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Gas Services Department  
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Texas Intrastate No. 1.2  
(Cancels Texas Intrastate 1.1)

# **DELAWARE CROSSING OPERATING LLC**

INTRASTATE TARIFF  
CONTAINING

## **RATES, RULES AND REGULATIONS**

GOVERNING THE INTRASTATE GATHERING AND  
TRANSPORTATION OF

## **CRUDE PETROLEUM**

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Rules and regulations published herein apply only under tariffs making specific reference by number to this tariff; such references will include subsequent reissues hereof.

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**SECTION I  
RULES AND REGULATIONS**

**ITEM 1. DEFINITIONS**

The terms defined in this Section I shall have, for all purposes of this tariff, the respective meanings set forth in this Section I, unless otherwise provided in a COGA:

“Affiliate” means, with respect to any Person, any other Person controlling, controlled by, or under common control with the first Person. The term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or the policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“API” means the American Petroleum Institute.

“API Gravity” means gravity determined in accordance with the American Society for Testing Materials Designation set out in Item 3(A).

“Applicable Law” means any applicable federal, state, tribal or local law, statute, regulation, code, ordinance, license, permit compliance requirement, order, writ, injunction, enactment, decision, directive, judgment, policy or decree that is adopted, enacted, promulgated or issued by any Governmental Authority applicable to either Party or either Party’s performance under this tariff, and any amendments or modifications to the foregoing, including the common law.

“ASTM” means the American Society for Testing Materials.

“Barrel” means forty-two (42) gallons of two hundred thirty-one (231) cubic inches per gallon at 60 degrees Fahrenheit (60° F) and equilibrium vapor pressure of the liquid.

“Carrier”, as such term is used in a COGA, shall have the same meaning as Gatherer, hereunder.

“COGA” means a Crude Oil Gathering Agreement or other similar transportation agreement involving a committed volume or dedication executed by a Priority Shipper with Gatherer with respect to the Gathering System.

“Committed Volume” means (i) with respect to a Priority Shipper that has committed to deliver a specified minimum volume of Crude Oil to the Gathering System pursuant to such Priority Shipper’s COGA, such specified minimum volume (expressed in Barrels per day), and (ii) with respect to a Priority Shipper that has not committed to deliver a specified minimum volume of Crude Oil, but has made an acreage dedication pursuant or volume commitment to such Priority Shipper’s COGA, a volume of Crude Oil (expressed in Barrels per day) equal to such Priority Shipper’s maximum daily quantity.

“Consignee” means the Person to whom a Shipper has ordered the delivery of Crude Oil.

“Consignor” means the Person from whom a Shipper has ordered the receipt of Crude Oil.

“Crude Oil” means liquid hydrocarbons that meet the Quality Specifications set forth in Item 3(A) or that Gatherer otherwise allows into the Gathering System pursuant to Item 3(C).

“Delivery Point” means the points of interconnection between the Gathering System and any Downstream Pipeline as mutually agreed upon by the Parties at which Gatherer will redeliver Shipper Crude Oil for the account of Shipper, as such points are specified in Section II of this tariff.

“Downstream Pipeline” means any pipeline or other system that is interconnected with and capable of receiving Crude Oil from the Gathering System, including other intrastate pipelines and gathering systems.

“Encumbered Crude Oil” has the meaning set forth in Item 13(B).

“Excess Capacity” has the meaning set forth in Item 7(E).

“Excess Capacity Notice” has the meaning set forth in Item 7(E)(1).

“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, in each case, 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.

“Gatherer” means Delaware Crossing Operating LLC.

“Gathering System” means Gatherer’s pipeline system, including all appurtenances thereto, related to the provision of gathering and transportation services provided by Gatherer pursuant to this tariff, which pipeline system includes a segment operated by Imperial Crude, LLC and a segment operated by Noble Midstream Services, LLC and which is further specified in the T-4s and P-5s identified on the first page of this tariff.

“Governmental Authority” or “Governmental Authorities” means any governmental, administrative or regulatory entity (including the New York Stock Exchange and any applicable stock exchange on which a Party’s or its Affiliate’s securities are listed or traded), authority, commission, board, agency, instrumentality, bureau or political subdivision, and any court, tribunal or judicial or arbitral body (whether national, federal, state or local or, in the case of an arbitral body, whether governmental, public or private), having jurisdiction over Shipper or Gatherer.

“Guarantee” has the meaning set forth in Item 17(B).

“Line Fill” has the meaning set forth in Item 12.

“Loss Allowance” has the meaning set forth in Item 22(B).

“Nomination” (including “Nominates” and the syntactical variants thereof) means the written or electronic communication from Shipper to Gatherer, pursuant to and in accordance with this tariff, requesting that Gatherer transport for Shipper in a given month a stated volume of Crude Oil from a specified Receipt Point to the applicable Delivery Point in accordance with the terms of this tariff.

“Party” shall refer to either Shipper or Gatherer, individually, and “Parties” shall refer to Gatherer and Shipper, collectively.

“Person” means any individual, firm, corporation, trust, partnership, limited partnership, master limited partnership, limited liability company, association, joint venture, unincorporated organization or any other legal entity, including any Governmental Authority.

“Prime Rate” has the meaning set forth in Item 16(C).

“Priority Service” means that class of service that is accorded the highest priority on the Gathering System with respect to prorating, interruptions, or curtailments. In the event of an allocation, interruption or curtailment Crude Oil that is entitled to Priority Service will be curtailed after Crude Oil that is entitled to Uncommitted Service.

