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Railroad Commission of Texas

Tariff No. 1.0

EVX SOUTH TEXAS CRUDE, LLC

RULES AND REGULATIONS TARIFF GOVERNING THE INTRASTATE TRANSPORTATION OF CRUDE OIL BY PIPELINE

This tariff contains the Rules and Regulations governing intrastate transportation of crude petroleum by pipeline on the systems owned in Texas by EVX South Texas Crude, LLC, as filed with the Railroad Commission of Texas and published herein. The Rules and Regulations published herein apply only under tariffs making specific reference by number to this tariff. If any specific language in a tariff making reference to this tariff conflicts with the general language on the same subject in the Rules and Regulations contained herein, the specific language shall control.

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Operator: EVX Midstream Partners LLC

P-5 Identification Number: 256690

T-4 Permit Numbers: 09894
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I. GENERAL RAILROAD COMMISSION OF TEXAS PROVISIONS

The following Railroad Commission of Texas provisions must be printed and included in every common carrier pipeline tariff. 16 Tex. Admin. Code § 3.71(20). To the extent that any matter in the Railroad Commission provisions printed and included in Part I of this tariff is supplemented by one or more provisions printed in Part II of this tariff, Rules and Regulations Specific to the EVX South Texas Crude Systems, the provisions of Part II shall control.

- (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. [*Supplemented in Part II, Rules 1.1, 1.2, and 1.3.*]
- (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. [*Supplemented in Part II, Rules 1.1, 1.2, and 1.3.*]
- (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. [*Supplemented in Part II, Rules 3.1 and 3.2.*]
- (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. [*Supplemented in Part II, Rule 5.1.*]

- (6) Identity of oil, maintenance of oil. A pipeline may deliver to consignee either the identical oil received for transportation, subject to such consequences of mixing with other oil as are incident to the usual pipeline transportation, or it may make delivery from its common stock at destination; provided, if this last be done, the delivery shall be of substantially like kind and market value. [*Supplemented in Part II, Rule 6.1.*]
- (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. [*Supplemented in Part II, Rule 8.1.*]
- (9) Measuring, testing, and deductions (reference Special Order Number 20-63,098 effective June 18, 1973). [*Supplemented in Part II, Rules 9.1, 9.2, and 9.3.*]
 - (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. [*Supplemented in Part II, Rules 19.1.*]
- (11) Unpaid charges, lien for and sale to cover. A pipeline shall have a lien on all oil to cover charges for transportation, including demurrage, and it may withhold delivery of oil until the charges are paid. If the charges shall remain unpaid for more than five days after notice of readiness to deliver, the pipeline may sell the oil at public auction at the general office of the pipeline on any day not a legal holiday. The date for the sale shall be not less than 48 hours after publication of notice in a daily newspaper of general circulation published in the city where the general office of the pipeline is located. The notice shall give the time and place of the sale, and the quantity of the oil to be sold. From the proceeds of the sale, the pipeline may deduct all charges lawfully accruing, including demurrage, and all expenses of the sale. The net balance shall be paid to the person lawfully entitled thereto.
- (12) Notice of claim. Notice of claims for loss, damage, or delay in connection with the shipment of oil must be made in writing to the pipeline within 91 days after the damage, loss, or delay occurred. If the claim is for failure to make delivery, the claim must be made within 91 days after a reasonable time for delivery has elapsed.
- (13) Telephone-telegraph line--shipper to use. If a pipeline maintains a private telegraph or telephone line, a shipper may use it without extra charge, for messages incident to shipments. However, a pipeline shall not be held liable for failure to deliver any messages away from its office or for delay in transmission or for interruption of service.
- (14) Contracts of transportation. When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation.
- (15) Shipper's tanks, etc.--inspection. When a shipment of oil has been offered for transportation the pipeline shall have the right to go upon the premises where the oil is produced or stored,

and have access to any and all tanks or storage receptacles for the purpose of making any examination, inspection, or test authorized by this section.

