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**Clayton Williams Pipeline LLC  
RULES AND REGULATIONS AND TARIFF**

Governing the Intrastate Pipeline Transportation of  
PETROLEUM CRUDE AND CONDENSATE

From:  
POINTS IN TEXAS

To:  
POINTS IN TEXAS

**GENERAL APPLICATION**

Rules and Regulation published herein apply only under tariffs that make specific reference by number to this tariff: such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over rules and regulations published herein.

EFFECTIVE: ~~May 18, 2020~~ July 1, 2020

Issued and Compiled by:  
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P-5 Identification Number: 611674

T-4 Permit Numbers: 08493 (Christopher Columbus Pipeline)

RULES OF GENERAL APPLICATION

Notwithstanding anything in the Railroad Commission of Texas rules to the contrary, Carrier will receive, transport, and deliver Product through its facilities only as provided in these Rules and Regulations or in succeeding reissues of these Rules and Regulations.

**1. Definitions:**

“Adequate Assurance of Performance” has the meaning set forth in Paragraph 10 of this tariff.

“Barrel” means forty-two (42) United States gallons of 231 cubic inches at sixty degrees Fahrenheit (60°F) and equilibrium vapor pressure.

“BPD” means Barrels per Day.

“Carrier” means Clayton Williams Pipeline LLC.

“Central Clock Time” or “CCT” means Central Standard Time or for Central Daylight Time, as applicable.

“Consignee” means the person or entity to whom the Shipper has ordered delivery of Product.

“Day” or “Daily” means a period commencing at 7:00 a.m. CCT on a calendar day and ending at 7:00 a.m. CCT on the next calendar day.

“Destination Point” means the point of interconnection where physical custody of Product is transferred from Carrier to the Consignee, such point being the point of interconnection between Carrier’s facilities and the Product receiving facilities to which Carrier’s facilities are connected as identified in Table 1 below.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, acts of terrorism, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, hurricanes, hurricane warnings, floods, high water, washouts, arrests and restraints of a governmental authority and people, civil disturbances, changes in applicable law, explosions, breakage or accident to wells, machinery or lines of pipe, freezing of wells, lines of pipe or equipment, and any other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension. Force Majeure may also include curtailment or interruption of deliveries, receipts or services by downstream pipelines as a result of an event of force majeure. Force Majeure shall include (a) in those instances where either Party is required to obtain servitudes, rights-of-way grants, permits or licenses to enable such Party to perform hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses, and (b) in those instances where either Party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental authority to enable

such Party to perform hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable costs and after the exercise of reasonable diligence, such materials and supplies, permits and permissions. Notwithstanding anything to the contrary set forth in this tariff, none of the following shall, under any circumstance, constitute a Force Majeure event: (x) the lack of financial resources, or the inability of a Party to secure funds or make payments as required by this tariff absent the other Party's breach of this tariff which has a material adverse effect on such Party; (y) adverse market, financial or other economic conditions including changes in market conditions that either directly or indirectly affect the demand for or price of crude oil; or (z) availability of more attractive markets or gathering, transportation or processing services for crude oil.

“Gathering System” means that portion of Carrier’s pipeline system, including all appurtenances thereto, related to the provision of gathering and transportation services provided by Carrier pursuant to this tariff.

“Linefill” means the quantity of Product required by Carrier needed to occupy the physical space in Carrier’s facilities to provide working stock and storage receptacle bottoms, if applicable, as determined by Carrier.

“Month” means a period commencing at 7:00 a.m. CCT on the first Day of a calendar month and ending at 7:00 a.m. CCT on the first Day of the next calendar month.

“Monthly Ratable Basis” means the delivery of Product throughout each Month in Daily quantities that are approximately equal to the volume of Product delivered during the Month divided by the number of Days in that Month.

“Nomination” means a written communication (in form and context specified by Carrier) made by a Shipper to Carrier of a quantity of Product for transportation on the pipeline system in accordance with the terms of this tariff.

“Origin Point” means the point where physical custody of Product is transferred from Shipper to Carrier, such point being the inlet delivery connection to Carrier’s facilities where Product from an originating facility or an interconnected pipeline is injected into Carrier’s facilities as identified in Table 1 below.

“Product(s)” means petroleum crude and condensate that meets the Product Specifications set forth in Paragraph 5 of this tariff.

“Product Specifications” has the meaning set forth in Paragraph 5 of this tariff.