“Priority Shipper” means a Shipper with which Gatherer has executed a COGA for Priority Service on the Gathering System and such COGA provides for: (i) a minimum term and (ii) Shipper has committed (A) to deliver a specified minimum volume of Crude Oil to the Gathering System pursuant to such COGA; (B) to a minimum acreage dedication of all Crude Oil produced from a minimum number of acres pursuant to such Priority Shipper’s COGA; or (C) to deliver all Crude Oil owned or controlled by such shipper within a given area that is reasonably expected to include an equivalent volume of Crude Oil as the minimum acreage dedication agreed to in (B), in accordance with the terms of an applicable COGA.

“Proration Month” means the month for which capacity on the Gathering System is to be allocated under Item 7.

“Qualified Institution” means the domestic office of a commercial bank or trust company that is not an Affiliate of Shipper and that has assets of at least \$10 billion and an investment-grade credit rating as established by Standard and Poor’s and Moody’s.

“Quality Specifications” has the meaning set forth in Item 3(A).

“Receipt Point” means the receipt/inception point(s) where Crude Oil is received into the Gathering System, as such points are specified in Section II of this tariff.

“Shipper” means a party that agrees to gathering and transportation of Crude Oil by Gatherer in accordance with the terms of this tariff and any other applicable tariffs of Gatherer.

“Shipper’s Permitted Liens” means (i) any liens, mortgage, security interests or other encumbrances benefiting one or more lenders to Shipper or its Affiliates as part of a financing provided by such lenders to Shipper or its Affiliates for which such lenders have not taken actions to foreclose on such liens; and (ii) normal and customary liens under financing agreements, operating agreements, unitization agreements, pooling orders, drilling contracts and similar agreements for upstream operators and mechanic's and materialman's liens, tax liens or mineral liens related to claims or obligations that are not delinquent or that are being contested in good faith and by appropriate proceedings.

“Supplemental Nominations” has the meaning set forth in Item 7(E)(2).

“Supplemental Priority Shippers” has the meaning set forth in Item 7(E).

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

“Tender” or “Tendered” means delivery by Shipper to Gatherer of a stated quantity of Crude Oil for transportation from a specified Receipt Point to a specified Delivery Point on the Gathering System in accordance with this tariff.

“Uncommitted Service” means a class of service in which Gatherer, in its sole discretion, shall have the right to interrupt, curtail or suspend the receipt, gathering or transportation of Crude Oil at any time and from time to time without any liability to the applicable Uncommitted Shipper by reason thereof.

“Uncommitted Shipper” means a Shipper that is not a Priority Shipper and that is entitled to Uncommitted Service.

## **ITEM 2. COMMODITY**

Gatherer is engaged in the transportation on the Gathering System of Crude Oil meeting the Quality Specifications set forth in Item 3 and is not required to accept any other commodity for transportation under this tariff.

**ITEM 3. QUALITY SPECIFICATIONS**

A. The quality specifications for Crude Oil set forth below (“**Quality Specifications**”) shall apply to Shipper’s Tender, unless otherwise set forth in a COGA. Shipper shall not deliver to Gatherer and Gatherer shall not be obligated to accept Crude Oil that, as reasonably determined by Gatherer, has on receipt qualities that are outside of the minimum and maximum ranges specified in the following table, or the pipeline specifications of any applicable Downstream Pipeline as modified from time to time:

<b>Quality</b>	
API Gravity	36-50
Max Reid Vapor Pressure, psi	9.5
Max True Vapor Pressure, psi	11
Sulfur Content, Weight %	<= 0.40
Mercaptan	Shall be the most stringent standard identified by the pipeline that will transport Shipper’s Crude Oil from Gatherer’s Delivery Point identified in such Shipper’s Nomination, subject to Gatherer’s ability to segregate or otherwise manage the crude oil stream
H2S	Shall be the most stringent standard identified by the pipeline that will transport Shipper’s Crude Oil from Gatherer’s Delivery Point identified in such Shipper’s Nomination, subject to Gatherer’s ability to segregate or otherwise manage the crude oil stream
BS&W	<1.0%

B. Gatherer reserves the right to require Shipper to furnish a certificate by a licensed petroleum inspector confirming the quality and specifications of the Crude Oil tendered for transportation hereunder, unless otherwise provided in a COGA. Gatherer shall test Crude Oil delivered hereunder in accordance with Gatherer’s policies in place from time to time and in accordance with industry practices, as determined in Gatherer’s reasonable discretion.

C. If any Crude Oil delivered hereunder fails to meet any of the Quality Specifications, Gatherer shall have the right to refuse to receive such Crude Oil or waive such failure and continue to receive such Crude Oil, in which case it shall use commercially reasonable efforts to blend and commingle such Crude Oil with other Tendered Crude Oil until, in its sole reasonable discretion, the quality of the commingled Crude Oil meets the Quality Specifications. If Gatherer refuses to receive such Crude Oil and if Shipper does not elect to treat Shipper’s Crude Oil so as to cause the same to meet the Quality Specifications, then

Shipper shall stop the Tender and delivery of the Crude Oil that fails to meet the Quality Specifications. Shipper's failure to Tender Crude Oil that conforms to the Quality Specifications or to otherwise treat the Crude Oil (and Gatherer's refusal to take Shipper's Crude Oil that does not meet the Quality Specifications) does not relieve Shipper of any obligations hereunder. Acceptance by Gatherer of Shipper's Crude Oil that does not conform to the Quality Specifications shall not constitute a waiver thereof by Gatherer in regard to such Shipper's Crude Oil delivered under this tariff in the future, nor shall acceptance without an express written waiver constitute a waiver of any claim for losses resulting from delivery of Shipper's Crude Oil not meeting the Quality Specifications.

