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No. 144.1.01

NUEVO DOS GATHERING AND TRANSPORTATION, LLC

RULES AND REGULATIONS TARIFF

Containing Rates Applying on the Intrastate Gathering of

CRUDE PETROLEUM

(As Defined Herein)

BY PIPELINE

BETWEEN

POINTS WITHIN TEXAS

SUBJECT TO THE REGULATIONS NAMED HEREIN

Rates herein are governed by Rules and Regulations provided in this Nuevo Dos Gathering and Transportation, LLC (P5-616197) Tariff No. 144.1.01, as amended, except as otherwise provided for herein, supplements thereto and reissues thereof.

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

T-4A Permit No. 09244

Issued: November 20, 2020

Effective: July 1, 2020

Issued by:
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LIST OF RATES FOR GATHERING FROM RECEIPT TO DESTINATION/DELIVERY POINT

BASE RATES, NUEVO DOS GATHERING AND TRANSPORTATION, LLC
 RATES IN CENTS PER BARREL OF 42 UNITED STATES GALLONS

RATE A: Anchor Shipper Rates¹

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
Receipt Points in Lavaca and Gonzales County, Texas	Outlet flange of CDP in Lavaca County, Texas	75.00

Truck loading or truck unloading fee at CDP or other receipt point mutually agreeable to Shipper and Pipeline.

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
LACT at CDP in Lavaca County, Texas	Outlet flange of LACT at CDP in Lavaca County, Texas	10.00

RATE B: Shippers with a Commitment Contract of at least 8,000 Barrels per day.^{2,3}

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
Receipt Points in Lavaca and Gonzales County, Texas	Outlet flange of CDP in Lavaca County, Texas	130.00

Truck loading or truck unloading fee at CDP or other receipt point mutually agreeable to Shipper and Pipeline.

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
LACT at CDP in Lavaca County, Texas	Outlet flange of LACT at CDP in Lavaca County, Texas	10.00

¹ This Rate A, offered to Anchor Shippers, begins August 1, 2016 and expires on July 31, 2019, at which point Anchor Shippers will be subject to Rate B.

² Volumes may be aggregated from all receipt points and adjusted for under-delivery charges and over-delivery credits.

³ Beginning July 1, 2024, the rate will be increased yearly by the amount equal to the annual percentage increase change in the Producer Price Index (as defined herein) which will in no event be greater than 2.25% in any given year.

RATE C: Shippers with no Commitment Contract volume.⁴

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
TBD	Outlet flange of CDP in Lavaca County, Texas	TBD

Truck loading or truck unloading fee at CDP or other receipt point mutually agreeable to Shipper and Pipeline.

RECEIPT POINT	DESTINATION/DELIVERY POINT	RATE IN CENTS PER BARREL
LACT at CDP in Lavaca County, Texas	Outlet flange of LACT at CDP in Lavaca County, Texas	TBD

⁴ TBD: To be determined by contractual arrangements based on market conditions and circumstances existing at the time of agreement.

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SECTION 1

RULES AND REGULATIONS OF THE RAILROAD COMMISSION OF TEXAS

The following twenty-two (1-22) sections are restatements of the first twenty-two rules pursuant to the requirements of the Railroad Commission of Texas. (16 TEX. ADMIN CODE §3.71(20)).

Every person owning, operating or managing any pipeline, or any part of any pipeline, for the gathering, receiving, loading, transporting, storing or delivering of crude petroleum as a common carrier shall be subject to and governed by the following provisions. Common carriers specified in this section shall be referred to as “pipelines”, and the owners or shippers of crude petroleum by pipelines shall be referred to as “shippers”.

1.1. 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 by Sections 2.25, 2.29 and 2.37 of this Tariff.)**

1.2. 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 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 by Sections 2.25 and 2.31 of this Tariff.)**

1.3. “Barrel” Defined.

For the purpose of these rules, a “barrel” of crude petroleum is declared to be 42 gallons of 231 cubic inches per gallon at 60 degrees Fahrenheit. **(Supplemented by Section 2.23 of this Tariff.)**

1.4. 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.

1.5. 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 by Section 2.29 of this Tariff.)**

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.

1.7. Minimum Quantity To Be Received.

A pipeline shall not be required to receive less than one tank carload 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.

1.8. Gathering Charges.

Tariffs to be filed by a pipeline shall specify separately the charges for gathering of the oil, for transportation, and for delivery.

