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Gas Services Department  
Railroad Commission of Texas

Texas No. 9.0

# Phillips 66 Carrier LLC

## Local Tariff

Applying On  
Ethane

Subject to the Rules and Regulations Named Herein  
Rates are payable in United States currency

<b>From</b>	<b>To</b>	<b>Rate In Cents Per Barrel Of 42 U.S. Gallons</b>
<b>Clemens, Brazoria, TX</b>	<b>Gregory, San Patricio, TX</b>	<b>113.40</b>
<b>Gregory, San Patricio, TX</b>	<b>Clemens, Brazoria, TX</b>	<b>113.40</b>

Initial Rates

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

P5 No. 663865 [Operated by Phillips 66 Pipeline LLC on behalf of Phillips 66 Carrier LLC] T4 Permit # 09967

Issued August 31, 2021

Effective October 1, 2021

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## RULES AND REGULATIONS

### 1. Abbreviations & Definitions

As used in these rules and Regulations and in tariffs referencing these Rules and Regulations, the following items shall be defined as follows:

“**A.P.I.**” means American Petroleum Institute

“**Barrel**” means forty-two (42) United States gallons at sixty degrees (60°) Fahrenheit.

“**Capacity**” means the current, safe operating capability of a System.

“**Carrier**” means and refers to **Phillips 66 Carrier LLC** and other pipeline companies which may, by proper concurrence, be party to joint tariffs incorporating these rules and regulations by specific reference.

“**Committed Shipper**” means a Shipper that has committed to ship, or pay a deficiency payment for failure to ship, certain minimum volumes of Commodity pursuant to a TSA on specified segments of the System, as provided in such Shipper’s TSA.

“**Commodity**” means and refers to Ethane as further described in Item 2 - Commodity and Specifications.

“**Consignee**” means anyone to whom custody is to be given at the specific instructions of a Shipper when Commodity is delivered out of the System.

“**Inventory**” means the total volume of Commodity in the Carrier’s custody at any given time.

“**No.**” means Number

“**Nomination**” means an offer and designation by a Shipper to the Carrier of an approximate quantity of a Commodity for transportation from a specified origin point(s) to a specified destination(s) over a period of one month in accordance with these Rules and Regulations.

“**Required Inventory**” means the volume of Commodity required by Carrier for line fill, working stock and storage receptacle bottoms.

“**Shipment**” means a volume of Commodity delivered to and accepted by Carrier at a point of origin for transportation through Carrier’s System to a designated delivery point.

“**Shipper**” means the party who contracts with the Carrier for the transportation of Commodity subject to and in accordance with these Rules and Regulations subject to the rate on the applicable tariff.

“**System**” as herein used means a pipeline or pipelines including related facilities which, when operated, acts as a single unit.

“**Tender**” means an application by a Shipper to the Carrier for transportation of a stated quantity of Commodity from a specified origin or origins to a specified destination or destinations in accordance with these rules and regulations.

“**Ticket**” means the record evidencing the transfer of custody of Commodity and containing the information identifying the transaction and net volume transferred.

“**Uncommitted Shipper**” means a Shipper that has not signed a TSA or agreed to ship a minimum volume of Commodity

## 2. Commodity and Specifications

Carrier is engaged in the transportation of Commodity and, therefore, has the right to refuse any other Commodity for transportation, under tariffs making reference hereto. Commodity will be received for transportation providing they are of substantially the same kind, grade and quality currently being transported through the same System for other Shippers. Commodity of similar quality and specifications are currently being transported from origin point to destination point.

Specifications for Commodity is addressed under the pipeline specifications for each pipeline System at the Carrier's website: <https://www.phillips66.com/midstream/tariffs>

Commodity nominated for transportation which differ in characteristics from those usually transported by this Carrier will, at the option of the Carrier, be transported if space is available after all other Nominations have been scheduled and under such terms as the Shipper and the Carrier may agree.

## 3. Origin and Destination Facilities

Shipper shall furnish the necessary facilities at origin points capable of delivering Commodity into the Carrier's System at pressures and pumping rates required and determined solely by the Carrier.

Shipper or Consignee shall furnish the necessary facilities for receiving each Shipment of Commodity upon arrival at its destination. Such facilities shall have adequate available Capacity and be capable of receiving said Commodities at pressures and pumping rates specified by Carrier.