“Shipper” means a party who ships Product under the terms of this tariff.

“System Capacity” means the operational capacity of the pipeline system at any applicable point in time.

“Year” means a period of three hundred sixty-five (365) consecutive Days, except for any Year that involves a leap year, which will consist of three hundred sixty-six (366) consecutive Days.

**2. Certificate:**

Carrier reserves the right to require Shipper to furnish a certificate by a licensed petroleum inspector confirming the quality and specifications of the Product tendered for transportation hereunder.

**3. Nominations:**

Shippers desiring to transport Product shall furnish a Nomination to Carrier on a form supplied by Carrier specifying Origin Point, Destination Point, and quantity. All such forms shall be submitted in writing on or before 5PM CCT of the twenty fifth (25th) day of the Month preceding the Month during which transportation of the Product under the nomination is to begin. If Shipper does not furnish such notice prior to the requested movement date, Carrier shall be under no obligation to accept Product for transportation. All Product accepted for transportation will be transported at such time and in such quantity as scheduled by Carrier.

**4. Facilities at Origin and Destinations:**

Carrier will provide only such facilities at the Origin Points or Destination Points that Carrier considers necessary for operation of the pipeline. Product will be accepted for transportation only when Shipper has provided facilities at the applicable Origin Points that conform to the operating requirements of Carrier, in Carrier’s sole discretion.

**5. Product Specifications:**

Carrier is engaged in the transportation of Product as herein defined and will not accept any other commodity for transportation under this tariff.

Carrier reserves the right to refuse to accept any Product for transportation service that does not conform to Carrier’s Product Specifications or meet the specifications of the applicable Destination Point. Carrier reserves the right to modify its Product Specifications from time to time. In the event Carrier makes modifications to its Product Specifications, Carrier will provide Shippers with notice of such modifications and provide a copy of, or access to, the modified Product Specifications. As a prerequisite to transportation service, Shipper’s Product must also conform to its nominated Destination Point specifications.

If Product received by Carrier does not conform to the Product Specifications, Carrier reserves the right to bill and Shipper shall pay the reasonable costs and expenses incurred to treat or otherwise dispose of all contaminated Product including without limitation any penalties or charges incurred by Carrier as a result of such contamination.

Except and to the extent Carrier knowingly accepts Product from Shipper that does not conform to the Carrier’s Product Specifications or meet the specifications of the applicable Destination

Point, Shipper shall be liable for and shall release, defend, indemnify, and hold Carrier harmless from and against any and all claims, actions, suits, losses, demands, costs, and expenses, (including attorneys' fees and costs of repairing, inspecting, cleaning, and decontaminating the facilities of Carrier or third parties) of every kind, nature, or description resulting from any Product that Shipper has delivered into Carrier's facilities that fails to meet the Product Specifications.

The "Product Specifications" shall be as follows:

<b>QUALITY PARAMETER</b>	<b>UNITS</b>	<b>MINIMUM</b>	<b>MAXIMUM</b>
API Gravity (60 °F)	Deg. API		<44.9
Sulfur Content	Weight %		<0.4
Reid Vapor Pressure	PSIA		9.5
Basic Sediment & Water	% of Volume		<1.0%

On test methods: The most recent year's revisions for the procedures as set forth in the ASTM International standard test procedures will be used.

Carrier at its sole cost and expense will measure or cause to be measured the Product tendered at each Origin Point and Destination Point in each case as provided pursuant to measurement procedures that shall be available upon request.

**6. Storage:**

Only storage necessarily incident to transportation will be provided by Carrier. Upon delivery of Product into Carrier's working tankage, title to such Product in Carrier's working tankage shall remain with Shipper and not with Carrier.

**7. System Losses and Loss Adjustments:**

Quantities of Product will be adjusted at the Destination Point to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, measurement, interface losses, and other physical losses not due to the negligence of Carrier. In the event any such loss or gain occurs in Product received for transportation from two or more Shippers, the loss or gain will be allocated among Shippers in the proportion that each Shipper's Product bears to the total number of Barrels received. Shipper is solely responsible for, and shall bear the physical and economic consequences of all such losses.