- D. EACH SHIPPER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS GATHERER FROM AND AGAINST ALL LOSSES INCURRED BY GATHERER ARISING OUT OF, RESULTING FROM OR CAUSED BY THE DELIVERY OF ANY LIQUID HYDROCARBONS BY SHIPPER INTO THE GATHERING SYSTEM WHICH DO NOT CONFORM TO THE QUALITY SPECIFICATIONS, EXCEPT TO THE EXTENT GATHERER IS AWARE THAT SUCH LIQUID HYDROCARBONS DO NOT MEET THE QUALIFY SPECIFICATIONS AND HAS AGREED IN WRITING TO ACCEPT SUCH LIQUID HYDROCARBONS ANYWAY.

**ITEM 4. VARIATIONS IN QUALITY AND GRAVITY**

- A. Gatherer shall not be liable to Shipper for changes in gravity or quality of Shipper's Crude Oil which may occur from commingling or intermixing Shipper's Crude Oil with other Crude Oil in the same common stream while in transit. Gatherer is not obligated to deliver to Shipper the identical Crude Oil Nominated and Tended by Shipper; Gatherer will deliver the grade of Crude Oil it is regularly transporting as a common stream.
- B. Gatherer shall have no responsibility in, or for, any revaluation or settlements which may be deemed appropriate by Shippers and/or Consignees because of mixing or commingling of Crude Oil shipments between the receipt and delivery of such shipments by Gatherer within the same common stream.
- C. Notwithstanding the foregoing, or anything else herein to the contrary, if Shipper delivers Crude Oil at the Receipt Points that complies with the Quality Specifications, Gatherer shall re-deliver to Shipper at the Delivery Points Crude Oil satisfying the Quality Specifications. Notwithstanding anything in this Item 4, Gatherer shall comply with all obligations in a COGA and nothing herein shall be read to modify any requirements stated therein.

**ITEM 5. MINIMUM TENDER**

To the extent expressly permitted in a COGA, Gatherer may impose minimum Tender requirements to the extent reasonably necessary for the efficient operation of the Gathering System.



## ITEM 6. NOMINATIONS REQUIRED

Except as otherwise expressly set forth in the nomination provisions of a COGA, in which case such nominations provisions shall supersede and replace this Item 6, Nominations of Crude Oil on the Gathering System shall proceed as follows:

- A. Crude Oil for shipment through the Gathering System will be received only on a properly executed Nomination from Shipper identifying the month for which transportation is desired, the Receipt Point at which the Crude Oil is to be received by Gatherer, the Delivery Point of the shipment, Consignee (if any), and the amount of Crude Oil to be transported. Gatherer may refuse to accept Crude Oil for transportation if Shipper fails to provide satisfactory evidence that Shipper or Consignor has made adequate provisions for prompt receipt of all volumes at the Delivery Point.
- B. Any Shipper desiring to Nominate Crude Oil for transportation shall make such Nomination to Gatherer in writing not later than one (1) calendar day before the date on which Shipper's nomination is due to the pipeline that will transport Shipper's Crude Oil from the Delivery Point identified in Shipper's Nomination; provided, however, that if operating conditions permit, Gatherer, in its sole discretion, may consider and accept Nominations submitted after the date specified above.
- C. Gatherer may refuse to accept Crude Oil for transportation under this tariff (i) where Shipper, Consignor, or Consignee is (1) not in compliance with this tariff or (2) in breach of a COGA, or (ii) where Shipper, Consignor, and/or Consignee is not in material compliance with all Applicable Law regulating shipments of Crude Oil.
- D. Gatherer shall not be required to transport Crude Oil except with reasonable diligence, considering the quality of the Crude Oil, the distance of transportation and other material elements.

## ITEM 7. PRORATIONING PROCEDURES

- A. When System Capacity will be Prorated. When Gatherer receives more Nominations in a month for transportation of Crude Oil on the Gathering System than Gatherer is able to transport, Gatherer shall allocate the System Capacity under the provisions of this Item 7. Gatherer will not contract for Priority Service that, in the aggregate among all Priority Shippers, exceeds the design capacity of the Gathering System.
- B. Division of System Capacity between Shipper Classes. System Capacity will be allocated among Priority Shippers as a class and Uncommitted Shippers as a class.
- C. Allocation Among Shippers.
  - (1) First, Gatherer shall curtail all receipts of Crude Oil with respect to which Gatherer is providing Uncommitted Service, prior to curtailing receipts of Crude Oil with respect to which Gatherer is providing Priority Service. In the event Gatherer curtails some, but not all, such Crude Oil in a particular month, Gatherer shall allocate the available System Capacity among Uncommitted Shippers, on a pro rata

basis based upon the average delivered volumes for Uncommitted Service of each Uncommitted Shipper for the twelve (12) Month period ending two months prior to the month that such curtailment is to be effective, but in no event to exceed each Uncommitted Shipper's nominated amount. Crude Oil Nominated or Tendered by a Priority Shipper in excess of such Shipper's Committed Volume shall be subject to Uncommitted Service pursuant to this tariff.

