

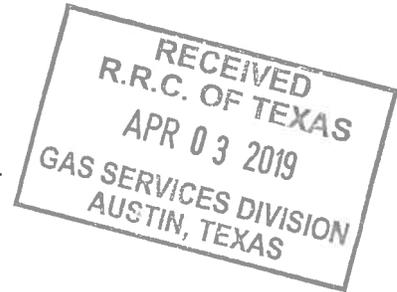
Operator: Calumet San Antonio Refining, LLC  
P-5 ID No. 126096  
T-4 Permit No. 08441

Tariff No. 1.0.0

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# CALUMET SAN ANTONIO REFINING, LLC

LOCAL TARIFF  
CONTAINING  
**RULES AND REGULATIONS**  
GOVERNING THE TRANSPORTATION OF  
CRUDE PETROLEUM  
BY PIPELINE  
WITHIN THE STATE OF TEXAS



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Carrier will accept and transport Crude Petroleum offered for transportation through Carrier's Pipeline only as provided in this Rules and Regulations Tariff.

This Tariff shall apply only to those tariffs which specifically incorporate this Tariff by reference; such reference includes supplements to this Tariff and successive issues hereof.

The tariff and rules and regulations published herein, including any amendments and supplements from time-to-time, are subject to all valid laws, rules, regulations, and orders of any authority having jurisdiction, including the Railroad Commission of Texas, and in the event of any conflict shall be considered modified as necessary to conform to such laws, rules, regulations, and orders.

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Operated Under T-4 Permit No. 08441

TX RRC P-5 No. 126096

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**EFFECTIVE: APRIL 2, 2019**

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**SECTION 1**  
**RULES AND REGULATIONS OF RAILROAD COMMISSION OF TEXAS**  
**OIL AND GAS RULE §3.71, PIPELINE TARIFFS**

The following nineteen (1-19) rules are reprinted here pursuant to the requirements of the Railroad Commission of Texas Title 16 Part 1 Chapter 3 Rule §3.71. The Rules and Regulations set forth in this Section 1 are subject to the Rules and Regulations contained in Section 2.

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 carrier shall be subject to and governed by the following provisions, common carriers specified in this section shall be referred to as "pipelines," and the owners or shippers of crude petroleum by pipelines shall be referred to as "shippers."

**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 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 Railroad Commission of Texas (the "commission") may require. (Supplemented by Rule 24)

**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 (90° F), except that during the summer oil shall be received at any atmospheric temperature, and may be delivered at like temperature. Consignee shall have the same right to test the oil upon delivery at destination that the pipeline has to test before receiving from the shipper. (Supplemented by Rules 24 and 32)

**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 (60° F).

**Rule 4. Oil Involved in Litigation, Etc.-- Indemnity Against Loss.**

When any oil offered for transportation is involved in litigation, or the ownership is in dispute, or when the oil appears to be encumbered by lien or charge of any kind, the pipeline may require of shippers an indemnity bond to protect it against all loss. (Supplemented by Rule 39)

**Rule 5. Storage.**

The pipeline shall provide, without additional charge, sufficient storage, such as is incident and necessary to the transportation of oil, including storage at destination or so near thereto as to be available for prompt delivery to destination point, for five days from the date of order of delivery at destination. (Supplemented by Rule 41)

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

The pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value. (Supplemented by Rule 40)

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

The 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. (Supplemented by Rule 27)

**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). (Supplemented by Rule 32)**

- A. Except as provided in subparagraph (B) of this Rule, 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 Rule, 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 (60° F) and to the nearest 5/10 API degree gravity in accordance with the volume correction Tables 5A and 6A contained in API Standard 2540. American Society for Testing Materials 01250, Institute of Petroleum 200, first edition, August, 1980. 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.

**Rule 10. Delivery and Demurrage.**

The pipeline shall transport oil with reasonable diligence, considering the quality of the oil, the distance of transportation, and other material elements, but at any time after receipt of a consignment of oil, upon 24 hours' notice to the consignee, may offer oil for delivery from its common stock at the point of destination, conformable to Rule 6 of this section, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in Rule 5 of this section) shall begin at the expiration of such notice. At the expiration of the time allowed in Rule 5 of this section for storage at destination, the pipeline may assess a demurrage charge on oil offered for delivery and remaining undelivered, at a rate for the first 10 days of \$.001 per barrel; and thereafter at a rate of \$.0075 per barrel, for each day of 24 hours or fractional part thereof. (Supplemented by Rule 34)

**Rule 11. Unpaid Charges, Lien for and Sale to Cover.**

The pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than 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. (Supplemented by Rule 31)

**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. (Supplemented by Rule 44)

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

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

**Rule 14. Contracts of Transportation.**

When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation. (Supplemented by Rule 33)

**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. (Supplemented by Rule 32)

**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 apportionment. (Supplemented by Rule 36)

**Rule 17. Interchange of Tonnage.**

Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the commission finds that a necessity exists for connection, and under such regulations as said commission may determine in each case.

