying not less than 10% of the voting rights regardless of whether such ownership occurs directly or indirectly.

“API” as herein used means American Petroleum Institute.

“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 Crude Petroleum is at or below atmospheric pressure, or at equilibrium pressure if the vapor pressure of the Crude Petroleum is above atmospheric pressure.

“Business Day” as herein used means a day of the year, excluding all weekends and Carrier Holidays, when Carrier’s office is open during normal business hours.

“Carrier” or “Pipeline Operator” as herein used means FM Gathering LLC.

“Carrier Holiday” as herein used means a day on which Carrier’s office is closed for business.

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

“Consignor” as herein used means the party from whom a Shipper has ordered the receipt of Crude Petroleum.

“Consignee” as herein used means the party, including a connecting pipeline system, to whom a Shipper has ordered the delivery of Crude Petroleum.

“Crude Petroleum” as herein used means the direct liquid products of oil wells, or a mixture of the direct liquid products of oil wells with the indirect liquid products of oil and gas wells including gasoline and liquefied petroleum gases.

“ENom System” as herein used means Electronic Nomination System. The ENom System is a computerized information system that enables Shippers to nominate the movement of Crude Petroleum on Carrier’s System. Shippers can access the ENom System on Carrier’s website at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs/enom-portal>.

“Nomination” as herein used means an offer by a Shipper to the Carrier of a stated quantity of Crude Petroleum for transportation from a specified origin or origins to a specified destination over a period of one operating month in accordance with these rules and regulations.

“Shipper” as herein used means a party who contracts with Carrier for transportation of Crude Petroleum, as defined herein and under the terms of these rules and regulations.

“Shipper Application System” as herein used means a secure computerized information system that enables Shippers to submit a shipper application and requested information to Carrier electronically. Shippers can access the Shipper Application System on Carrier’s website at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs>.

“System” as used herein means the pipeline(s) that Carrier owns an interest in and to which the rules and regulations stated herein apply.

“Transferor” as used herein means the entity transferring volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Rule 145 to these rules and regulations, INTRASYSTEM TRANSFERS.

“Transferee” as used herein means the entity accepting volumes pursuant to an intrasystem transfer of title to Crude Petroleum as described in Rule 145 to these rules and regulations, INTRASYSTEM TRANSFERS.

**Rule 25. Nomination, Minimum Quantity - Rule 7 contained herein shall be amended as follows:**

- A. Unless otherwise stated on a tariff making reference to these rules and regulations, Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted into Carrier’s System under these rules and regulations in quantities of fifty thousand (50,000) Barrels or greater. Quantities of less than fifty thousand (50,000) Barrels may be accepted by Carrier for transportation if operating conditions permit and if such Crude Petroleum is of like quality and characteristics of that currently being transported, all at Carrier’s sole discretion. Carrier will not be obligated to make any single delivery of less than fifty thousand (50,000) Barrels, unless Carrier’s operations dictate otherwise. The term “single delivery” as used herein means a delivery of Crude Petroleum in one continuous operation to one or more Consignees into a single facility, furnished by such Consignee or Consignees, to which Carrier is connected.
- B. Crude Petroleum will be transported only under a Nomination accepted by the Carrier from origins (or facilities connected to Carrier’s gathering System when gathering service is to be performed by the Carrier) to destinations when a tariff covering the movement is lawfully in effect and on file with the FERC as to interstate traffic and with the appropriate state commission covering intrastate traffic.
- C. Any Shipper desiring to tender Crude Petroleum for transportation shall make a Nomination to the Carrier before 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the twenty-fifth (25<sup>th</sup>) of the month preceding the movement. When the twenty-fifth (25<sup>th</sup>) of the month falls on a weekend, Nominations will be required prior to 12:00 noon Central Standard Time/Central Daylight Saving Time, whichever is applicable, on the preceding Business Day. When the twenty-fifth (25<sup>th</sup>) of the month falls on a Carrier Holiday, Nominations will be required prior to 12:00 NOON Central Standard Time/Central Daylight Saving Time, whichever is applicable, three (3) Business Days prior to the Carrier Holiday. The Nomination must be submitted via Carrier’s ENom System. Unless such notification is made, the Carrier will be under no obligation to accept Crude Petroleum for transportation. Carrier’s monthly nomination schedule will be posted on Carrier’s website on or before January 15 of each year. Shippers can access Carrier’s monthly nomination

schedule on Carrier's website at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs/enom-portal>.