- (16) Offers in excess of facilities. If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionate. [*Supplemented in Part II, Rules 16.1, 16.2, and 16.3.*]
- (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. [*Supplemented in Part II, Rule 19.1.*]
 - (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.

II. RULES AND REGULATIONS SPECIFIC TO EVX SOUTH TEXAS CRUDE SYSTEMS

0.1 **Definitions.** As used in this tariff:

- a. "API" means American Petroleum Institute.
- b. "ASTM" means American Society for Testing and Materials.
- c. "Dedicated Firm Shipper" means a Shipper that has entered into a Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreement.
- d. "Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreement" means a crude oil gathering agreement with Pipeline that obligates Shipper to dedicate all of its crude oil from certain leases, less any excluded wells, to be gathered using Pipeline's System in exchange for an agreement by Pipeline to provide firm capacity to ship either all or certain amounts per day of dedicated oil tendered by Shipper for gathering. The volumes of oil, amount of firm capacity, and identity of wells and leases to be made subject to each Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreement, among other terms, are not susceptible to general definition and must be negotiated between Pipeline and Shipper in good faith on a non-discriminatory, case-by-case basis.
- e. "Force Majeure" means "any event or occurrence that hinders or prevents the performance by Pipeline or Shipper of its obligations hereunder, that is beyond the reasonable control of such party, that could not have been prevented or overcome by such party's exercise of reasonable diligence, and that such party is working to resolve with all reasonable dispatch, including: (i) strikes, lockouts, or other industrial disputes or disturbances; (ii) acts of the public enemy or of belligerents, acts of terrorism, hostilities or other disorders, wars (declared or undeclared), blockades, thefts, insurrections, riots, civil disturbances or sabotage; (iii) Acts of God, acts of nature, landslides, severe lightning, earthquakes, fires, tornadoes, hurricanes, storms, floods, or washouts (in each case including warnings thereof), epidemics or quarantine, freezing of machinery, equipment, or lines of pipe, or other inclement weather that necessitates extraordinary measures and expense to construct, replace or repair facilities or maintain operations under such conditions; (iv) arrests and restraints of, or other interference or restrictions imposed by, governmental authorities

(whether legal or *de facto* or purporting to act under applicable law), necessity for compliance with any court order, or any law, statute, ordinance, regulation, or order promulgated by a governmental authority having or asserting jurisdiction, embargos or export or import restrictions, expropriation, requisition, confiscation, or nationalization, or failures or delays in securing any license, permit, approval, or authorization of any governmental authority having jurisdiction that is required for performance of Pipeline's obligations under this tariff; (v) inability to acquire, without extraordinary measure or expense, rights-of-way, easements, or servitudes required for the System, (vi) explosions, breakage, or accidents to equipment, machinery, plants, facilities, or lines of pipe, electric power shortages, breakdown or injury of trucks or vessels, scheduled maintenance or repairs required in the ordinary course and consistent with those followed in the industry, or the making of emergency repairs or alterations to pipelines or other facilities, and (vii) any other event or occurrence, whether of the kind herein enumerated or otherwise, which hinders or prevents the performance by any party of such party's obligations hereunder, is beyond the reasonable control of such party, could not have been prevented or overcome by such party's exercise of reasonable diligence, and which such party is working to resolve with all reasonable dispatch.

- f. "Pipeline" means EVX South Texas Crude, LLC.
- g. "Product" means a mixture of crude oil and other liquid hydrocarbons delivered by Shipper to Pipeline.
- h. "Shipper" means a person that takes service from Pipeline in accordance with this tariff.
- i. "Shrinkage" means, for any specified period of time, the System's actual losses of Product due to evaporation, fuel, or other losses in transit. Shrinkage does not include loss of or damage to Product caused by Pipeline in the handling, testing, or storage of Product, except for loss or damage to Product (i) associated with Product flushing to eliminate residual particles or other contaminants from pipelines, tanks, trucks, vessels, valves, or pumps, (ii) associated with circumstances involving Force Majeure, (iii) to the extent caused by the act or omission of a Shipper, or (iv) associated with any regrading of Product resulting from commingling in the System of Product delivered by a Shipper which does not conform to the quality specifications set forth in this tariff.
- j. "System" means, according to context, the Maverick System, Hacksaw System, or Bowman System belonging to Pipeline through which a Shipper moves or proposes to move Product. Each System is subject to an individual tariff specifying rates applicable to service through that System.