**Rule 18. Receipt and Delivery -- Necessary Facilities for.**

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

**Rule 19. Reports of Loss from Fires, Lightning, and Leakage.**

- A. The pipeline shall immediately notify the commission district office, electronically or by telephone, of each fire that occurs at any oil tank owned or controlled by the pipeline, or of any tank struck by lightning. The pipeline shall in like manner report each break or leak in any of its tanks or pipelines from which more than five barrels escape. The pipeline shall file the required information with the commission in accordance with the appropriate commission form within 30 days from the date of the spill or leak.
- B. No risk of 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 carrier pipelines shall mail (return receipt requested) or hand deliver to landowners (persons who have legal title to the property in question) and residents (persons whose mailing address is the property in question) of land upon which a spill or leak has occurred, all spill or leak reports required by the commission for that particular spill or leak within 30 days of filing the

required reports with the commission. Registration with the commission by landowners and residents for the purpose of receiving spill or leak reports shall be required every five years, with renewal registration starting January 1, 1999. If a landowner or resident is not registered with the commission, the common carrier is not required to furnish such reports to the resident or landowner.

## SECTION 2

### Rules and Regulations

The Rules and Regulations set forth in this Section 2 shall control over any contrary provisions in the Rules and Regulations stated in Section 1.

#### Rule 20. Definitions.

As used in this Tariff, the following terms have the following meanings:

**"Affiliate"** means any Person that, directly or indirectly: (i) controls a Party; (ii) is controlled by a Party; or (iii) is under common control with a Party; it being understood and agreed that for purposes of this definition the terms "control," "controls" and "controlled by" shall mean the power to direct or cause the direction of the management and policies of another Person whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes the ownership of shares or equity interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly, as contemplated above.

**"API"** means American Petroleum Institute.

**"API MPMS"** means the API Manual of Petroleum Measurement Standards.

**"ASTM"** means American Society for Testing and Materials.

**"Barrel"** means 42 United States gallons at sixty degrees Fahrenheit (60° F).

**"Business Day"** means any day other than Saturday, Sunday, and any other day when banks are closed for business in Texas.

**"Carrier"** means Calumet San Antonio Refining, LLC.

**"Commitment Payments"** means those payments which a Committed Shipper is obligated to pay pursuant to the applicable Throughput and Deficiency Agreement.

**"Committed Shipper"** means (i) a Shipper that has contracted for transportation of a Committed Volume under a TSA.

**"Committed Volume"** means, with respect to a Committed Shipper that is party to a TSA, the minimum daily volume of Crude Petroleum set out in the Committed Shipper's TSA.

**"Compliance Costs"** as herein used means all actual documented incremental expenses and costs, including capital expenditures, incurred and paid by Carrier as a result of any Change in Law, but excluding any and all costs or expenses (including fines or penalties) that are levied against or incurred by Carrier specifically as a result of Carrier's violation or non-compliance with applicable Law.

**“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 to whom a Shipper has ordered the Delivery of Crude Petroleum.

**“Crude Petroleum”** means the direct liquid product of oil wells or a mixture of the direct product of oil wells and the indirect petroleum products resulting either from refining crude oil or the operation of gasoline recovery plants, gas recycling plants, or distillate recovery equipment in gas and distillate fields, or products broken out during the normal production or processing of natural gas and meeting the specifications referenced in Rule 23.

**“Day”** as herein used means a period of twenty-four (24) hours, commencing at 7:00 a.m., Central Standard Time, on a calendar day and ending at 7:00 a.m., Central Standard Time, on the next succeeding calendar day.

**“Delivery Point(s)”** means outlet flange of the Pipeline where the Crude Petroleum is delivered by Carrier into Shipper's storage, at the point of interconnection between the outlet flange from the Pipeline and the inlet flange of such storage near the custody meter at the Calumet San Antonio Refinery or any other mutually agreeable delivery point(s).

**“Delivery”** and any derivative thereof, as herein used means delivered by Carrier to Shipper or Consignee at the Delivery Point.

**“Excess Committed Shipper Nominations”** means any nominations by Committed Shippers in excess of its Committed Volume. Any Excess Committed Shipper Nominations shall be treated as an Uncommitted Volume.