- D. When Nominations submitted by Shippers to Carrier on or before the twenty-fifth (25th) day of the month preceding the operating month do not exceed the capacity of the System or any line segment thereof, additional Nominations may be accepted by the Carrier to fill capacity. These additional Nominations will be accepted only if they do not impair the movement of Crude Petroleum nominated before the twenty-fifth (25th) day of the preceding month.

**Rule 30. Line Fill and Tank Bottom Inventory Requirements.**

Prior to delivering Barrels out of Carrier's System, each Shipper or Shipper designee will be required to supply a pro rata share of Crude Petroleum necessary for pipeline and tankage fill to ensure efficient operation of Carrier's System. Crude Petroleum provided by Shippers for this purpose 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 or Shipper designee and Carrier. Carrier 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, not to exceed six months, to complete administrative and operational requirements incidental to Shipper withdrawal.

**Rule 35. Title.**

The Carrier shall have the right to reject any Crude Petroleum, when nominated for transportation, 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 it may require of the Shipper satisfactory evidence of its perfected and unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Petroleum, the Shipper warrants and guarantees that the Shipper has good title thereto and agrees to hold Carrier harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title thereto; provided, that acceptance for transportation shall not be deemed a representation by the Carrier as to title.

**Rule 40. Specifications As To Quality Received. The following amends Rules 1 and 2.**

- A. Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept Crude Petroleum for transportation except merchantable Crude Petroleum which is properly settled and contains not more than one percent (1%) of basic sediment, water, and other impurities, and has a temperature not in excess of one hundred and twenty degrees (120°) Fahrenheit and its gravity, viscosity, pour point, and other characteristics are such that it will be readily susceptible to transportation through the Carrier's existing facilities, and will not materially affect the quality of other shipments or cause disadvantage to other Shippers and/or the Carrier. Notwithstanding the preceding sentence, Carrier may at its discretion accept Crude Petroleum from Shipper that does not meet the foregoing specifications due to unusual circumstances, emergencies, or events of force majeure (such as sea storms or shut-in platforms). In such case, however, Shipper must notify Carrier fully in writing of the characteristics of such Crude Petroleum and Shipper shall then secure from the producer or connecting carrier or shall provide itself, in writing, to Carrier an assumption of all liability and agree to hold Carrier harmless from and against any loss, cost or disadvantage to other Shippers, and other pipelines, or to Carrier arising from such transportation. In addition, Carrier reserves the right to reject (any and all of, but not limited to) the following shipments: (1) Crude Petroleum having a Reid Vapor Pressure in excess of nine (9) pounds per square inch absolute and/or an API gravity in excess of 78.9°; (2) Crude Petroleum exceeding 100 ppm hydrogen sulfide (H<sub>2</sub>S) that adversely affects the West Texas Intermediate, West Texas Light and West Texas Condensate segregations, using ASTM D5705-15 methodology; (3) Crude Petroleum exceeding 75 ppm mercaptans that adversely affects



the West Texas Intermediate, West Texas Light and West Texas Condensate segregations, using UOP 163 methodology; and (4) Crude Petroleum where the Shipper or Consignee has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipment of Crude Petroleum. If Crude Petroleum is accepted from tankage, settled bottoms in such tanks must not be above a point four inches (4") below the bottom of the pipeline connection with the tank from which it enters Carrier's facilities.