0.2 **Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreements.** Pipeline may enter into Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreements with Shippers on a non-discriminatory basis. A Dedicated Firm Shipper Crude Oil Gathering and Transportation Agreement between Pipeline and a Dedicated Firm Shipper may contain terms that are (i) not described in the rules and regulations printed in this tariff, (ii) more

detailed than the rules and regulations described in this tariff, or (iii) more favorable to Dedicated Firm Shippers than the rules and regulations printed in this tariff.

1.1 **Product Quality Standards.** Pipeline will not accept Product for gathering or transportation unless it meets or exceeds the following quality specifications:

a. Merchantable crude oil which is properly settled and:

i. contains no more than one percent (1%) of sediment and water (S&W) and other impurities, of which:

A. water shall not be more than 0.3% by volume, and

B. basic sediment shall not be more than 0.7% by volume;

ii. has a temperature not in excess of one hundred twenty degrees (120°) Fahrenheit;

iii. its gravity, viscosity, pour point, and other characteristics are such that it is readily susceptible to transportation through the System;

iv. sulfur content does not exceed 0.4% by weight;

v. H₂S content does not exceed 10 ppm;

vi. has a Reid vapor pressure below eight (8) pounds per square inch absolute and an API gravity range between 28.0 and 45.0 degrees; and

vii. meets the specifications of downstream pipelines utilized by the Shipper.

b. In addition, Pipeline reserves the right to reject (any and all of, but not limited to) the following shipments:

i. Product in connection with which a Shipper has failed to comply with applicable laws, rules, and regulations made by government authorities regulating shipments of crude oil; and

ii. If Product is received from tankage, settled bottoms in such tanks must not be above four inches (4") below the bottom of the pipeline connection with the tank from which the Product enters the System.

1.2 **Off-Spec Product.** Pipeline is under no obligation to gather or transport Product through its System that is contaminated or otherwise fails to meet the quality specifications of this tariff ("Off-Spec Product"). Nevertheless, Pipeline may, in its sole discretion, consent in writing to gather or transport Off-Spec Product on a non-discriminatory basis in such volumes and for such time period and under such other terms and conditions as it specifies in its written consent.

- 1.3 **Remediation Cost.** If a Shipper tenders Off-Spec Product without Pipeline’s consent, the Shipper shall reimburse Pipeline for the cost of removing, disposing of, and otherwise treating the Off-Spec Product and the contaminants within it, as well as the cost of repairing any damage to the System resulting from the tender of the Off-Spec Product.
- 3.1 **Definition of “Barrel”.** “Barrel” means 42 Gallons.
- 3.2 **Definition of “Gallon”.** “Gallon” means 231 cubic inches of Product at 60 degrees Fahrenheit and 14.69 PSIA.
- 5.1 **Storage.** Pipeline will provide Product storage only to the extent, in the capacity, and for the time period agreed upon in advance of a nomination by Pipeline and Shipper.
- 6.1 **Commingling of Product.** Pipeline may commingle Product received from different Shippers using the System, provided that, absent mutual agreement of the Pipeline and all commingled Shippers, such commingling shall not result in any Shipper’s Product failing to meet the quality specifications of downstream pipelines or other transportation services utilized by the Shipper subsequent to the System.
- 8.1 **Rates.** Charges for gathering of oil, transportation, and delivery on each System are specified in the separate tariff entitled “Rate Tariff Governing the Intrastate Transportation of Crude Oil by Pipeline” for that System then in effect.
- 9.1 **Adjustment of Quantities.** The following measurement provisions will apply to all volumes of product tendered by a Shipper to Pipeline:
- a. Volume determinations will be based on a Barrel of Product and shall be determined in accordance with the most recently published API/ASTM standards for the method of delivery. Subject to the foregoing, all volumes shall be temperature-corrected to standard conditions of sixty degrees (60°) Fahrenheit and 14.69 PSIA in accordance with the latest supplement or amendment to ASTM-IP petroleum measurement tables.
 - b. All calculations of volume, including corrections for sediment and water, will be performed utilizing the current API standards. Subject to the foregoing, gauging of Product received, delivered, and in storage will be taken by Pipeline, subject to a Shipper’s right to have a representative present upon its request; provided, that if a Shipper does not have a representative present for gauging, Pipeline’s gauging will be conclusive, absent fraud or manifest error.
- 9.2 **Adjustment of Nominated Volumes.** Daily volumes of Product delivered by Pipeline for a Shipper shall conform as closely as possible to the volumes nominated by the Shipper for delivery for such day, minus Shrinkage, except that Pipeline may conform such volumes to the sum of (i) the volumes of Product actually received from the Shipper on such day and (ii) the volumes of Product actually held by Pipeline as inventory in its System on such day.