**“Financial Assurances”** has the meaning set forth in Rule 39 below.

**“Force Majeure”** means any event or act not reasonably within the control of a Party which precludes the Party from performing its obligations (other than the obligation to make payments), including, but not by way of limitation, any of the following events: acts of God; acts or delays of any Governmental Authority; compliance with rules, regulations or orders of any Governmental Authority; strikes, lockouts or other industrial disturbances; acts of the public enemy, acts of terrorism, wars, blockades, insurrections, riots, and civil disturbances; epidemics; landslides, lightning, earthquakes, fires, extreme temperatures, storms, hurricanes, floods, or other adverse weather conditions; freezing of wells or lines of pipes; washouts; arrests and restraint of rulers and people; explosions, breakage or accident to machinery or lines of pipes; requisitions, directives, diversions, embargoes, priorities or expropriations of Governmental Authorities, legal or de facto, whether purporting to act under some applicable Law; failure of pipelines or other carriers to transport or furnish facilities for transportation; failures, disruptions, or breakdowns of machinery or of facilities for production, manufacture, transportation, distribution, processing or consumption (including, but not by way of limitation, the Pipeline); the necessity for making repairs, alterations, enlargements or connections to, or performing maintenance on, machinery or facilities of production, manufacture, transportation, distribution, processing or consumption (including, but not by way of limitation, the Pipeline); inability to secure or delays in securing rights of way and permits; transportation embargoes or failures or delays in transportation or poor road conditions; any partial or entire failure of Crude Petroleum supply, and, without limitation by enumeration, any cause or causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of an entity.

**“Governmental Authority”** means any federal, state, or local government or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government or any other authority, agency, department, board, commission, or instrumentality of the United States, any state of the United States, or any political subdivision thereof,

whether civil or military, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any governmental or non-governmental self-regulatory organization, agency, or authority.

**"Hazardous Waste"** means any material defined as hazardous waste under any environmental, health, or safety Law, including the Resources Conservation and Recovery Act of 1976.

**"Law"** shall mean any applicable federal, state, local, municipal or other administrative order, constitution, ordinance, law, decree, directive, injunction, order, permit, requirement, statute, regulation, rule, or code issued or promulgated by a Governmental Authority.

**"Minimum Volume Requirement"** means 2,000 barrels per day.

**"Monthly Committed Volume"** means the Committed Volume multiplied by the number of days in the relevant month (or partial month).

**"Nomination"** means a request by a Shipper to Carrier, to accept a stated quantity and grade of Crude Petroleum for transportation from a specified Receipt Point to a specified Delivery Point in accordance with this Tariff.

**"Person"** means an individual, firm, corporation, trust, partnership, limited liability company, association, joint venture, other business enterprise or Governmental Authority.

**"Pipeline"** means the Crude Petroleum transportation pipeline system of Calumet San Antonio Refining, LLC, located in Texas.

**"PSIA"** means pounds per square inch absolute.

**"Receipt"** or any derivative thereof as used herein means the Carrier's act of taking possession of Crude Petroleum from Shipper or Consignor at the Receipt Point.

**"Receipt Point"** means the location of the Receipt of Crude Petroleum by Carrier or Consignor, which shall be identified in writing under the applicable TSA.

**"Reid Vapor Pressure"** is the absolute vapor pressure exerted by a liquid at 100° F (37.8°C), as determined by the test method ASTM-D-323.

**"Security Amount"** means an amount equal to the sum of costs and charges that could reasonably accrue to Carrier for three months of service under a TSA as calculated by Carrier.

**"Services"** means the Receipt of Crude Petroleum for a Shipper's account from a Receipt Point, the transportation of that Crude Petroleum on the Pipeline and the Delivery of such Crude Petroleum to a Delivery Point.

**"Shipper"** means a party, including a Committed Shipper, for whom transportation services are provided under the terms of this Tariff.

**"Tariff"** means this Tariff containing the Rules and Regulations Applicable to the Intrastate Transportation by Pipeline of Crude Petroleum, as well as the Tariff Containing the Rates Applicable to the Intrastate Transportation by Pipeline of Crude Petroleum.

**"TSA"** means a transportation services agreement executed by a Shipper with respect to the Pipeline.

**"Uncommitted Shipper"** means any Shipper that is not a Committed Shipper.

“Uncommitted Volume” means the volume of Crude Petroleum Nominated by an Uncommitted Shipper.

“Working Day” means Monday, Tuesday, Wednesday, Thursday, or Friday of a calendar week, except when a Federal holiday falls on such day of the week.

“Working Stock” means the amount of Crude Petroleum required to maintain a full Pipeline at the minimum operating requirement thereof, as determined by Carrier.

“Working Stock Shortfall” means difference between the pro rata share of Working Stock requested by Carrier from a Shipper and the amount of Working Stock volumes actually supplied by that Shipper.

**Rule 21. Commodity.**

This Tariff applies only to the transportation of Crude Petroleum by the Carrier and no commodity other than Crude Petroleum will be transported under this Tariff unless the Carrier provides its consent in writing.

**Rule 22. Acceptance of Crude Petroleum.**

After Shipper has requested a TSA and after Carrier has determined that Shipper is creditworthy or has received acceptable Financial Assurances, Shipper and Carrier may enter into a TSA, which will incorporate by reference this Tariff. Neither Shipper nor Carrier will have any obligations to one another until authorized representatives of both Carrier and Shipper have executed a TSA.

Subject to the further provisions of this Tariff, the Carrier will only accept Crude Petroleum for transportation on the Pipeline: (i) that will originate on the Pipeline at a Receipt Point specified in the TSA and; (ii) when the party taking Delivery of the Crude Petroleum has been specified in writing to the Carrier.