- B. Quality specifications of a connecting carrier may be imposed upon Carrier when such limits are less than that of Carrier, in which case the limitations of the connecting carrier will be applied.
- C. Carrier may, from time to time, undertake to transport other or additional grades of Crude Petroleum and if, in the opinion of Carrier, sufficient quantities are not nominated or facilities are not available to justify continued transportation of other or additional grades, Carrier may, after giving reasonable notice to Shippers who may be affected, cease transporting particular grades of Crude Petroleum.
- D. Carrier may monitor, but is not responsible for monitoring, receipts or deliveries for contaminants. If, upon investigation, Carrier determines that a Shipper has delivered to Carrier's facilities Crude Petroleum that has been contaminated by the existence of and/or excess amounts of impure substances, including but not limited to, chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals, such Shipper will be excluded from further entry into applicable segments of the System until such time as quality specifications are met to the satisfaction of Carrier. Further, Carrier reserves the right to dispose of any contaminated Crude Petroleum blocking its System. Disposal thereof, if necessary, may be made in any reasonable commercial manner, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into Carrier's System.
- E. Carrier will from time to time determine which grades of Crude Petroleum it will regularly transport as a common stream between particular receipt points and destination points on its pipeline Systems. Carrier will inform all subscribers to tariffs for the System affected by such determination and this will constitute the sole holding out of the Carrier in regard to the grades of Crude Petroleum transported. Crude Petroleum quality and general characteristics include, but are not limited to, whole crude properties such as A.P.I. gravity, sulfur, S. & W., Reid Vapor Pressure, pour point, viscosity, hydrogen sulfide, metals, nitrogen, chlorinated and/or oxygenated hydrocarbons, salt content, and product yields.
- F. Unless stated otherwise in written notice provided by Carrier to all subscribers to tariffs for the System affected, Carrier will not segregate Crude Petroleum of a kind and/or quality not currently transported through Carrier's facilities.

**Rule 45. Common Stream Crude Petroleum – Connecting Carriers**

When both receipts from and deliveries to a connecting pipeline of substantially the same grade of Crude Petroleum are scheduled at the same interconnection, Carrier reserves the right, with the cooperation of the operator of the connecting pipeline, to offset like volumes of such common stream Crude Petroleum in order to avoid the unnecessary use of energy which would be required to physically pump the offsetting volumes. When this right is exercised, Carrier will make the further deliveries for the Shipper involved from Carrier's common stream Crude Petroleum.

**Rule 50. Shipments, Maintenance of Identity**

- A. Carrier shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Petroleum which may occur from commingling or intermixing Shipper's Crude Petroleum with other Crude Petroleum in the same common stream while in transit. Carrier is not obligated to deliver to Shipper

the identical Crude Petroleum nominated by Shipper; Carrier will deliver the grade of Crude Petroleum it is regularly transporting as a common stream.

- B. Carrier shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Petroleum shipments between the receipt and delivery of such shipments by Carrier within the same common stream.

**Rule 55. Additives**

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

**Rule 60. Duty of Carrier**

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. Carrier cannot commit to delivering Crude Petroleum to a particular destination, at a particular time.

**Rule 65. Origin Facilities Required for Automatic Custody Transfer – The following supplements the provisions of Rule 9 hereof.**

Where Consignor (or Shipper) elects to deliver Crude Petroleum 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 insure that the Crude Petroleum being delivered to the meter is at a pressure in excess of the bubble point of the liquid.

**Rule 70. Receipt and Destination Facilities Required - Rules 17 and 18 contained herein shall be amended as follows:**

The Carrier will accept Crude Petroleum for transportation only when the Shipper or Consignee has provided the necessary facilities for delivering Crude Petroleum into the System at the point of origin and has made the necessary arrangements for shipment beyond or has provided the necessary facilities for receiving said Crude Petroleum as it arrives at the destination.

**Rule 75. Notice of Arrival, Delivery at Destination, Demurrage-Rule 10 contained herein shall be amended as follows:**

- A. The obligation of the Carrier is to deliver the quantity of Crude Petroleum to be transported, less deductions, at the specified destination. Such delivery may be made upon twenty-four (24) hours notice to the Shipper or Consignee who shall accept and receive said Crude Petroleum from the Carrier with all possible dispatch into tanks or receptacles arranged for or provided by the Shipper or Consignee.
- B. If Shipper or Consignee does not timely receive said Crude Petroleum, then commencing twenty-four hours after the first seven o'clock a.m. after expiration of the delivery notice described above, Carrier may assess a demurrage charge on any part of said Crude Petroleum shipment offered for delivery and not taken by Shipper or Consignee; the demurrage charge will be [1] 1.21 cents per Barrel per day for each day of 24 hours or fractional part thereof. After expiration of said 24-hour

notice, Carrier's liability for loss, damage or delay with respect to Crude Petroleum offered for delivery but not taken by Shipper or Consignee shall be that of a warehouseman only.