- (2) Second, if additional curtailments are required beyond Item 7.C(1) above, Gatherer shall curtail receipts of Crude Oil with respect to which Gatherer is providing Priority Service. In the event Gatherer curtails some, but not all, such Crude Oil in a particular month, Gatherer shall allocate the available System Capacity among Priority Shippers on a pro rata basis based on the proportion of a Priority Shipper's Committed Volume to the total aggregate Committed Volumes of all Priority Shippers then, but in no event to exceed each Priority Shipper's nominated amount. Subject to Item 7(E) below, to the extent any additional capacity exists up to the total Committed Volumes of all Priority Shippers, Gatherer shall allocate such additional capacity based upon the average delivered volumes for Priority Service of each Priority Shipper for the twelve (12) Month period ending two months prior to the month in which such curtailment is to be effective, but in no event to exceed each Priority Shipper's nominated amount, unless such period is stated otherwise in a COGA.
- (3) Gatherer may only prorate, curtail, or interrupt Priority Service where Gatherer's ability to provide such Priority Service is prevented or excused by Force Majeure, planned or unplanned maintenance of the Gathering System, and such other circumstances as are expressly provided in a COGA.

D. Basis for Allocation; Notification. When prorationing of System Capacity is in effect:

- (1) Gatherer shall allocate System Capacity on a monthly basis; and
- (2) Gatherer will use reasonable efforts to notify each Shipper of its allocation not later than the first working day of the Proration Month.

E. Reallocation of Priority Shipper's Unused Allocated System Capacity. The combined capacity secured by all Priority Shippers may be shared among Priority Shippers as a class. If a Priority Shipper does not nominate the portion of System Capacity allocated to it for Priority Service under this Item 7, such space (the "**Excess Capacity**") shall be pooled together and offered to other Priority Shippers ("**Supplemental Priority Shippers**").

- (1) By one (1) day after the Nomination deadline (*see* Item 6). Gatherer shall notify all Priority Shippers of the applicable month's Excess Capacity ("**Excess Capacity Notice**").
- (2) By one (1) day after the Excess Capacity Notice, Supplemental Priority Shippers shall submit to Gatherer, in writing, their supplemental nominations for the Excess Capacity, up to the amount of the monthly Excess Capacity (such nominations, "**Supplemental Nominations**").

- (3) Where there is more than one Supplemental Nomination, and the combined Supplemental Nominations exceed the monthly Excess Capacity, that month's Excess Capacity shall be allocated on a pro rata basis among the Supplemental Priority Shippers based upon the average delivered volumes for Priority Service for the thirty (30) days immediately prior to the month with Excess Capacity. If this allocation results in a Supplemental Priority Shipper receiving an allotment greater than or equal to its Supplemental Nomination, such Shipper shall receive an allotment equal to its Supplemental Nomination.
  - (4) Where Excess Capacity remains after allotments based on Supplemental Nominations to all Supplemental Priority Shippers, Gatherer shall have the right to use any unused portion of Excess Capacity to fulfill the unmet Nominations of other Shippers.
- F. Failure of Uncommitted Shipper to Use Allocated System Capacity. If an Uncommitted Shipper does not nominate the portion of System Capacity allocated to it for Uncommitted Service during a Proration Month under this Item 7, Gatherer shall have the right to use Uncommitted Shipper's unused portion of System Capacity to fulfill the unmet Nominations of other Shippers. An Uncommitted Shipper that fails to use all of its allocated System Capacity during a Proration Month shall have its allocation of System Capacity reduced in each subsequent Proration Month until the total reductions equal the amount of the deficiency. The amount of any such reduction shall be treated as unused allocated Capacity and shall be reallocated among other Shippers in accordance with Item 7. Reduction of an Uncommitted Shipper's allocation for failure to use its allocated System Capacity during a Proration Month may be waived, in whole or in part, if Gatherer determines that Shipper's failure to use all or some of its allocated System Capacity was due to a Force Majeure.
- G. Transfer of Allocated System Capacity; Use of Affiliates. Except as provided in this Item 7 or as otherwise provided in a COGA capacity allocated to a Shipper under this Item 7 may not be assigned, conveyed, loaned, transferred to, or used in any manner by another Shipper; *provided, however*, that a Shipper's allocation of capacity may be transferred to a Subsequent First Purchaser as defined in a COGA as an incident of the bona fide sale of Shipper's business or to a successor to Shipper's business by the operation of law, such as an executor or trustee in bankruptcy so long as Shipper provides prior written notice to Gatherer.

## **ITEM 8. MEASUREMENT**

Crude Oil delivered hereunder shall be measured in accordance with the applicable API standards in effect from time to time, and otherwise in accordance with industry practices, as determined in Gatherer's reasonable discretion.

## **ITEM 9. RECEIPT FACILITIES**

Gatherer will receive Crude Oil from Shippers at the Receipt Points on the Gathering System. Crude Oil will be received only from gathering systems, pipelines, tanks or other facilities that are

provided by Shipper or Consignor, or a connecting carrier. Gatherer will not accept a Nomination unless such facilities have been provided and conform to the operating requirements of Gatherer, in Gatherer's sole discretion.

#### **ITEM 10. STORAGE OF CRUDE OIL**

Except as otherwise set forth in a COGA, Gatherer does not provide storage for Crude Oil, except storage incidental to transportation on the Gathering System. Gatherer has the right to coordinate with downstream connecting facilities to ensure that Shipper has arranged for receipt of its Crude Oil at the Nominated Delivery Point; by Nominating Crude Oil for transportation on the Gathering System, Shipper agrees to permit such coordination.

#### **ITEM 11. DELIVERY FACILITIES**

Gatherer may refuse to accept Crude Oil for transportation on the Gathering System unless Shipper provides satisfactory evidence that it has made adequate provisions for receipt of all Shipper's Crude Oil.