The Carrier reserves the right to reject any and all Crude Petroleum Nominated where the Shipper has failed to comply with all applicable Laws made by any Governmental Authorities regulating shipments of Crude Petroleum.

**Rule 23. Destination Facilities Required.**

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

**Rule 24. Specifications as to Quality.**

- A. A Shipper shall not deliver to the Carrier and the Carrier shall not be obligated to accept Crude Petroleum where:
  - (i) The Crude Petroleum contains more than one percent (1%) of basic sediment, water, and other impurities, unless, as determined by Carrier, acceptance of Crude Petroleum containing more than one percent (1%) of basic sediment, water, and other impurities is required by operating conditions;
  - (ii) The Crude Petroleum has a sulfur content that exceeds 5,000 parts per million;

- (iii) The gravity of the Crude Petroleum is less than forty-five degrees (45°) API gravity or greater than fifty-eight degrees (58°) API gravity;
- (iv) The Crude Petroleum contains organic chlorides;
- (v) The Crude Petroleum contains Hazardous Waste;
- (vi) The Reid Vapor Pressure of the Crude Petroleum exceeds ten (10.0) PSIA;
- (vii) The Crude Petroleum contains any other excessive metals, chemicals, salts, refinery or chemical plant process or by-product materials, or any other material which may adversely affect the refining process, as determined by Carrier; or
- (viii) Crude Petroleum has failed to comply with all applicable Law or rules and regulations made by any Governmental Authorities regulating shipments of Crude Petroleum.

Notwithstanding the preceding, Carrier may waive any of the requirements in Rule 24(A)(i)-(vii) on a non-discriminatory basis. In such cases, 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.

- B. A Shipper shall, as required by the Carrier, provide to the Carrier a certificate with respect to the specifications of Crude Petroleum to be received by the Carrier from such Shipper. If a Shipper fails to provide the Carrier with such certificate, then the Carrier shall not be obligated to accept the Shipper's Crude Petroleum. The Carrier reserves the right to sample and/or test any such shipment prior to acceptance or during Receipt, and in the event of variance between the Shipper's certificate and the Carrier's test, the latter shall prevail.
- C. If the Carrier determines that a Shipper does not comply with the provisions of paragraph A of Rule 24 of this Tariff, then such Shipper shall remove its Crude Petroleum from the facilities of the Carrier as directed by the Carrier and if Shipper fails to do so by the date and time directed by the Carrier, the Carrier shall have the right, at its sole discretion, to any remedy available, including but not limited to the right without notice of liability to return, divert, sell or dispose of such Crude Petroleum. The Shipper shall reimburse the Carrier for all costs and expenses incurred by the Carrier in returning or otherwise disposing of such non-conforming Crude Petroleum.
- D. If, upon investigation, the Carrier determines that the Shipper has delivered to the Carrier's Pipeline Crude Petroleum that has contaminated the common fungible stream, rendering all or a portion of the fungible Crude Petroleum stream contaminated, the Carrier reserves the right to treat or otherwise dispose of all contaminated Crude Petroleum in any reasonable commercial manner at Shipper's sole expense.

#### **Rule 25. Additives.**

Crude Petroleum shall be free of any additives and inhibitors, including drag reducing agents other than paraffin additives, unless expressly approved by Carrier on a nondiscriminatory basis.

#### **Rule 26. Crude Petroleum Subject to Dispute, Liens, or Charges; Warranty of Title.**

Carrier will reject any Crude Petroleum which, when nominated for transportation, may be involved in litigation, or the title of which may be in dispute, or which may be encumbered by lien or charge of any

kind unless the Shipper provides documentary evidence of the Shipper's unencumbered title or satisfactory indemnity bond to protect Carrier. By nominating Crude Petroleum, the Shipper warrants and guarantees that it owns or controls, has the right to deliver or have delivered for its account, such Crude Petroleum, and agrees to defend, indemnify, and hold Carrier harmless for any and all loss, cost, liability, damage, and/or expense resulting from failure of ownership or control thereto, provided that acceptance for transportation by Carrier shall not be deemed: (a) a representation by Carrier as to ownership or control or (b) a waiver of Carrier's rights hereunder.