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

**Rule 80. Gauging, Testing and Deductions - The following modifies and supercedes Rule 9 hereof as follows:**

- A. Crude Petroleum 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, latest revision, and adjusted to base (reference or standard) conditions.
- B. When, in Carrier's opinion, a lease operator or connecting carrier's tanks are unsafe or unsuitable for use in custody transfer because of improper connections, high bottom accumulations of any extraneous matter, incrustations on the inside of the tank walls, or any other conditions unacceptable to Carrier, Carrier may reject the use of such tank until the unacceptable conditions have been corrected. Alternatively, in the case of incrustation inside any tank, Carrier may determine and apply a correction factor to ascertain the correct tank capacity.
- C. Corrections will be made for temperature from observed degrees Fahrenheit to 60 degrees Fahrenheit and for pressure to 14.696 psia. Carrier will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show.
- D. Unless otherwise indicated on a tariff, a deduction of two-tenths of one percent (0.2%) will be made to cover evaporation, interface losses, and other normal losses during transportation ("Allowance Oil").
- E. All receipts of Crude Petroleum having an API gravity of 45 degrees or above shall also be subject to a deduction to cover shrinkage and evaporation. Such deduction shall be determined in accordance with the following table:

<u>API Gravity, Degrees</u>	<u>Deduction for Incremental Evaporation &amp; Shrinkage</u>
45 through 54.9	0.5%
55 through 64.9	1.0%
65 through 74.9	1.5%
75 and above	2.0%

After consideration of all of the factors set forth in this Rule 80, a net balance will be determined as the quantity deliverable by Carrier, and transportation charges will be assessed on this net balance.

**Rule 85. Apportionment When Nominations Are In Excess Of Facilities - Rule 16 contained herein shall be supplemented, as follows:**

When there shall be tendered to Carrier, for transportation, more Crude Petroleum than can be immediately transported, the transportation furnished by Carrier shall be apportioned among Shippers as provided in Carrier's Pipeline Proration Procedures. Carrier's Pipeline Proration Procedures dated July 1, 2019 are

available on Carrier's Internet site at <https://www.plainsallamerican.com/customer-center/pipeline-tariffs> or on request.

**Rule 105. Charge For Compensation Fund Fees Incurred By Carrier.**

In addition to all other charges accruing on Crude Petroleum accepted for transportation through Carrier's facilities, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against Carrier by any Federal, State or local agency for the purpose of creating a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations. If a per-Barrel charge is assessed, the amount of such charge will be stated in a FERC or state tariff.

**Rule 110. Truck, Tanker and Barge Loading and Unloading**

- A. Shipments unloaded from tank trucks into Carrier's facilities may be subject to a per-barrel charge, if specified on individual tariffs making reference to these rules and regulations. Such charge will be in addition to all other charges.
- B. Carrier will receive or deliver Crude Petroleum across its dock facilities from both tankers or barges where dock facilities are equipped to handle tankers or barges. Shippers shall indemnify and hold Carrier harmless against any and all claims (whether made by the vessel owner or any other party) for demurrage or any other charges arising out of any delay of such vessel not caused by Carrier's negligence.