All proposed receiving or delivery connections must meet minimum Nomination, hourly flow rate conditions and metering requirements in effect at the time of requested connection and must also have facilities which will allow for increases to maximum line flow rates and pressure conditions. All proposed connection designs must be approved by the Carrier. All costs and expenses of installing, operating and maintaining connections shall be paid by the connecting party.

In the event Shipper or Consignee fails to provide adequate facilities for receipt of the Shipment of Commodity at destination, Carrier shall have the right to make whatever arrangements for disposition of the Commodity it deems appropriate to clear the Carrier's facilities, including without limitations the right of sale at a price determined by current market conditions. Out of the proceeds of said sale, Carrier shall first pay itself all transportation and other lawful charges, costs and expenses of storage, and care and maintenance of the Commodity. The balance shall be held for whomsoever may be lawfully entitled thereto, and who by accepting said balance shall be deemed to have waived Carrier's liability with respect to all acts or omissions by Carrier in connection with said sale.

## 4. Quality of Commodity

Commodity accepted for Shipment must meet Specifications set forth in Item 2.

Prior to acceptance for transportation, Commodity may be tested by Carrier, or Carrier may require from the Shipper a certificate setting forth in detail the specifications of each Shipment.

The Shipper will be responsible for all additional expenses incurred by the Carrier and resulting from Carrier's receipt of any Commodity which is not acceptable quality.

## 5. Quantity and Nominations

Except as provided for below, Nominations for the transportation of Commodity will be accepted each month in quantities of not less than five thousand (5000) Barrels from one Shipper, consigned to one Consignee and destination unless written authority is received by the Shipper from the Carrier to nominate an amount lower than the quantity provided for under this item. Commodity so nominated to the Carrier for transportation will be received as space is currently available, providing the total within a month's time is not less than five thousand (5000) Barrels (excluding authorized exceptions).

Nominations for transportation of Commodity will be received in lots of less than five thousand (5000) Barrels only if, in the sole judgment of Carrier, the Carrier's facilities and operating conditions permit.

Commodity will be accepted for transportation only on properly executed Tenders, as defined in Item 1.

- i) Shippers desiring to Tender Commodity for transportation shall make in writing a separate Tender for each calendar month on or before the 15th day of the preceding month. Carrier is under no obligation to accept Commodity for transportation in any month unless Shipper submits a Nomination on or before the fifteenth (15th) day of the calendar month preceding the desired Shipment date. If the fifteenth (15th) day of the month falls on a weekend or holiday, Nominations are due on the last workday before the fifteenth (15th). A Nomination must specify, for each Shipment, the quantity, product grade, Origin, Destination and Shipper.
- ii) Commodity shall be accepted for transportation at such time as Commodity of the same specifications are currently being transported from point of Origin to a Destination or Destinations in accordance with schedules of Shipments to be issued from time to time to each Shipper by the Carrier. Such schedules may be modified from time to time in the manner and to the extent reasonably desirable to facilitate the efficient and economical use and operation of the Carrier's facilities and to reasonably accommodate Shipper's needs for transportation. Any changes or modification to Shipper's monthly Nominations should be completed at least fourteen (14) days before the scheduled entry date of product into the Carrier's facilities. If a change in Nomination is not timely submitted, Carrier will handle in a manner to facilitate the efficient, economic use and operation of the Carrier's facilities and to reasonably accommodate Shipper's needs for transportation of Commodity. Carrier will provide a pump date for a completed Nomination a minimum of seven (7) days prior to the release date.

## 6. Apportionment of the Capacity of Facilities (Prorationing)

This Proration Policy will be used by the Carrier to allocate Available Capacity among all Shippers for any Proration Month for which Carrier determines, in its sole discretion, that the aggregate volume of Commodity Nominated by all Shippers for receipt into Carrier's System exceeds Available Capacity. Carrier may elect to allocate its Available Capacity on any equitable basis, in a manner different from this policy, during a generally recognized emergency period in order to help alleviate the emergency conditions. All Capacity calculations shall be based on a gasoline equivalent basis. See connecting Carriers proration policies for information on prorationing on their Systems.

### I. Definitions

**"Available Capacity"** means, with respect to any segment of System, total projected available Capacity for the Proration Month on such segment, under then-current safe operating conditions as determined by Carrier, net of any Capacity leased to others.