**Rule 27. Nominations and Quantities Accepted.**

- A. Crude Petroleum will be transported by Carrier only under a Nomination accepted by Carrier. Any Shipper desiring to tender Crude Petroleum for transportation shall make such Nomination to Carrier in writing on or before 4:15 PM central standard time, the last Working Day prior to the 20<sup>th</sup> day of the month preceding the month during which the transportation under the Nomination is to begin; except that, if space is available for current movement and at the reasonable discretion of Carrier, a Shipper may submit a Nomination after such 4:15 PM central standard time deadline.
- B. Nominations for the transportation of Crude Petroleum for which Carrier has facilities will be accepted under the Tariff in quantities of not less than the Minimum Volume Requirement of 2,000 barrels per day from each Shipper as operations permit, and provided such Crude Petroleum is of similar quality and characteristics as is being transported from Receipt Points to Delivery Points.
- C. Before Carrier will accept a Nomination from a Shipper, such Shipper must: (i) demonstrate adequate Financial Assurance in compliance with Rule 40; (ii) demonstrate that it has obtained sufficient facilities for the Delivery of Crude Petroleum in compliance with Rule 23; and (iii) provide any other information reasonably requested by Carrier.
- D. A Shipper shall, upon notice from the Carrier, provide written third party in support of such Shipper's Nomination to satisfy Carrier that Nominations are made in good faith; and to satisfy Carrier that shipments can be transported in conformance with Carrier's Tariffs. The Carrier shall not be obligated to accept a Shipper's Crude Petroleum where such verification is, in the sole discretion of the Carrier, unacceptable to the Carrier.
- E. During any month in which in which the Pipeline is under prorating in accordance with Rule 36, any Person that is not a current Shipper on the Pipeline and is seeking approved Shipper status with the Carrier shall be required, as a condition to such approved status, to certify to the Carrier that the applicant is not an Affiliate of any existing Shipper on the Pipeline

**Rule 28. Working Stock**

- A. Prior to receiving Delivery of Crude Petroleum from the Carrier at the Delivery Point, each Shipper may be required to supply a pro rata share of the Working Stock necessary for Pipeline and tankage fill to ensure efficient operation of Carrier's Pipeline. 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 Pipeline, and (2) Shipper balances have been reconciled between Shipper and Carrier. Carrier may require advance payment of transportation charges on the volumes to be cleared from Carrier's Pipeline, 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.

- B. In the event Shipper fails to supply the Working Stock volumes as requested by the Carrier in 28(A) which creates a Working Stock Shortfall, the Carrier may:
- (i) require Shipper to provide the necessary volume to meet its pro rata portion of such volume of Crude Petroleum.
  - (ii) obtain Crude Petroleum in an amount equal to the Working Stock Shortfall on such Shipper's behalf, and such Shipper shall pay for all charges incurred by the Carrier to obtain such Crude Petroleum upon receipt of the Carrier's invoice therefor.

**Rule 29. Committed Shipper Nominations.**

- A. In the event a Committed Shipper fails to Nominate and deliver to Carrier a volume of Crude Petroleum equal to or greater than its Monthly Committed Volume, it shall nevertheless pay to the Carrier the Commitment Payment in accordance with the TSA.
- B. Whether Nominations and Crude Petroleum supplied by a Shipper to Carrier meet Monthly Committed Volume requirements will be determined based on quantities Received by Carrier at the Receipt Point.

**Rule 30. Rules and Rates Applicable.**

The rates which shall apply to the transportation of Crude Petroleum shall be the rates in effect on the date Crude Petroleum is received by the Carrier. Likewise, the rules and regulations which shall govern the transportation of Crude Petroleum shall be the rules and regulations in effect on the date Crude Petroleum is received by Carrier.

**Rule 31. Payment of Rates and Lien for Unpaid Charges.**

- A. A Shipper shall pay all charges and costs as provided in this Tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Crude Petroleum by the Carrier. The Carrier will issue an invoice respecting such charges and costs by the 15th day of the month following the month of Receipt, and Shipper shall pay such invoiced charges and costs by the 25th day of the same month. If the 25th day of the month is not a Business Day, Shipper payment shall be due on the preceding Business Day. The Shipper shall pay such charges and costs based on Receipts into the Pipeline.
- B. The Carrier shall have a lien on all of Shipper's Crude Petroleum that is in the custody of the Carrier to secure the payment of all charges and costs as provided for or referenced in this Tariff due to the Carrier relating to the transportation of the Shipper's Crude Petroleum by the Carrier. The Carrier may withhold the Shipper's Crude Petroleum from Delivery and may exercise any other rights and remedies provided at Law or by contract, until all such charges and costs have been paid.
- C. If charges for the transportation of a Shipper's Crude Petroleum remain unpaid for ten (10) Business Days after the date upon which such amounts are due pursuant to Rule 31(A) above, then the Carrier shall have the right to
- (i) assess a late charge at an annual interest rate equivalent to one hundred twenty-five percent (125%) of the prime rate of interest charged by Citibank N.A. of New York, New York (the maximum on ninety (90) day loans to substantial and responsible commercial borrowers or any lesser maximum interest rate permitted under applicable Law) as of the due date; provided that Shipper may withhold payment of disputed amounts subject to:

- (1) the incurrence of carrying charges thereon as specified above; and (2) Carrier's right to demand reasonable surety for such payment, and/or
- (ii) remove and sell any or all of such Shipper's Crude Petroleum that is in the possession of the Carrier in such lawful manner as deemed appropriate by the Carrier.
- D. The Carrier shall pay from the proceeds of any sale pursuant to Rule 31(C)(ii) all charges and costs accruing or due relating to the transportation of such Shipper's Crude Petroleum by the Carrier and all costs incurred by the Carrier with respect to the storage, removal and sale of such Shipper's Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.
- E. Carrier may require that all payments to Carrier for services pertaining to the transportation of Crude Petroleum be wire transferred in accordance with the instructions on the Carrier's invoice to Shipper.
- F. When required, the Carrier shall, with or without notice to the Shipper, appoint agent(s) to retain possession of the Shipper's Crude Petroleum on behalf of the Carrier for the purpose of enforcing the lien described in this Rule.