#### **ITEM 12. LINE FILL REQUIREMENTS**

As a condition precedent to Gatherer's obligation to provide transportation services to Shipper on the Gathering System, Shipper shall provide in kind at no cost to Gatherer Shipper's pro rata share of line fill and working stock to ensure efficient operation of the Gathering System (the "**Line Fill**"), as such pro rata share is reasonably determined by Gatherer, or as otherwise set forth in a COGA. The first volumes of Shipper's Crude Oil delivered at the Receipt Point(s) hereunder will be utilized to fulfill Shipper's Line Fill obligation under this Item 12. In the event of any subsequent adjustments by Gatherer to such obligation, (a) if the adjustment is an increase, the first volumes of Shipper's Crude Oil delivered at the Receipt Point(s) after such adjustment will be utilized to fulfill Shipper's increased obligation, or, (b) if the adjustment is a decrease, Gatherer shall deliver the volume of the decrease less Shipper's Loss Allowance, to Shipper or for Shipper's account at the Delivery Point(s). Within ninety (90) days after the expiration or termination of a COGA (or if Shipper does not have a COGA, after Shipper is no longer Tendering volumes of Crude Oil for transportation on the Gathering System, after notice to Gatherer), Gatherer shall deliver all of Shipper's remaining volume of Line Fill, less Shipper's Loss Allowance, to Shipper or for Shipper's account at the Delivery Point(s) nominated by Shipper, provided Gatherer may require advance payment of the fees and any other amounts owed hereunder by Shipper before final delivery will be made. Gatherer shall adjust the volume of Line Fill required to be provided by Shipper at least once per year, and no more than twice per year; provided that Gatherer may adjust the volumes of Line Fill required to be provided by Shipper more than twice per year if, and to the extent that, operational issues on the Gathering System require such adjustments, as determined by Gatherer in its reasonable discretion.

#### **ITEM 13. TITLE**

- A. Gatherer may: (i) require of Shipper satisfactory evidence of its perfected and unencumbered title (other than Shipper's Permitted Liens) of any Crude Oil Tendered for shipment on the Gathering System; and (2) reject any Crude Oil, when Tendered for transportation, that constitutes Encumbered Crude Oil (as defined and as set forth below).

- B. At the time of Nomination, Shipper shall inform Gatherer if any Crude Oil Nominated and/or to be Tendered to Gatherer for transportation (i) may be involved in litigation, (ii) may be subject to a title dispute, or (iii) may be encumbered by a lien or charge of any kind at the time of delivery of such Crude Oil to Gatherer at a Receipt Point (other than any Shipper's Permitted Liens) (any of the foregoing, "**Encumbered Crude Oil**"). In the event Gatherer receives such Shipper notice of Encumbered Crude Oil or otherwise learns that Shipper has or will Nominate or Tender Encumbered Crude Oil, Gatherer, in its reasonable discretion, may, to the extent permitted in a COGA, require Shipper to provide one or more of the following: (i) satisfactory evidence of its perfected and unencumbered title, (ii) satisfactory indemnity bond to protect Gatherer against any and all loss, (iii) pre-payment of transportation charges, or (iv) subordination agreement from the applicable lienholder. Gatherer also has the right to refuse any shipment of Encumbered Crude Oil in its sole discretion.
- C. By Nominating Crude Oil, Shipper warrants and guarantees that Shipper has good title (or right to ship or control) thereto and agrees to hold Gatherer harmless for any and all loss, cost, liability, damage and/or expense resulting from failure of title (or right to ship or control) thereto; provided that acceptance for transportation shall not be deemed a representation by Gatherer as to title (or right to ship or control). Shipper shall not cause or permit any lien, security interest or other form of burden to be filed or created with respect to Crude Oil in Gatherer's possession, except for any Shipper's Permitted Liens or as set forth above in Item 13(B). Notwithstanding the foregoing, in the event a COGA contains a title warranty, such title warranty shall supersede and replace this Item 13(C) with respect to the applicable Shipper.

#### **ITEM 14. RATES APPLICABLE**

Crude Oil accepted for transportation shall be subject to the rates and charges in effect on the date of receipt by Gatherer that are applicable to Shipper's shipments, irrespective of the date of the Nomination. The applicable rates are set forth in Section II herein, as they may be updated from time to time by Gatherer. Transportation and all other lawful charges shall be collected on the basis of the quantities of Crude Oil delivered to Delivery Points, and said quantities will be determined in the manner provided in Item 8.

#### **ITEM 15. RATES APPLICABLE FROM INTERMEDIATE POINTS**

Shipments accepted for transportation from or to any point on the Gathering System not named in this tariff, but which is intermediate to a point where rates are published, will be assessed the rate in effect from or to the next more distant point published in this tariff.

#### **ITEM 16. PAYMENT OF CHARGES**

- A. The provisions of this Item 16 shall apply to payments hereunder, it being expressly understood that if any COGA contains terms and provisions relating to the payment of rates, fees, charges or other amounts that conflict with the provisions set forth in this Item 16, such conflicting terms and provisions shall supersede and replace the terms of this Item 16 with respect to such Shipper to the extent of such conflict.