**8. Integrity of Product:**

Carrier will use its best efforts to transport Product to the specified Destination Point with a minimum of contamination. Carrier may commingle Product received for transportation and reserves the right at any time to substitute and deliver a Product of the same Specification as the Product tendered by Shipper. Product will be accepted for transportation service only on the condition that it shall be subject to such changes in characteristics while in transit, as may result

from the mixture with other Product. Carrier shall be under no obligation to make delivery of the identical Product but may make delivery out of the common stream and Shippers will be required to accept such delivery at the specified Destination Point. For pipeline protection, Carrier may inject corrosion inhibitor in the Product to be transported, and Shipper will accept delivery of Product at the specified Destination Point containing the corrosion inhibitor. Notwithstanding the foregoing, Carrier shall not inject any corrosion inhibitor in the Product that will cause the Product to fail to satisfy the quality specifications of any downstream interconnecting pipelines.

**9. Title to Product, Possession, Control, and Risk of Loss:**

- a. Title. Title to the Product tendered by Shipper to Carrier for transportation on the pipeline will remain with Shipper.
- b. Possession, Control and Risk of Loss. Shipper shall be deemed to be in exclusive possession and control of all Product for which services are provided hereunder upstream of the Origin Point and at and downstream of the Destination Point. Carrier shall be deemed to be in exclusive possession and control of all Product at and downstream of the Origin Point and upstream of the Destination Point. Risk of loss for all Product for which services are provided hereunder shall pass from Shipper to Carrier and back to Shipper in the manner outlined in the prior sentence; provided that, Carrier's risk of loss does not apply to the extent provided in Paragraph 7 above.

**10. Payment for Transportation and Lien:**

Carrier shall bill Shipper each Month for all transportation charges and other charges due hereunder based upon volumes received by Carrier from Shipper. Shipper shall pay for transportation charges and all other lawful charges accruing on Product accepted in accordance with Carrier's then current payment policies and procedures at the rates published herein.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Product be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.

If any amounts owed by Shipper are not paid by the due date stated on the invoice, Carrier shall have the right to assess a finance charge on the entire past due balance until paid in full at the rate equal to the lesser of (i) the prime rate per annum plus two percent (2%), with the prime rate being the then effective prime rate of interest published under "Money Rates" by The Wall Street Journal or (ii) the maximum interest rate allowed by law.

If Shipper fails to pay according to the provisions hereof or if Carrier has reasonable grounds for insecurity regarding the payment obligation of Shipper (including, without limitation, the occurrence of a material change in the creditworthiness of Shipper its guarantors) then Carrier may, singularly or in combination with any other rights it may have, and in its sole discretion, demand Adequate Assurance of Performance by the Shipper. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to Carrier, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a guaranty. Shipper hereby grants

to Carrier a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Shipper to Carrier pursuant a transportation services agreement, or any other agreement, between Shipper and Carrier. Upon the return by Carrier to Shipper of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party. In addition, Carrier reserves the right to set-off any amounts owing to Carrier against any monies owed by Carrier to Shipper or any of its affiliates under this tariff, a transportation services agreement, or under any other agreement, or against any Product of Shipper in Carrier's custody. In addition, Shipper shall pay all documented costs incurred by Carrier to collect any unpaid amounts, including reasonable attorneys' fees and costs incurred by Carrier.

Carrier shall have a lien on all Product in its possession belonging to Shipper and may withhold such Product from delivery until all unpaid charges shall have been paid. Such lien shall take effect at the Origin Point as Product is received into Carrier's pipeline. Such lien shall secure the payment of any and all charges and fees owed to Carrier by Shipper, including but not limited to penalties, interest, and late payment charges, whether or not incurred on the Product in Carrier's pipeline. Such lien shall be in addition to any and all other rights and remedies Carrier has at law or in equity.

If any charges or fees owed to Carrier by Shipper shall remain unpaid for ten (10) Days after the date set for payment in Carrier's invoice to Shipper or, in the absence of unpaid charges, when there shall be a failure to take redelivery of the Product at the Destination Point, Carrier shall have the right, in its sole discretion, to exercise either of the following two (2) options:

- a. Carrier may store Shipper's Product in its possession and use its reasonable efforts to sell the Product. From the sale proceeds, Carrier may pay itself all expenses of such sale, including storage costs, and the balance shall be held for whosoever may be entitled thereto; or
- b. In circumstances in which Carrier has no available storage facilities or other means of holding and maintaining Shipper's Product (whether caused by Shipper's failure to take redelivery or caused by exercise of Carrier's lien), Carrier may, without notice but in the most reasonable manner as is possible under the circumstance, dispose of Shipper's Product. If such disposal shall result in proceeds after payment of Carrier's charges and expenses, proceeds shall be held for whoever may be entitled thereto. If such disposal does not result in proceeds, Shipper shall remain liable for all charges due to Carrier and for all expenses incurred by Carrier.