**Rule 32. Measuring, Testing and Deductions.**

- A. The quantity of crude oil handled hereunder shall be determined by custody transfer meter.
- B. Meter proving procedures and reports shall be in accordance with current API guidelines. Meter tickets and the meter proving report shall be the only recognized documents for custody transfer. It is agreed that, unless such is not possible due to instrument or mechanical failure of meters, the measurement system proving and calibration is to be made at the custody transfer meter. The measurement system shall be proven and calibrated during each calendar month, or for each crude type or for a flow rate change of more than +/- 10%, or for a gravity change of more than 5 degrees from the prior calibration, or any condition which results in a meter factor variation of more than 0.0010. Shipper shall have the right to witness all proving of meters used in such measurement.
- C. All Crude Petroleum accepted at custody transfer points into the Carrier's Pipeline in accordance with API MPMS standards shall be tested for basic or foreign sediment and water and other impurities and gauged or metered by the Carrier's representative. The Carrier reserves the right to test and measure and/or witness the testing and measurement of all Deliveries from its facilities.
- D. The Carrier shall deduct from the volume of Crude Petroleum received into the Pipeline the actual amount of suspended basic or foreign sediment, water and other impurities as ascertained by centrifuge or other tests agreed upon.
- E. The net calculated quantity at sixty degrees Fahrenheit (60° F) less sediment and water and other impurities volume percentage shall be the quantity received or delivered by the Carrier.
- F. Carrier will adjust any overage or shortage of Crude Petroleum with Shippers to allow for inherent losses or gains, including but not limited to shrinkage, evaporation, interface mixture, product measurements, and other physical losses not due to negligence of Carrier. The adjustments for losses or gains will be allocated by grade by month, among the Shippers in the proportion that the total number of barrels of a given grade delivered out of the system, by grade, for each Shipper, bears to the total number of barrels of that grade delivered out of the system for all Shippers.

**Rule 33. Evidence of Receipts and Deliveries.**

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

**Rule 34. Delivery and Acceptance.**

- A. The Carrier shall transport and Deliver Crude Petroleum at the Delivery Point with reasonable diligence and dispatch, but shall not be required to transport Crude Petroleum in time for any particular market. 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.
- B. Beginning on the first Day after expiration of said 24-hour notice, Carrier shall 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 \$0.01 per Barrel per Day for each Day 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 a Shipper fails to remove its Crude Petroleum from the facilities of the Carrier in accordance with the provisions of paragraph B of Rule 34 of this Tariff, then the Carrier shall have the right to remove and sell such Crude Petroleum in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such Crude Petroleum. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.

Except where caused by the direct negligence of the Carrier, the Carrier shall not be liable to a Shipper for any delay, damage, loss or consequential loss resulting from any cause while the Carrier is in possession or control of such Shipper's Crude Petroleum, including the breakdown of the Carrier's Pipeline and related facilities.

If damage or loss to Crude Petroleum results from any cause other than the direct negligence of the Carrier while the Carrier is in possession or control of such Crude Petroleum, then the Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by the Carrier based on the proportion of the volume of the Shipper's Crude Petroleum in the possession of the Carrier on the date of such loss to the total volume of Crude Petroleum in the possession of the Carrier on the date of such loss. The Carrier will be obligated to deliver only that portion of the Crude Petroleum remaining after such deduction.

If Crude Petroleum is lost in transit while in the custody of Carrier due to the direct negligence of the Carrier, then, as full compensation therefor, and as Shipper's sole and exclusive remedy therefor, the Carrier shall either obtain and deliver to the Shipper thereof other Crude Petroleum of the same quantity and grades as that which was lost, or compensate Shipper for such loss in money.

**Rule 35. Indemnification by Shipper.**

A Shipper shall indemnify the Carrier for any damage, loss, or cost incurred by the Carrier or any other party to the extent caused by such Shipper's failure to comply with any provision of this Tariff, excluding any damage, loss, or cost caused by the direct negligence of the Carrier.