- B. Gatherer will invoice Shipper for transportation rates, fees, and charges, and any other amounts accruing on Crude Oil transported by Gatherer in accordance with Gatherer's then-current invoicing and payment policies and procedures.
- C. All payments are due by the later of (i) the twenty-fifth (25th) day of the month or (ii) fifteen (15) days from the date of Shipper's receipt of the invoice. Invoices falling due on a weekend or holiday need not be paid until the following regular workday and no interest shall accrue under Item 16(D) until after such regular workday. If Shipper, in good faith, disputes the amount of any such invoice or any part thereof, Shipper shall pay such amount as it concedes to be correct. If Shipper disputes the amount due, it must provide supporting documentation to support the amount disputed within ten (10) days of the date of such invoice.
- D. If any undisputed charge remains unpaid after the due date, then interest shall accrue at a per annum rate of interest equal to the lower of (i) the Prime Rate plus five percent (5%) or (ii) the maximum legal rate. "**Prime Rate**" means the prime rate on corporate loans at large U.S. money center commercial banks as set forth in the Wall Street Journal "**Money Rates**" table under the heading "**Prime Rate**," or any successor thereto, on the first date of publication for the month in which payment is due.
- E. In addition, in the event Shipper fails to pay any undisputed charges owed to Gatherer, whether under this tariff, a COGA, or any other agreement between the Parties, when due, Gatherer shall have the right after ten (10) days written notice, until such payments, including interest thereon, are paid in full, to: (i) refuse to provide Shipper access to the Gathering System or provide services pursuant to this tariff, including delivery of any of Shipper's Crude Oil in Gatherer's possession to Shipper, (ii) offset the current and future amounts owed by Shipper under this tariff, a COGA, or other applicable agreement against any amounts Gatherer owes to Shipper or against any of Shipper's Crude Oil in the Gathering System (in accordance with Item 16(G) as to Crude Oil in the Gathering System), and (iii) exercise any other rights and remedies granted under this tariff, a COGA, or other applicable agreement, or existing under Applicable Law.
- F. Unless otherwise stated in a COGA, Gatherer shall have a lien on all Crude Oil delivered to and in the possession of Gatherer to secure the payment of any and all charges and fees owed Gatherer by Shipper, whether under this tariff, a COGA, or any other agreement between the Parties, including but not limited to, transportation fees, penalties, interest and late payment charges. Such lien shall extend to all Crude Oil in Gatherer's possession beginning with Shipper's first receipt of transportation or other services from Gatherer. Shipper agrees to execute such additional documents as may be reasonably necessary to perfect or evidence such lien. If a bill of lading is required under Applicable Law for such a lien to arise, acceptance of the Nomination will be deemed to be the bill of lading for all Crude Oil subject to such Nomination. The lien provided herein shall be in addition to any lien or security interest provided by this tariff, a COGA, or other agreement or Applicable Law.
- G. If Shipper fails to pay an undisputed invoice by the due date, Gatherer will notify Shipper of the failure, and if Shipper has not remedied the failure within ten (10) days following

receipt of notice from Gatherer, in addition to any other remedies under this tariff or under Applicable Law, Gatherer shall have the right pursuant to Item 16E(ii), either directly or through an agent, to sell any Crude Oil of such Shipper in Gatherer's custody, including Shipper's Line Fill, at public auction, on any day not a legal holiday, not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city, or general area where the sale is to be held, stating the time and place of sale and the quantity and location of the Crude Oil to be sold. At said sale, Gatherer shall have the right to bid, and, if it is the highest bidder, to become the purchaser. The proceeds of any sale shall be applied in the following order: (i) to the reasonable expenses of holding, preparing for sale, selling, and transporting the Crude Oil and to the extent allowed by Applicable Law reasonable attorneys' fees and legal expenses incurred by Gatherer; and (ii) to the satisfaction of Shipper's indebtedness including interest herein provided from the date payment is due. The balance of the proceeds of the sale remaining, if any, shall be paid to Shipper or, if there is a dispute or claim as to entitlement, held for whoever may be lawfully entitled thereto. Gatherer will have a claim for and against Shipper with respect to any deficiency arising from the debt due to Gatherer from Shipper and the proceeds of any sale after reduction as set forth above.

#### **ITEM 17. FINANCIAL ASSURANCES**

Except as otherwise expressly set forth in a COGA:

- A. Thirty (30) days prior to making its first Nomination, each prospective Shipper shall provide information to Gatherer that will allow Gatherer to determine the prospective Shipper's ability to pay any financial obligations that could arise from the transportation of the prospective Shipper's Crude Oil under the terms of this tariff. The type of information Gatherer may request from a prospective Shipper includes, but is not limited to, most recent year-end financials, Form 10-K reports or other filings with regulatory agencies, and bank references. In the event Gatherer determines in a manner not unreasonably discriminatory, that a Shipper's creditworthiness is at any time unsatisfactory to Gatherer, Gatherer may require Shipper to provide adequate assurance of performance. As adequate assurance, Gatherer may require Shipper to provide one of the following (at Gatherer's election): (i) cash (in U.S. dollars), as collateral held for security, (ii) a Guarantee (as defined below), (iii) a prepayment, and/or (iv) an irrevocable standby letter of credit issued by a Qualified Institution, with the amount of such security to be the amount estimated in good faith for the next sixty (60) days of performance hereunder. For purposes of this Item 17(A), a "**Guarantee**" means a guarantee of the payment obligations of Shipper which is provided by Gatherer's credit support provider in favor of Gatherer with such form of guarantee being acceptable to Gatherer in its reasonable discretion.
- B. In the event a prospective Shipper fails to comply with any obligation in Item 17(A) or a Shipper fails to comply with any obligation in Item 17(B), Gatherer shall not be obligated to provide such prospective Shipper with access to the Gathering System or to provide transportation services pursuant to this tariff or COGA, as applicable, until such requirement is fully met.