**"Average Monthly Historical Flow"** shall have the meaning as set forth in Item II.B.

**6. Apportionment of the Capacity of Facilities (Prorationing) (Continued)**

**"Base Period"** is the 12 calendar month period just preceding the Calculation Month.

**"Calculation Month"** is the calendar month just preceding the Proration Month for which space is being allocated.

**"Carrier"** means Phillips 66 Carrier LLC

**"New Shipper"** is any Shipper who is not a Regular Shipper.

**"Nominated"** or **"Nomination"** means Commodity validly nominated for movement in Carrier's System in accordance with Carrier's "Nominations" procedures set forth in its published tariffs.

**"Products Allocated Capacity"** is the Available Capacity and such Products Allocated Capacity will be allocated to Regular Shippers and New Shippers in a Proration Month, as determined in accordance with Item II.

**"Proration Month"** is the calendar month for which Carrier has determined that Nominated volumes exceed Available Capacity.

**"Regular Shipper"** is any Shipper who had a record of movements of Commodity(s) in any eleven (11) of the twelve (12) months in the Base Period.

**"Shipment History"** means the volume of Commodity moved through an applicable segment of Carrier's System by a Shipper during the applicable Base Period.

**"Shipper Monthly Historical Flow"** has the meaning as set forth in Item II.C.

**"Shipper(s)"** means the party or parties who have shipper status to nominate Commodity for movement under Carrier's published tariff for Commodity movements.

**"System"** means the pipeline(s) connecting the origin points and destination points described in the specific tariff

**II. Allocation of Products Allocated Capacity among New and Regular Shippers**

- A. New Shippers shall be included in the allocation of Products Allocated Capacity. Total Products Allocated Capacity available for New Shippers will not exceed ten percent (10%) of the Products Allocated Capacity. Each New Shipper will be granted the lesser of:
- (i) an equal initial allocated Capacity of Products Allocated for Capacity for the Proration Month, provided that such initial allocation of Capacity shall not be made to more than one of any affiliated New Shipper(s) **or**
  - (ii) five percent (5%) of the initial Products Allocated Capacity (one half of the 10% for New Shippers) for the Proration Month, provided that such initial allocation of Capacity shall not be made to more than one of any affiliated New Shipper(s). Any unused Capacity shall become available for allocation among Regular Shippers as set forth in Item II.D.
- B. Average Monthly Historical Flow shall be a calculation of the total Barrels of all Commodity delivered for each segment of the System during the Base Period and divide this value by the lesser of (i) number of months in which the segment of the System has been in operation, or (ii) twelve (12).

**6. Apportionment of the Capacity of Facilities (Prorationing) (Continued)**

C. Shipper Monthly Historical Flow shall be a calculation of the total Barrels of all Commodity delivered for a particular Shipper for each segment of the System during the Base Period and divide this value by the lesser of (i) number of months in which the segment of the System has been in operation, or (ii) twelve (12).

D. The total available Barrels of Capacity for each segment of the System which will be allocated to that Shipper will be calculated by taking the Shipper Monthly Historical Flow divided by the Average Monthly Historical Flow, and multiplying this quotient by the total Barrels of capacity allocated to Regular Shippers. The final Products capacity allocated to a particular Shipper will be the lower of (i) the Shipper's Nomination or (ii) the allocation as determined in this Item II.D.

E. Any remaining capacity not Nominated by Regular Shippers would be re-allocated among all New Shippers according to Item II.A.

**III. Notification**

Carrier shall notify each Shipper of its allocated capacity in accordance with the notification timelines set forth in the Nominations provisions of Carrier's published tariff(s). Shippers shall have, following Carrier's notification of each Shipper's allocated capacity, three days to submit revisions to their initial Nominations so as to distribute their allocated capacity among the Commodity, origins and destinations then served by Carrier. Carrier will follow Item II.D to allocate any capacity that might become available.

**IV. Good Faith Tenders**

Carrier will accept only good faith Nominations from Shippers, and Carrier shall use whatever reasonable means necessary to determine whether Nominations are made in good faith. Good faith means the non-contingent ability of Shipper to deliver to Carrier at the origin(s), or to receive from Carrier at the destination(s) specified in the Nomination, all of the volume Nominated during the time period for which the Nomination is made. Carrier may request any additional documentation from Shipper indicating Shipper's ability to deliver and/or receive the Commodity Nominated.