**Rule 115. Payment Of Transportation And Other Charges - The following supplements the provisions of Rule 11 hereof.**

Shipper shall be responsible for payment of transportation and all other charges applicable to the shipment, and may be required to prepay such charges or furnish guaranty of payment satisfactory to Carrier pursuant to the provisions stated in Rule 165 (FINANCIAL ASSURANCES) contained herein. Payments not received by Carrier in accordance with invoice terms shall be subject to a late charge equivalent to 125% of the prime rate as quoted by a major New York bank, or the maximum rate allowed by law, whichever is less. Carrier shall have a lien on all Crude Petroleum accepted for transportation to cover payment of all charges, including demurrage and late charges and may refuse to make delivery of the Crude Petroleum until all charges have been paid. Such lien shall extend to all Crude Petroleum, including Shipper's linefill, in Carrier's possession beginning with Shipper's first receipt of transportation or other services from Carrier. Shipper agrees to execute such additional documents as may be reasonably necessary to perfect or evidence such lien. If a bill of lading is required under applicable law for such a lien to arise, acceptance of the Nomination will be deemed to be the bill of lading for all Crude Petroleum, including Shipper's line fill, subject to such Nomination. The lien provided herein shall be in addition to any lien or security interest provided by this tariff or applicable law. If said charges, or any part thereof, shall remain unpaid for the earlier of (i) thirty days after notice of readiness to deliver or (ii) the invoice due date, in addition to any other rights Carrier has under this tariff or existing law, Carrier shall also have the right to (i) refuse to provide Shipper access to Carrier's system or provides services pursuant to this Tariff, and/or (ii) sell the Crude Petroleum at public auction. Carrier shall have a lien on Crude Petroleum when there shall be failure to take the Crude Petroleum at the point of destination as provided in Rule 75 (NOTICE OF ARRIVAL, DELIVERY AT DESTINATION, DEMURRAGE). Carrier shall have the right to sell said Crude Petroleum at public auction, for cash. The auction will be held between the hours of ten o'clock a.m. and four o'clock p.m. on any day not a weekend or legal holiday, and not less than twenty-four hours after the Shipper has been officially notified of the time and place of such sale and the quantity, general description, and location of the Crude Petroleum to be sold. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier shall pay itself for all transportation, demurrage, and other lawful charges, expenses of notice, advertisement, sale and other necessary expenses, and expenses of caring for and maintaining the Crude Petroleum, and the balance shall be held for

whomsoever may be lawfully entitled thereto after the auction. If the proceeds of said sale do not cover all expenses incurred by Carrier, the Shipper and/or Consignee are liable to Carrier for any deficiency.

**Rule 120. Diversion.**

Subject to Rule 25 (NOMINATION, MINIMUM QUANTITY), 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.

**Rule 125. Liability of Parties-Rule 4 contained herein shall be supplemented, as follows:**

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

The Shipper and Consignee shall be jointly and severally liable for the payment of gathering and transportation charges, fees, and other lawful charges accruing to or due Pipeline Operator by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Crude Petroleum delivered by Pipeline Operator to Consignee. All accrued charges are due on delivery of Crude Petroleum by Pipeline Operator to Consignee. Pipeline Operator may, at its option, require Shipper or Consignee to pay all such charges and fees in advance or to provide an irrevocable letter of credit satisfactory to Pipeline Operator pursuant to the provisions stated in Rule 165 (Financial Assurances).

- A. The Pipeline Operator, while in possession of Crude Petroleum herein described, shall not be liable for any loss thereof; damage hereto; or delay caused by: fire, storm, flood, epidemics, Act of God, terrorism, vandalism, criminal acts, landslides, land collapses, riots, civil disorder, strikes, insurrection, rebellion, war, act of the public enemy, quarantine, the authority of law, requisition or necessity of the Government of the United States in time of war, default of Shipper or owner, earthquakes, sinkholes, or from any other cause not due to the negligence of the Pipeline Operator and in no event shall Carrier be liable to Shipper for consequential, incidental or exemplary damages to Shipper. In case of loss of Crude Petroleum in a segregated shipment, then the Shipper and Consignee thereof shall bear the entire loss, damage, or delay that occurs. In case of loss of Crude Petroleum that is not in a segregated shipment, then each Shipper of the grade of Crude Petroleum so lost via the System in which the loss occurs shall share such loss in the proportion that the amount of such grade of Crude Petroleum then in the custody of Carrier for the account of such Shipper in such System bears to the total amount of such grade of Crude Petroleum then in the custody of Carrier in such System.
- B. Pipeline Operator will be obligated to deliver only that portion of such Crude Petroleum remaining after deducting such loss. Transportation charges will be made only on quantities of Crude Petroleum delivered.
- C. If Crude Petroleum is lost in transit, while in the custody of Carrier, due to causes other than those described in the first paragraph of this Rule, Carrier may obtain and deliver to Shipper other Crude Petroleum of the same quantity and grade as that which was lost, but Carrier shall not be obligated to do so. In the alternative, Carrier may compensate Shipper for such loss in money. If Carrier compensates Shipper for such loss in money, the price per barrel shall be determined as of the date of the loss based on the value of the lost Crude Petroleum.