**ITEM 18. LIABILITY OF SHIPPER.**

Except as otherwise set forth in a COGA, as a condition to Gatherer's acceptance of Crude Oil for transportation on the Gathering System, each Shipper agrees to protect, indemnify, and hold harmless the Gatherer against claims or actions for injury and/or death of any and all Persons whomever and for damage to property of or any other loss sustained by Gatherer, Shipper, Consignor, Consignee and/or any third party, resulting from or arising out of (i) any breach of or failure to adhere to any provision of Gatherer's tariff(s) (including this tariff) by such Shipper or any of its Consignors, Consignees, or any of their agents, employees or representatives or (ii) the negligent act(s) or failure(s) to act of such Shipper or any of its Consignors, Consignees or any of their agents, employees or representatives in connection with delivery or receipt of Crude Oil.

**ITEM 19. LIABILITY OF GATHERER**

- A. Except as otherwise expressly set forth in a COGA, Gatherer, while in possession of Crude Oil herein described, shall not be liable for, and Shipper hereby waives any claims against Gatherer for, any loss thereof, damage thereto, or delay caused by Force Majeure, the act of Shipper itself, a Governmental Authority, the nature of the goods, or resulting from any other causes, except to the extent such loss, damage, or delay is due to the negligence or willful misconduct of Gatherer. Gatherer shall not be liable for, and Shipper hereby waives any claims against Gatherer for, any loss, damage or delay to Crude Oil prior to the delivery of Crude Oil to Gatherer at the Receipt Points and after delivery of Crude Oil at the Delivery Points.
- B. In case of loss, damage or delay of any Crude Oil, from any such causes that are not due to the negligence or willful misconduct of Gatherer, after it has been received for transportation at the Receipt Point and before the same has been delivered to Shipper at the Delivery Point, such loss will be charged proportionately to each Shipper in the ratio that its Crude Oil, or portion thereof, received and undelivered at the time the applicable loss, damage or delay occurs, bears to the total of all Crude Oil then in the custody of Gatherer for transportation via the lines of other facilities in which the loss occurs, unless otherwise provided in a COGA. Gatherer will be obligated to deliver only that portion of such Crude Oil remaining after deducting Shipper's portion of such loss, damage or delay determined as aforesaid. In the aforementioned instance, transportation charges will be assessed only on the quantity delivered.
- C. Gatherer will not be liable for discoloration, contamination, or deterioration of the Crude Oil transported hereunder unless and to the extent such discoloration, contamination, or deterioration of Crude Oil transported results from the negligence or willful misconduct of Gatherer. GATHERER'S LIABILITY TO SHIPPER, CONSIGNOR, OR CONSIGNEE FOR ANY SUCH CLAIM ARISING DUE TO GATHERER'S NEGLIGENCE OR WILLFUL MISCONDUCT SHALL BE LIMITED TO THE VALUE OF THE CRUDE OIL TRANSPORTED AND RELATED TRANSPORTATION CHARGES. IN NO EVENT SHALL GATHERER BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOST PROFIT OR OTHER ECONOMIC LOSS.



D. GATHERER OPERATES UNDER THIS TARIFF SOLELY AS A COMMON CARRIER AND NOT AS AN OWNER, MANUFACTURER, OR SELLER OF THE CRUDE OIL TRANSPORTED OR STORED HEREUNDER, AND GATHERER EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY EXPRESS OR IMPLIED WARRANTY FOR CRUDE OIL TRANSPORTED HEREUNDER INCLUDING ANY WARRANTIES OR MERCHANTABILITY OR FITNESS FOR INTENDED USE. To the extent any COGA contains any terms or provisions relating to the liability of Gatherer, such terms and provisions shall supersede and replace this Item 19 in its entirety with respect to the applicable Shipper.

**ITEM 20. CLAIMS, SUITS, AND TIME FOR FILING**

As a condition precedent to recovery by a Shipper for loss, damage, or delay in receipt or delivery of Shipper’s Crude Oil for which Gatherer may be responsible, Shipper’s claim must be filed in writing with Gatherer within nine (9) months after delivery of the affected Crude Oil, or in case of Gatherer’s failure to make delivery of Shipper’s Crude Oil, then within nine (9) months after a reasonable time for delivery has elapsed; and suits shall be instituted against Gatherer only within two (2) years and one (1) day from the day when notice in writing is given by Gatherer to Shipper that Gatherer has disallowed the claim or any part or parts thereof specified in the notice. Where claims are not filed or suits are not instituted by Shipper on such claims in accordance with the foregoing provisions, such claims will not be paid and Gatherer will not be liable.

**ITEM 21. GATHERER DISCRETION**

Gatherer will operate the Gathering System and implement the rules and regulations contained in this tariff, including those provisions providing for Gatherer’s discretion, in a manner that is not unduly discriminatory or unduly preferential.

**ITEM 22. LOSS ALLOWANCE**

- A. Except as otherwise stated in Item 22(C), or unless otherwise stipulated in a COGA, Gatherer shall deduct two-tenths of one percent (0.20%) of the volumes of Crude Oil received into the Gathering System at the Receipt Point(s) to cover losses inherent in the transportation of Shipper’s Crude Oil on the Gathering System. The volumes delivered to Shipper from Gatherer’s facilities shall be net of such deduction.
- B. The deduction described in Item 22(A) shall be the “**Loss Allowance.**”
- C. As an additional Loss Allowance, all Shipments of Crude Oil with an API Gravity of 60 degrees or above shall be subject to a deduction to cover the shrinkage resulting from the mixture thereof, in the facilities of Delaware Crossing Operating LLC.