- 9.3 **Resolving Imbalances.** Notwithstanding anything herein to the contrary, Pipeline may at any time temporarily interrupt or curtail receipts or deliveries of Product, or adjust a Shipper's nominations therefor, in order to resolve any current or reasonably anticipated imbalances between such receipts and deliveries on the System (after taking into account the volumes of Product actually held by Pipeline as inventory in the System on such day).
- 16.1 **Proration.** Pipeline may interrupt or curtail gathering and transportation services to a Shipper for such reasonable periods of time as may be required during events of Force Majeure and, to the extent Force Majeure does not apply, (i) for the purpose of performing (or allowing) any repairs, maintenance, replacement, upgrading, or other work related to the System (or any segment thereof) or (ii) when, for any reason, the amount of Product nominations submitted by all Shippers exceeds the System's (or relevant segment's) design capacity for a given time period.
- 16.2 **Proration Policy.** Pipeline will follow a proration policy when the amount of Product nominations properly submitted by all Shippers exceeds the System's (or relevant segment's) design capacity for a given time period. The aggregate capacity available for service during the period of allocation is the "Prorated Capacity".
- 16.3 **Priority Capacity.** Pipeline will have the right, but not the obligation, to maintain 90% of the Prorated Capacity for Dedicated Firm Shippers ("Priority Capacity"). Dedicated Firm Shippers are eligible to make a Priority Capacity election should the Facilities enter into a period of proration. In the event that the Prorated Capacity is less than the design capacity (as a result of, for example, interruption or curtailment or Force Majeure), the Priority Capacity available to Dedicated Firm Shippers will be allocated pro rata in accordance with each Dedicated Firm Shipper's respective firm capacity rights.
- 19.1 **Force Majeure.** If Pipeline or a Shipper is hindered or prevented from performing, wholly or in part, an obligation under this tariff, other than the obligation to pay amounts when due, as a result of an event of Force Majeure, then such obligations shall be suspended, and the performance thereof excused, for the duration of such Force Majeure event. The party affected by such Force Majeure event shall provide the other party written notice thereof, with reasonably full particulars, as soon as reasonably practical after the occurrence thereof; and such party shall keep the other party reasonably apprised of the estimated date by which such event of Force Majeure is likely to be remedied or resolved. The affected party must act with all commercially reasonable diligence to remedy or resolve the event of Force Majeure and resume performance as quickly as possible. Once the event of Force Majeure is remedied or resolved, the affected party shall resume performance of its suspended obligations hereunder and notify the other party in writing that the event of Force Majeure has ended. The requirement that any Force Majeure event be remedied with all commercially reasonable diligence shall not require the settlement of strikes, lockouts, or other labor difficulty by the party claiming excuse due to an event of Force Majeure contrary to its wishes.