**Rule 130. Claims, Suits, and Time For Filing - Rule 12 contained herein shall be amended as follows:**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with the Pipeline Operator within nine (9) months after delivery of the Crude Petroleum, or in case of a 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 and one (1) 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 will not be liable and such claims will not be paid.

**Rule 135. Pipeage or other Contracts Required.**

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

**Rule 140. Storage In Transit - Rule 5 contained herein shall be amended as follows:**

The Carrier has working tanks required in the process of transporting Crude Petroleum but no other available tankage and therefore, unless otherwise specifically stated in a tariff making reference to these rules and regulations, Carrier does not have facilities for rendering, nor does it offer, a storage service. Provisions for storage in transit in facilities furnished by Shipper at points on Carrier's System will be permitted to the extent authorized under individual tariffs lawfully on file with the Federal Energy Regulatory Commission or a state agency. This paragraph shall also apply to the applicable provisions of Rule 10 hereof.

**Rule 145. Intrasystem Transfers.**

An intrasystem transfer of title to Crude Petroleum may be allowed on Carrier's System for a fee of **[I]** 0.59 cent per Barrel charged to the Transferor; provided, however, that no transfer fee shall be assessed to the Transferor if the Transferor pays the transportation and/or other charges to the specified transport point for the barrel and, at the time of nomination, consigns the barrel to the Transferee at the transfer point. The transfer point must be a location listed in the tariff. The Transferee accepting volumes on an intrasystem transfer shall be responsible for payment of transportation charges of those volumes from the transfer point to destination. Carrier shall not be obligated to recognize any intrasystem transfer and shall incur no liability with respect thereto or for any losses or damages accruing to any party involved in an intrasystem transfer. All intrasystem transfer requests must be submitted in a nomination to Carrier, made in accordance with requirements stipulated in Rule 25, Nomination, Minimum Quantity, of these Rules and Regulations. In addition, the Transferor and Transferee, pursuant to the provisions stated in Rule 165 (Financial Assurances), upon the request of Carrier and at Carrier's option, shall provide financial assurances to Rule 115, Payment of Transportation and Other Charges, contained herein.

**Rule 150. Commodity**

Carrier is engaged primarily in the transportation of Crude Petroleum and will not accept any other commodity for transportation under tariffs making reference hereto.

**Rule 155. Connection Policy**

Connections to Carrier's System will only be considered if made by formal written notification to Carrier. All connections will be subject to design requirements necessary to protect the safety, security, integrity and

efficient operation of Carrier's pipeline(s) in accordance with generally accepted industry standards. Acceptance of any request for connection will be subject to compliance with governmental regulations.

**Rule 160. Telecommunications - Rule 13 contained herein is not applicable to the pipelines or facilities operated under this tariff.**

**Rule 165. Required Shipper Information and Financial Assurances**

- A. All (i) existing Shippers who have not submitted a nomination for a line segment to Carrier in the prior twelve (12) Months and (ii) prospective Shippers shall provide to the Carrier, at least ten (10) Business Days prior to the Nomination due date stated in Rule 25(c) contained herein or a tariff making reference to these rules and regulations, a shipper application and information ("Shipper Information") that will allow the Carrier to (i) determine the Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff and (ii) to complete administrative requirements for establishing the Shipper in Carrier's ENom System. The Shipper Information must be submitted to Carrier via Carrier's Shipper Application System.

At any time, upon the request of the Carrier, on a non-discriminatory basis, any prospective or existing Shipper shall provide Carrier with information that Carrier may request to allow the Carrier to enforce the terms of this tariff. Such information must be provided within five (5) Business Days of such request and may include, but is not limited to, the legal business name and the registered business address of the Shipper or prospective Shipper and any Affiliates of the Shipper or prospective Shipper.

The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper (i) if the Shipper or prospective Shipper fails to provide the requested information to the Carrier in accordance with this Rule 165(a) within the time periods set forth herein; (ii) if the Carrier reasonably determines that any of the information provided is false; or, (iii) if the Carrier's review of the requested information reveals that the existing or prospective Shipper may not have the capacity to perform the financial obligations that could arise from the transportation of that Shipper's Crude Petroleum under the terms of this tariff, including but not limited to the payment of transportation charges and the reasonably determined value of the Allowance Oil and negative Shipper's balance positions.