API Gravity	% Deduction
60-64.9	1.0
65+	1.5

## **ITEM 23.     INLINE CHANGE IN OWNERSHIP**

- A.     Notice of change in ownership of Crude Oil shall be recognized and recorded only where such Crude Oil entered Gatherer's system and only on a monthly basis, subject to Item 23(B). Statements denoting ownership transactions shall be provided to the applicable transferors and transferees. Gatherer shall not provide any information as to the quality of the Crude Oil subject to changes in ownership except for gravity on current receipts when requested. Each transferor shall be charged \$0.05 per Barrel (which will be applied on a separate invoice) for recognizing and recording the change in ownership and, if required, shall pay said charge prior to the recognizing and recording of such change. The transferor, at Gatherer's option, shall provide an irrevocable letter of credit, in lieu of prepaying, satisfactory to Gatherer prior to such recognizing and recording. The recognition by Gatherer of a change in ownership of Crude Oil requires the recording thereof, and Gatherer is entitled to a lien for all such charges and fees.
  
- B.     Gatherer shall not be obligated to recognize and record changes in ownership of Crude Oil during any operating month unless the transferor and transferee requesting Gatherer to recognize and record the change in ownership have, each, on or before the twenty-fifth (25th) day of the preceding calendar month provided written notice to Gatherer containing like data relative to the kind, quantity, source, location, transferor, and transferee of the Crude Oil. Gatherer shall not be obligated to accept any modification in said notice unless confirmed in writing by the transferor and transferee on or before the last day of the calendar month preceding the operating month.
  
- C.     When the quantity of the Crude Oil received during the operating month is not equivalent to the quantity of the Crude Oil subject to the notice of change in ownership, Gatherer shall not be required to recognize and record the change in ownership beyond the extent of the quantity received.
  
- D.     A notice of change in ownership of Crude Oil will be deemed: (i) a warranty that the transferor has unencumbered title to the Crude Oil identified in its notice at the time of change in ownership, and (ii) a representation that the change in ownership is effective as of 7:00 a.m. Central Time on the first day of the operating month.
  
- E.     Gatherer may, in the absence of adequate security, decline to recognize and record any change in ownership of Crude Oil.
  
- F.     A transfer of a Shipper's rights and obligations under this Item 23 respecting its Crude Oil will not be binding or effective on Gatherer until Gatherer has provided a notice of acceptance to the transferor and transferee. Gatherer will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied Gatherer of its capacity to undertake the transferor's obligations and has provided any financial assurances requested by Gatherer in accordance with Item 17.

## SECTION II RATES

### RATES AND FEES

The rates published in this tariff are for the intrastate gathering of Crude Oil through the Gathering System.

#### Shipper Rates: North Zone

FROM Origin Points	TO Destination Point	PRIORITY RATE / BARREL	UNCOMMITTED RATE / BARREL
Monument Draw Station, Ward County	Wink Terminal, <sup>1</sup> Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.20	[U] \$0.74
Jim Ed Station, Ward County	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.7444	[U] \$0.7548
West Quito Station, Ward County	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.3472	[U] \$0.7920
Platinum Station, Ward County	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.7491	[U] \$0.7548

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<sup>1</sup> Gatherer's pipeline transportation service to the Wink Terminal Destination Point shall include delivery by Gatherer of Shipper's Crude Oil to such points of interconnection with downstream Interconnected Pipeline(s) as identified by Shipper in its nomination so long as Gatherer has executed an interconnection agreement with such Interconnected Pipeline(s).

University Station, Ward County	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[I] \$0.7465	[U] \$0.74
Parker Station, Ward County	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.5304	[U] \$0.7548

**Shipper Rate: South Zone**

<b>FROM Origin Points</b>	<b>TO Destination Point(s)</b>	<b>PRIORITY RATE / BARREL</b>	<b>UNCOMMITTED RATE / BARREL</b>	<b>CONTRACT INCENTIVE RATE / BARREL</b>
Liberty Terminal, Reeves County, Texas	Wink Terminal, Winkler County, Texas (Interconnections with Marathon Jackrabbit Station and Epic Pipeline)	[U] \$0.7531	[U] \$1.476	\$0.50
Coyote Station, Pecos County, Texas	Liberty Terminal, Reeves County, Texas	[U] \$1.50	[U] \$1.50	N/A

**TRUCK UNLOADING FEE:** In addition to the rates above, any Crude Oil unloaded from tank trucks into Origin Point facilities will be subject to an additional fee of [I] 7.65 cents per barrel.

**PUMPOVER FEE:** Gatherer may charge a pumpover fee at its discretion.

**CONTRACT INCENTIVE RATE:** The Contract Incentive Rate set forth above shall apply to all shipments of a Priority Shipper who has executed a COGA for Priority Service on the Gathering System that provides for an initial Committed Volume during the first three calendar years of such COGA that is not less than 75,000 Barrels per day of Crude Oil and the assignees and any other entities who assume any part of the rights and obligations of such Priority Shipper under such COGA. The Contract Incentive Rate set forth above shall also apply to shipments of any other Priority Shipper with a Committed Volume to the extent such shipments are in excess of such Priority Shipper's Committed Volume.

**Explanation of Reference Marks:**

- [I] Increased rate
- [U] Unchanged rate

### SECTION III 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 Gatherer 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 apportionment.
- (17) Interchange of tonnage. Pipelines shall provide the necessary connections and facilities for the exchange of tonnage at every locality reached by two or more pipelines, when the commission finds that a necessity exists for connection, and under such regulations as said commission may determine in each case.
- (18) Receipt and delivery--necessary facilities for. Each pipeline shall install and maintain facilities for the receipt and delivery of marketable crude petroleum of shippers at any point on its line if the commission finds that a necessity exists therefor, and under regulations by the commission.
- (19) Reports of loss from fires, 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. 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.