**V. Failure to Use Allocated Capacity**

If a Shipper fails to deliver at the origin(s) or fails to remove at the destination(s), specified by it in its Nomination, Commodity sufficient to fill its allocated capacity and such failure has not been caused by force majeure, as substantiated in a manner satisfactory to the Carrier, Carrier may require Shipper to pay the transportation charges under Carrier's published tariff for the applicable Petroleum Product movement for such unused allocated Capacity, and Carrier shall also have the right, in a non-discriminatory manner, to reduce Shipper's allocated capacity for the next Proration Month in which such Shipper Nominates Petroleum Product by an amount equal to such unused allocated capacity.

**VI. Multiple Shipper Accounts**

Unless otherwise instructed by Shipper, Carrier will consolidate the movement history and Nominations of all the Shipper's Commodity accounts for Shippers who have multiple Shipper accounts. Total allocated capacity will automatically be distributed among such Shipper's various accounts with any excess capacity allotment on one of its accounts being transferred to any account for which Nominated volume exceeds allotted capacity for that account. Nothing in this Item VI will allow such Shipper to receive a capacity allocation greater than the total allocated capacity that such Shipper would be entitled to if all of its movement history were consolidated in one Shipper account.

**6. Apportionment of the Capacity of Facilities (Prorationing) (Continued)****VII. No Enhancement of Allocation**

In no event will a capacity allocation to Shipper be used in such a manner that will enhance the allocated capacity of another Shipper beyond the allocated capacity that such Shipper would be entitled to under this Proration Policy. Carrier may require written assurances from a responsible officer of Shipper regarding its use of its allocated capacity stating that Shipper has not violated this Policy.

**VIII. Transfer of Allocated Capacity and Shipment History**

Space allocated to a Shipper may not be assigned to another Shipper. Upon request of Carrier, a responsible official of a Shipper's company may be required to give assurances to Carrier that this provision has not been violated. In the event such provision is violated, the allocated space for all Shippers involved in the violation shall be reduced by the amount of the unauthorized space obtained; the reduction being effective for the remainder of the current month as well as for the next month of proration for which pipeline capacity has not yet been allocated. Carrier may reallocate the space so withdrawn.

**7. Title**

A nomination for Shipment of Commodity shall be deemed a warranty of title by the party making the Nomination. The Carrier may, in the absence of adequate security, decline to receive any Commodity which is in litigation or as to which a dispute over title may exist or which is encumbered by a lien. By nominating Commodity, the Shipper agrees to hold Carrier harmless from any and all loss, cost, liability, damage, and/or expenses resulting from disputes, encumbrances, or failure of title.

Carrier will account for custody transfer of Commodity as receipt and/or delivery points, as evidenced by duly authorized receipt/delivery Tickets of the Carrier.

**8. Payment of Transportation and Other Charges**

The Shipper and Consignee shall be jointly and severally liable to Carrier for all applicable transportation charges and other lawful charges accruing on Commodity delivered to and accepted by Carrier and Shipment. If required by Carrier, the Shipper or Consignee shall pay or furnish guaranty of payment for transportation to the Carrier before acceptance of Shipment.

Carrier will invoice Shipper each month for transportation and other lawful charges on Commodity delivered to Shipper and/or Consignee during the previous month. If such an invoice is not paid within ten (10) days of date of Carrier's invoice, the Shipper and Consignee will become liable for the payment to Carrier of interest from invoice date until paid at an annual rate equivalent to 125% of the prime rate of interest charged by the Citibank N.A. of New York, New York on ninety (90) day terms as of the due date or the maximum rate allowed by law, whichever is less.

In addition, Carrier shall have a lien on all Commodity delivered for transportation to secure payment of any and all unpaid penalties, transportation charges and other charges that are due to Carrier by Shipper or Consignee, and Carrier may withhold such Commodity from delivery, without liability until unpaid penalties or charges have been paid. If such penalties and charges remain unpaid for 30 days after notice and demand therefore, Carrier shall have the right, either directly or through an agent, to sell such Commodity within the custody of Carrier.



**8. Payment of Transportation and Other Charges (Continued)**

From the proceeds of such sale, Carrier shall pay itself all penalties, transportation, demurrage, other lawful charges and fees and interest due to Carrier, including, without limitation, expenses incident to the sale. The balance of the proceeds from such sale, if any, shall be held by Carrier for whomever may be lawfully entitled thereto. If the proceeds from such sale are not sufficient, Shipper or Consignee shall remain liable for any deficiency including any interest charges.