- B. Subject to the provisions of paragraph (c) below, the Carrier upon notice to the prospective or existing Shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier to be provided at the expense of the Shipper:
1. prepayment;
  2. a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to the Carrier in a form and from an institution acceptable to Carrier;
  3. a guaranty in an amount sufficient to ensure payment of all such costs and charges that could reasonably accrue due to the Carrier, in a form and from a third party acceptable to Carrier; or
  4. such other enforceable collateral security including but not limited to security agreements over assets of the Shipper, in a form acceptable to the Carrier, collectively "the Financial Assurances".
- C. In the event that the Carrier reasonably determines that:
1. the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory;

2. any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of the Shipper's obligations that could arise from the transportation of its Crude Petroleum under the terms of this tariff; or
3. the Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Shipper,

then the Shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum by the Carrier.

For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum, those charges and costs shall include but are not limited to transportation charges, negative Shipper's balance positions and the Allowance Oil. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver the Financial Assurances to Carrier.

**Rule 170. Released Capacity**

From time to time, Carrier may lease certain unused capacity on its System to another carrier. Lessee may choose in an applicable transportation month to release all or a portion of such leased capacity, at its discretion, to Carrier to allow Carrier to fulfill any unmet Nominations for service on its System (the "Released Capacity"). Carrier shall allocate Released Capacity among Shippers in accordance with the terms of Rule 85. Any Released Capacity that was provided to Carrier by lessee in a month shall automatically revert back to lessee at the end of such transportation month and shall only become available for Carrier's use in a subsequent transportation month in accordance with the provisions of this Rule 170.

**Rule 175. Transfer of Shipment History**

Except as provided in this Rule 175, Shipper's history of shipments on the System may not be assigned, conveyed, loaned, or transferred to or used in any manner by another Shipper. Upon thirty (30) days' written notice to Carrier ("Transfer Request"), a Regular Shipper ("Transferor") may transfer its history of shipments on the System in the period of 13 months beginning 13 months prior to the effective date of the transfer ("Shipment History"), or a portion thereof, to a third party (the "Transferee"). Transferee must be a Shipper on Carrier's system. The Transfer Request must be in writing and must contain, at a minimum, the following information:

- (a) The names and contact information of Transferor and Transferee.
- (b) The portion of Transferor's Shipment History to be transferred to Transferee ("Transfer Volume").
- (c) The effective date of the transfer of such Transfer Volume. The effective date must be the first day of a calendar month, cannot be a date in the past, and shall not be less than thirty (30) days from the date Transferor provides Carrier with the Transfer Request.

Carrier, after receipt of the Transfer Request, will send notification via electronic mail or other appropriate method as selected by Carrier to Transferor and Transferee of (1) the Transfer Volume, which may be subject to prior period adjustments; and (2) to Transferor, the remaining Shipment History of Transferor; and (3) to Transferee, the new Shipment History of Transferee. If either Transferor or Transferee does not submit a revised Transfer Volume within twenty-four (24) hours of its receipt of such notification, the transfer of the Transfer Volume will be finalized. Once the transfer is finalized, Carrier shall be entitled to fully rely on, conform its records to, and allocate System capacity in accordance with the transfer. Any finalized



transfer of the Transfer Volume shall be irrevocable. The Transfer Volume may not be transferred more than once in any twelve (12)-month period, except by a Shipper that has a currently-effective volume commitment and/or transportation services agreement with Carrier in accordance with its applicable agreement or as an incident of the bona fide sale of all or substantially all of the Transferor's business or to a successor to the Transferor's business, or by the operation of law (such as by an executor or trustee in bankruptcy).

Carrier shall have the right to reject any request for transfer of shipment history under this Rule 175 if the Transferor or Transferee is not in compliance with the provisions of this Tariff at the time of the request. Transferor shall remain solely liable to Carrier for all fees and other charges Transferor has accrued under this Tariff and any other transportation agreement with Carrier prior to the transfer effective date. A transfer of Shipment History does not relieve the Transferor of any financial obligations.

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

**EXPLANATION OF REFERENCE MARKS:**

- [I] Increase
- [C] Cancel