**Rule 36. Prorationing.**

- A. If Carrier receives Nominations for more Crude Petroleum than Carrier can transport, then Committed Shippers will first be allocated their aggregate Committed Volumes. Any remaining capacity will be apportioned among all remaining Shipper Nominations, including Excess Committed Shipper Nominations, in accordance with the provisions in Rule 36(B).
- B. After allocating capacity to Committed Shippers in accordance with Rule 36(A), any remaining capacity will be allocated among Uncommitted Shippers according to the following procedures:
  - (i) An Uncommitted Shipper nominating Crude Petroleum for shipment during the given period, and who has otherwise satisfied applicable requirements of the Tariff rules, will be allocated capacity equal to its Uncommitted Volume Nomination based on its demonstrated need to ship at least the Minimum Volume Requirement (set forth in Rule 27).
  - (ii) If total Uncommitted Shipper Nominations exceeds the available capacity after Carrier has allocated capacity to Committed Shippers in accordance with Rule 36(A), the available capacity shall be allocated among Uncommitted Shippers in proportion to their Uncommitted Volume Nominations.
- C. If, during a month of apportionment, a Shipper fails to deliver to Carrier volumes equal to its allocated capacity, such unused space shall be made available to other Shippers in accordance with the procedures described in Rule 36.
- D. Carrier may reject any portion of a Shipper's Nomination that exceeds the physical capacity of the Pipeline. Any Nomination in excess of the physical capacity of the Pipeline will be reduced accordingly.

**Rule 37. Requested Change by the Shipper.**

Subject to the operating conditions of the facilities of the Carrier, the Carrier may upon the written request of a Shipper, allow a Shipper to change the designated volume and type of its Crude Petroleum that will originate on the Pipeline at the Receipt Point or the designated volume and type of its Crude Petroleum to be delivered to a Delivery Point.

**Rule 38. Adverse Claims Against Crude Petroleum.**

- A. Adverse Claims Prior to Delivery. Shipper shall not Nominate or deliver to the Carrier Crude Petroleum which is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien (other than a lien that is subordinated to Carrier's lien described in Rule 31(B)) or charge of any kind unless the Shipper provides written notification to the Carrier of such litigation, dispute, lien or charge not less than twenty (20) days before such Nomination is made to the Carrier.
- B. In the event that Carrier receives the notice referenced in Rule 38(A) above, the Carrier shall not be obligated to accept Crude Petroleum that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien (other than a lien that is subordinated to Carrier's lien described in Rule 31(B)) or charge of any kind.
- C. Adverse Claims After Delivery. If, at any time while the Shipper's Crude Petroleum is in the possession of the Carrier, such Crude Petroleum becomes involved in litigation, the ownership of such Crude Petroleum becomes in dispute or such Crude Petroleum becomes encumbered by a lien (other than a lien that is subordinated to Carrier's lien described in Rule 31(B)) or charge of any kind Shipper shall advise the Carrier in writing of such issue immediately.

- D. In the event that Shipper provides Carrier with notice of an adverse claim under Rules 38(A) or 38(C) above, then in such event a Shipper shall, upon demand from the Carrier, provide a bond or other form of indemnity satisfactory to the Carrier protecting the Carrier against any liability or loss that may arise as a result of such Shipper's Crude Petroleum that is involved in litigation, the ownership of which may be in dispute, or which is encumbered by a lien (other than a lien that is subordinated to Carrier's lien described in Rule 31(B)) or charge of any kind. If the Shipper fails to provide such bond or other form of indemnity acceptable to the Carrier, the Carrier will not be obligated to accept such Shipper's Crude Petroleum for transportation.

**Rule 39. Financial Assurances.**

- A. At any time, upon the request of the Carrier, any prospective or existing Shipper shall provide information to the Carrier that will allow the Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise under the terms of this Tariff. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if Shipper or prospective Shipper fails to provide the requested information to the Carrier within five (5) Business Days of the Carrier's written request, or if the Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise under the terms of this Tariff, including the payment of transportation charges, Commitment Payments, and charges for Working Stock Shortfalls.
- B. Upon notice to Shipper, Carrier may require financial assurances from Shipper, in which case, Shipper shall satisfy the requirement by providing, at its option, one or more of the following Financial Assurances for the payment of all charges and costs as provided in this Tariff, or otherwise lawfully due to the Carrier, to be provided at the expense of Shipper:
- (i) prepayment in an amount not less than the Security Amount;
  - (ii) a standby irrevocable letter of credit in favor of the Carrier in an amount not less than the Security Amount, in a form and from a financial institution acceptable to the Carrier;
  - (iii) a guaranty in a form and from a third party acceptable to the Carrier; or
  - (iv) other enforceable collateral security, including security agreements over assets of Shipper, in form and substance acceptable to the Carrier.

In the event the Carrier reasonably determines that:

- (i) the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory;
- (ii) any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of Shipper's financial obligations that could arise under the terms of this Tariff; or
- (iii) the Carrier otherwise determines that it is necessary to obtain additional Financial Assurances from Shipper

then 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 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 under this Tariff, those charges and

costs shall include transportation charges, Commitment Payments, and charges for Working Stock Shortfalls. The Carrier shall not be obligated to accept Crude Petroleum for transportation from an existing or prospective Shipper if Shipper or prospective Shipper fails to deliver the Financial Assurances to the Carrier within five (5) Business Days of Shipper's receipt of the Carrier's written request for such Financial Assurances.