**9. Liability of Carrier**

- (a) The Carrier, while in possession of any Commodity herein described, shall not be liable for any loss thereof, damage thereto, or delay caused by fire, explosion, earthquake, storm, flood, epidemics, acts of God, riots, sabotage, strikes, the authority of law, or an act or default of the Shipper or Consignee, the requisition or necessity of the Government of the United States in time of war or national emergency, or from any cause whatsoever, whether enumerated herein or not, except by Carrier's sole negligence. In case of any loss of a Commodity for which Carrier is not liable, each Shipper of that Commodity shall bear the loss, damage, or delay and the consequences thereof in the proportion that the amount of such Shipper's Commodity received and undelivered in the custody of Carrier for transportation in the System at the time of loss, damage, or delay occurs. The Shipper shall be entitled to have delivered only such portion of his Shipment as may remain after deduction of his due proportion of such loss.
- (b) In addition to any loss of Commodity covered by the preceding paragraph of this item, some gain or loss is unavoidably incident to pipeline transportation due to the inherent nature and characteristics of Commodity and transportation of same. If a Shipper's or Consignee's Commodity is lost in transit, Carrier may obtain and deliver to Shipper or Consignee other Commodities for the same quantity and substantially the same grade as that which is lost, but Carrier shall not be obligated to do so. In the alternative, Carrier may compensate Shipper for such loss at market price for that particular grade of Commodity as agreed upon by both parties in United States currency.

**10. Measuring and Testing**

All measurement & sampling equipment, procedures, calculations, and practices (whether performed by Carrier, Shipper, or their respective affiliates) shall be performed in conformance with the most current International measurement, sampling and analysis standards (A.P.I. Manual of Petroleum Measurement Standards (MPMS), Energy Institute Hydrocarbon Management (EIHM), ISO, NIST and ASTM and latest Gas Processors Association 2145 Standard.) . All Commodity accepted by Carrier for transportation shall be gauged or metered and may be tested by a representative of the Carrier or by automatic equipment, approved by the Carrier, prior to its receipt from the Shipper. The Shipper or Consignee has the privilege for being present or represented at the gauging, metering, sampling or testing. If tank tables are used, quantities will be computed from correctly compiled tank tables showing one hundred percent (100%) of the full capacity of the tanks.

Volumes shall be adjusted from observed conditions to standard reference conditions (i.e. 60 degrees Fahrenheit, a pressure of one standard atmosphere of 14.696 PSIA etc.) in accordance with the latest revision of A.P.I. MPMS Chapter 11 (e.g. Table 6B, 5B etc. whichever table is applicable to that commodity). The net balance at sixty degrees (60°) Fahrenheit will be the quantity deliverable by Carrier.

Carriers participating in tariffs make specific reference to this tariff may make adjustments for shortages in their pipeline Systems. The authority and amount of any adjustments may be found in the Rules and Regulations of those participating Carriers.

**11. Separate Pipeline Agreements**

Separate agreements in connection with delivery pipelines, connections or other facilities ancillary to the System and in accordance with this tariff may be required of any Shipper or Consignee before any duty for transportation shall arise.

**12. Claims, Suits, Timing for Filing**

As a condition precedent to recovery for loss, damage, or delay to Shipments, claims must be filed in writing with the Carrier within nine (9) months and one (1) day after delivery of the Commodity, or, in the case of failure to make delivery, then within nine (9) months and one (1) day after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against the Carrier only within two (2) years and one (1) day from the date of delivery, or within two (2) years and one (1) day after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Shipper agrees that Carrier will not be liable and such claims will not be paid.

**13. Application of Rates, Charges, Rules and Regulations**

Commodity accepted for transportation shall be subject to the rates, charges, rules and regulations in effect on the date of receipt of such Commodity by the Carrier. Transportation and all other lawful charges will be collected on the basis of the net quantities of Commodity delivered. All net quantities will be determined in the manner provided in Item 10.

Commodity received at an established origin point on Carrier's System, which origin point is not named in the tariff making reference hereto, but which is intermediate to a point from which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect from the next more distant origin point published in the tariff.