**11. Application of Rates:**

Product transported shall be subject to the rates in effect on the date such Product is accepted for transportation by the Carrier as identified in this tariff and successive issues thereof as it may be revised from time to time by Carrier.

For Product accepted for transportation from any point on Carrier's line not named in a particular tariff which is intermediate to a point from which rates are published therein, through such unnamed point, Carrier will apply the rate published therein from the next more distant point specified in such tariff pending establishment of new rates.

**12. Liability of Carrier:**

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS TARIFF, AND EXCEPTING DAMAGES RESULTING FROM CARRIER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, CARRIER WILL NOT BE LIABLE TO A SHIPPER PURSUANT TO ANY INDEMNITY OR ANY OTHER PROVISION HEREOF FOR, AND SHIPPER HEREBY WAIVES, ANY AND ALL CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST BUSINESS OPPORTUNITIES, LOSS OF USE, OR OTHER BUSINESS INTERRUPTION DAMAGES), INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, OR SPECIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS TARIFF, REGARDLESS OF HOW CAUSED AND REGARDLESS OF THE THEORY OF RECOVERY (OTHER THAN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CARRIER), INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE (WHETHER SIMPLE, SOLE, JOINT, CONCURRENT, COMPARATIVE, CONTRIBUTORY, ACTIVE, PASSIVE, OR OTHERWISE), STRICT LIABILITY, STATUTORY LIABILITY, OR OTHER FAULT OF, OR THE BREACH OF THIS TARIFF, BY CARRIER.

Carrier shall not be liable for any loss of Product as described herein or damage thereto, or delay caused by an event of Force Majeure or default of Shipper or from any other cause not due to the negligence of Carrier ("Non-Routine Product Losses"). Non-Routine Product Losses shall be charged proportionately to each Shipper in the ratio that such shipment, or portion thereof, received and undelivered at the time of the loss or damage occurs, bears to the total of all shipments, or portions thereof, then in the custody of Carrier for shipment via the lines or other facilities in which the loss or damage occurs, provided that if such Non-Routine Product Losses are due to the default of a Shipper, such Shipper shall be responsible for all of such Non-Routine Product Losses. Shipper shall be entitled to receive only that portion of its shipment remaining after deducting its proportion of such loss or damage determined as aforesaid and shall be required to pay transportation charges only on the quantity delivered. Carrier will not be liable for discoloration, contamination, or deterioration of Product transported hereunder unless resulting from the negligence of Carrier, provided that Carrier shall be deemed negligent if the injection of corrosion inhibitors by Carrier causes any such discoloration, contamination, or deterioration of Product.

**13. Liability of Shipper:**

As a condition precedent to Carrier's acceptance of Product for transportation under this tariff: each Shipper agrees to release, defend, indemnify and hold Carrier harmless from any loss, claims, or damages (including but not limited to consequential damages and attorneys' fees and costs) for injury or death of any person and for damage to property of Carrier, Shipper, Consignee, and/or third party resulting from or arising out of (1) any material breach of any provision of this tariff by Shipper, its Consignee, its agents, employees, or representatives; (2) the negligence of Shipper,



its Consignee, its agents, employees, or representatives; (3) the injection of contaminants of any kind by Shipper, its Consignee(s) or consignors, its agents, employees, or representatives into the Carrier's pipeline; and/or (4) failure of Shipper's Product delivered or accepted for transportation to meet Carrier's Product Specifications or the specifications of the Destination Point, as applicable.

**14. Linefill Requirements:**

Shipper shall provide its share of initial Linefill sufficient for the operation of Carrier's pipeline system.

**15. Pipeage Contracts Required:**

A proposed Shipper may be required to execute a separate pipeage contract covering further details of the transportation before any duty of transportation shall arise.

Connections to Carrier's system will only be considered if made by formal written application to Carrier in the form required by Carrier. Acceptance of any request for connection will be subject to compliance with governmental regulations and approval of Carrier.

**16. Pipeline Proration Procedures:**

If the capacity on the Gathering System is insufficient to satisfy the monthly nominations of all Shippers, the nominations submitted by Shippers shall be reduced pro rata.