**Rule 40. Duty of Carrier.**

- A. Carrier shall not be required to transport Crude Petroleum except with reasonable diligence, considering the quality of the Crude Petroleum, the distance of transportation, and other material elements, and will not accept Crude Petroleum to be transported in time for any particular market. Carrier will not be required to deliver the identical Crude Petroleum received.
- B. Carrier may suspend transportation services on the Pipeline in order to comply with applicable Laws of any Governmental Authority, to perform maintenance, testing, inspections, or repairs; to attach new Receipt Points or Delivery Points, or other interconnections to the Pipeline, or to prevent injuries to persons, damage to property, or harm to the environment, without incurring any obligation relating thereto.

**Rule 41. Storage in Transit.**

Carrier owns no facilities for storage and will provide only minimal working tankage for storage if necessary to the transportation of Crude Petroleum. Non-incident storage is a separate service which Shipper must obtain from another person.

**Rule 42. Pipe Connection and Other Contracts.**

A separate pipe connection contract and a TSA may be required of a Shipper prior to any transportation by the Carrier on behalf of the Shipper.

Connections to Carrier's Pipeline will be considered only if made by formal written notification to Carrier by a Shipper or prospective Shipper. All connections, if agreed to by Carrier, will be subject to generally accepted industry standards and all regulatory standards for design and construction and will meet the hydraulic requirements necessary to protect the safety, security, integrity and efficient operation of Carrier's Pipeline. Carrier's acceptance of any request for connection will be subject to compliance with governmental regulations. Carrier reserves the right to install LACT equipment at a Receipt Point at the Shipper's expense, and additionally, Carrier may require other capital recovery arrangements as part of its agreement to accept a connection request, which Carrier will negotiate on a not unduly discriminatory basis.

Carrier shall not be obligated to provide connections or facilities for the exchange of crude oil unless the shipper or producer requesting such connection can demonstrate compliance with Carrier's connection and delivery specifications. Carrier may refuse to accept Crude Petroleum for transportation unless satisfactory written evidence is furnished that Shipper has provided the necessary facilities for the prompt receiving of said Crude Petroleum at its destination.

**Rule 43. Limitation on Damages.**

UNLESS SPECIFICALLY PROVIDED OTHERWISE IN A TSA, IN NO EVENT SHALL CARRIER OR SHIPPER BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECIAL DAMAGES, INCLUDING LOSSES OF PROFITS, BUSINESS INTERRUPTION, OR REPUTATION, SUFFERED OR INCURRED BY THE OTHER PARTY ARISING OUT OF, IN CONNECTION WITH OR RESULTING FROM THIS AGREEMENT, WHETHER ANY CLAIM FOR SUCH LOSS OR DAMAGE IS BASED ON TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY,

CONTRACT OR OTHERWISE. THIS SECTION SHALL APPLY NOTWITHSTANDING THE SOLE, JOINT, OR CONCURRENT NEGLIGENCE (ACTIVE OR PASSIVE), FAULT OR RESPONSIBILITY OF ANY PARTY.

**Rule 44. Claims, Suits and Time for Filing.**

SHIPPER MUST MAKE ANY CLAIMS FOR THE CONTAMINATION, DAMAGE, DEGRADATION, OR LOSS OF SHIPPER'S PRODUCT, OR DAMAGE TO SHIPPER'S FACILITIES, BY NOTICE TO CARRIER WITHIN FIFTEEN (15) CALENDAR DAYS OF THE DATE THAT SHIPPER KNEW OR SHOULD HAVE KNOWN OF THE CONTAMINATION, DAMAGE, DEGRADATION, OR LOSS, OR DAMAGE TO FACILITIES, AND SHIPPER IRREVOCABLY WAIVES ANY CLAIM FOR WHICH THE REQUIRED NOTICE IS NOT PROVIDED WITHIN THE REQUIRED TIME. CARRIER MUST MAKE ANY CLAIMS FOR THE CONTAMINATION, DAMAGE, DEGRADATION, OR LOSS OF PRODUCT OR DAMAGE TO FACILITIES, BY NOTICE TO SHIPPER WITHIN FIFTEEN (15) CALENDAR DAYS OF THE DATE THAT CARRIER KNEW OR SHOULD HAVE KNOWN OF THE CONTAMINATION, DAMAGE, DEGRADATION, OR LOSS, OR DAMAGE TO FACILITIES, AND CARRIER IRREVOCABLY WAIVES ANY CLAIM FOR WHICH THE REQUIRED NOTICE IS NOT PROVIDED WITHIN THE REQUIRED TIME. THE LIABILITY OF EITHER PARTY TO THE OTHER ARISING OUT OF LOSS OF VALUE IN PRODUCT OR LOSS OF PRODUCT WILL NOT EXCEED THE MARKET VALUE OF THE PRODUCT, LESS THE FAIR MARKET SALVAGE VALUE OF THE CONTAMINATED, DAMAGED, OR DEGRADED PRODUCT, ALL ON THE DAY OF SUCH CONTAMINATION, DAMAGE, DEGRADATION, OR LOSS.