Commodity delivered to an established delivery point, on the Carrier's System, which is not named in the tariff making references hereto, but which is intermediate to a destination to which rates are published in said tariffs, through such unnamed point, will be assessed the rate in effect to the next more distant delivery point on the tariff.

**14. Reconsignment**

Change in destination and/or routing from that previously specified or nominated will be permitted upon written request or oral request if confirmed later in writing provided the change request is received by the originating Carrier prior to delivery out of this Carrier's System. All changes pursuant to this item are subject to the rates, rules, and regulations in the applicable tariffs from point of origin to the designated final destination, and provided that no out-of-line or backhaul movements are necessary.

**15. Charges for Spill Compensation Acts and Regulations**

In addition to the transportation charges and all other charges accruing on Commodity accepted for transportation, a per Barrel charge will be assessed and collected in the amount of any tax, fee, or other charge levied against the Carrier in connection with such Commodity by a federal, state, or local government or agency which levies a tax, fee, or other charge, on the receipt delivery, transfer, or transportation of such Commodity within such government's jurisdiction for the purpose of creating a fund for the prevention, containment, and/or removal of spills and/or reimbursement of persons sustaining loss or damage therefrom, and/or preparation for response spills.

**16. Storage in Transit**

Tankage requirements will be provided by the Shipper and/or Consignee at origin, transfer, and destination points.

**17. Identity of Commodity**

Acceptance of Commodity for transportation shall be upon the condition that said Commodities shall be subject to such changes in gravity or other characteristics while in transit as may result from normal pipeline operations. Carrier will use due diligence to transport such Commodities to destination with a minimum amount of contamination. Carrier will not be liable for discoloration, contamination or deterioration of Commodity transported, unless such discoloration, contamination or deterioration is caused solely by negligence of the Carrier.

Carrier will use its best efforts to maintain the identity of individual Shipments of Commodity.

However, in view of the impracticability of maintaining the exact identity of Shipments at all times, the Carrier reserves the right at any time to substitute and deliver a Commodity of the kind and quality of the Commodity shipped.

**18. Scheduling of Shipments**

All Shippers desiring to move Commodity through the Carrier's System shall provide information needed by Carrier to schedule each Shipment. Carrier may refuse to receive Commodity for transportation until Shipper has provided Carrier with such information.

**19. Compliance with Laws and Other Requirements**

The Carrier reserves the right to reject any and all Commodity offered for Shipment when the Shipper or Consignee fails or is unwilling to comply with all applicable laws, rules, regulations, or requirements of any governmental authorities regulating Shipments or deliveries of Commodity or fails to demonstrate to the Carrier's satisfaction that the Shipment would be in conformance with the provisions of the Carrier's tariff.

**20. Evidence of Receipts and Deliveries**

Commodity received from the Shipper and delivered to the Shipper or any Consignee shall, in each instance, be evidenced by Tickets showing opening and closing tank gauges or meter readings as applicable, temperature, and any other data essential to the determination of quantity. The Shipper and/or Consignee may at its discretion witness the receipt and/or delivery of the Commodity shipped.

**21. Inhibitors**

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

**22. Severability**

If any term or provision of these Rules and Regulations or any application thereof shall be invalid or unenforceable, (a) the remainder of these Rules and Regulations or any application of such term or provision shall not be affected thereby and (b) such term or provision of these Rules and Regulations or application thereof shall be excused and canceled without liability.

**23. Required Inventory**

Each Shipper shall supply its share of Required Inventory by types and volumes as determined from time to time by Carrier. Prior to full pipeline operations, all Shippers pro rata share of line fill shall be based on the ratio of Shipper's actual deliveries to the total deliveries on the System. On and after full operations begin, Committed Shippers pro rata share of pipeline inventory shall be based on the proportion of the Committed Shipper's daily committed volume in proportion to the sum of all Shipper commitments on the system. Uncommitted Shippers volume shall be based on the ratio of the Uncommitted Shipper's actual deliveries relative to the total of all Shipper commitments on the System. All Shipper commitments on the system shall be the sum of each Committed Shipper's daily committed volume and each Uncommitted Shipper's actual deliveries. Such required inventory may be withdrawn from Carrier's system at any time within ninety (90) days subsequent to:

1. Shipper having ceased Tendering shipments and notified Carrier in writing that it will no longer Tender shipments to Carrier;
2. Shipper balances having been reconciled between Shipper and Carrier; and
3. Shipper having paid Carrier for all services.