**17. Claims Time For Filing**

As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine months after delivery or shipment, or, in case of failure to make delivery, then within nine months after a reasonable time for delivery has elapsed. Suits for loss or damage may be instituted only within two (2) years and (1) day after delivery of the property, or in the case of failure to make delivery, then within two (2) years and (1) day after a reasonable time for delivery has elapsed; provided, however, that where claims have been duly filed with Carrier, suit must be brought within (2) years and (1) day after notice in writing is given by Carrier to the claimant that Carrier has disallowed a claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid and Carrier will not be liable.

**18. Delivery Point Facilities & Acceptance of Delivery**

Carrier will deliver Product to Shipper or Shipper's Consignee at the Destination Point. Shipper is responsible for arranging adequate facilities and services to receive and take the Product away from the applicable Destination Point. Shipper will be solely responsible for any additional tariffs, costs or charges imposed on Product after delivery by Carrier at the Destination Point.

After a Shipper's shipment has had time to arrive at the delivery point within the Destination, and on twenty four (24) hours' notice to Shipper or Consignee, Carrier may begin delivery of such shipment to Shipper or Consignee at its current rate of pumping. If all of such shipment cannot be received by Shipper or Consignee, a demurrage charge of one-half (½) cent per Barrel per twenty-four (24) hours shall be assessed to the Shipper and continue to accrue from the time said notice expires on that part of such shipment which has not then been received by Shipper or Consignee until the applicable Product has been delivered out of the Gathering System.

In addition, if Shipper is not able to receive from Carrier at the Destination Point, the entirety of Shipper's Product at the time when Carrier has scheduled a delivery of such Product, Carrier shall have the immediate right to sell such Product to the first available purchaser at the best price reasonably obtainable (Carrier or its affiliates may be a purchaser at such sale); to use the proceeds thereof to pay Carrier all charges and other costs or expenses due by Shipper under the applicable tariffs for the transportation and disposal of such Product; and to pay the balance of such proceeds to Shipper, unless conflicting claims for such remaining proceeds have been received by Carrier in which case Carrier shall be entitled to hold the balance of such proceeds for whomsoever may be entitled thereto.

**19. Charge for Fund Compensation**

In addition to all other charges accruing on Product accepted for transportation, 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 act, regulation or agency for the purpose of providing a fund for the reimbursement of parties who sustain costs or losses resulting from oil pipeline industry operations. Such charge will be included in the appropriate tariff filed with the Texas Railroad Commission.

**20. Carrier's Remedies**

The transportation of Product may be refused or terminated if Carrier determines that the Product does not meet the requirements established herein. In addition, Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice or liability to return, divert, sell or dispose of Product that does not conform to the provisions of the applicable tariffs. Shipper shall reimburse Carrier for all costs and expenses incurred by Carrier in returning or otherwise disposing of such non-conforming Product.

**21. Rates:**

**Table 1:**

**Rates in Cents per Barrel of 42 US Gallons**

Origin Point	Destination	Shipper Status	Rate
Points in Reeves County, TX	Perry Ranch Station	Regular	[I] 239.21

**RAILROAD COMMISSION OF TEXAS PROVISIONS**

The following Railroad Commission of Texas Tariff Requirements must be printed and included in a pipeline tariff in accordance with 16 Texas Administrative Code § 3.71(20). To the extent that any matter in these Texas Tariff Requirements is addressed with greater specificity in the foregoing Rules of General Application, such Rules of General Application shall govern the rights and obligations of Carrier and Shipper hereunder.

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

- (6) Identity of oil and 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 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.
- (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 (reference Special Order Number 20-63,098 effective June 18, 1973).

(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 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.
- (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 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.
- (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 apportionate.
- (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, lightning, and leakage.

(A) Each pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. Each pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. Each pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.

(B) No risk of fire, storm, flood, or act of God, and no risk resulting from riots, insurrection, rebellion, war, or act of the public enemy, or from quarantine or authority of law or any order, requisition or necessity of the government of the United States in time of war, shall be borne by a pipeline, nor shall any liability accrue to it from any damage thereby occasioned. If loss of any crude oil from any such causes occurs after the oil has been received for transportation, and before it has been delivered to the consignee, the shipper shall bear a loss in such proportion as the amount of his shipment is to all of the oil held in transportation by the pipeline at the time of such loss, and the shipper shall be entitled to have delivered only such portion of his shipment as may remain after a deduction of his due proportion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This section shall not apply if the loss occurs because of negligence of the pipeline.

(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.

**No. 1.2**  
**Cancels 1.1**

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.