1.9. Measuring, Testing and Deductions (reference Special Order No. 20-63, 098, effective June 18, 1973.)

- (A) Except as provided in subparagraph (B) of this Section, 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 and 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 Section, 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 operating 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 condensate.
- (C) Adjustments to the quantities determined by the methods described in subparagraphs (A) and (B) of this paragraph shall be made for temperature from the nearest whole number degree to the basis 60 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 obligation 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.

(Supplemented by Section 2.31 of this Tariff.)

1.10. 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 Section 1.6 of this Tariff, at a rate not exceeding 10,000 barrels per day of 24 hours. Computation of time of storage (as provided for in Section 1.5 of this Tariff) shall begin at the expiration of such notice. At the expiration of the time allowed in Section 1.5 of this Tariff 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 by Sections 2.31, 2.34, and 2.36 of this Tariff.)**

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 not be 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.

1.12. 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.

1.13. 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.

1.14. Contracts of Transportation.

When a consignment of oil is accepted, the pipeline shall give the shipper a run ticket, and shall give the shipper a statement that shows the amount of oil received for transportation, the points of origin and destination, corrections made for temperature, deductions made for impurities, and the rate for such transportation. **(Supplemented by Sections 2.26 and 2.39 of this Tariff.)**

1.15. 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.

1.16. Offers in Excess of Facilities.

If oil is offered to any pipeline for transportation in excess of the amount that can be immediately transported, the transportation furnished by the pipeline shall be apportioned among all shippers in proportion to the amounts offered by each; but no offer for transportation shall be considered beyond the amount which the person requesting the shipment then has ready for shipment by the pipeline. The pipeline shall be considered as a shipper of oil produced or purchased by itself and held for shipment through its line, and its oil shall be entitled to participate in such apportionment. **(Supplemented by Section 2.32 of this Tariff.)**

1.17. 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. **(Supplemented by Sections 2.29 and 2.37 of this Tariff.)**

1.18. 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 therefore, and under regulations by the commission. **(Supplemented by Sections 2.29 and 2.37 of this Tariff.)**

1.19. 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, or 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 portion of such loss, but in such event the shipper shall be required to pay charges only on the quantity of oil delivered. This rule shall not apply if the loss occurs because of negligence of the pipeline.
- (C) Common carrier pipelines shall mail (return receipt requested) or hand delivered 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.

1.20. Printing and Posting.

Each pipeline shall have paragraphs (1)-(19) of 16 TEX. ADMIN. CODE §3.71(20) printed on its tariff sheets, and shall post the printed sections in a prominent place in its various offices for the inspection of the shipping public. Each pipeline shall post and publish only such rules and regulations as may be adopted by the commission as general rules or such special rules as may be adopted for any particular field.

Pipeline has posted and maintains copies of its Railroad Commission tariffs in prominent places, including its offices in Houston, Texas.

1.21. File Tariffs with Commission.

Immediately upon the publication of its tariffs, and each subsequent amendment thereof, each pipeline is requested to file one copy with the commission.

1.22. Records.

- (A) Each person operating crude oil gathering, transportation or storage facilities in the state must maintain daily records of the quantities of all crude oil moved from each oil field in the state, and such records shall also show separately for each field to whom delivery is made, and the quantities so delivered.
- (B) The information contained in the records thus required to be kept must be reported to the commission by the gatherers, transporters and handlers at such times and in such manner as may be required by the commission.

SECTION 2
SUPPLEMENTAL RULES AND REGULATIONS OF NUEVO DOS GATHERING AND
TRANSPORTATION, LLC

The requirements of Section 2 will be in addition to and clarification of the requirements in Section 1.

2.23. Definition and Abbreviations (Supplements Section 1.3).

“Anchor Shipper” means a Committed Shipper that commits, on or before August 1, 2016, to ship minimum daily volumes of Crude Petroleum over a term of at least five years.

“API” means American Petroleum Institute.

“API Gravity” means a gravity (at sixty degrees (60°) Fahrenheit) determined in accordance with the specific gravity scale developed by the API and expressed in degrees.

“ASTM” means American Society for Testing Materials.

“Barrels” means a standard barrel of forty-two (42) United States gallons corrected to sixty degrees (60°) Fahrenheit and equilibrium vapor pressure.

“Capacity” means the quantity of Crude Petroleum the pipeline segment at issue is capable of transporting under the current operating conditions.

“CDP” means the central delivery point identified in this Tariff.

“Commission” means the Railroad Commission of Texas or any successor agency.

“Committed Shipper” means a Shipper who has entered into a Commitment Contract with Pipeline Operator.

“Commitment Contract” means a written commercial obligation by a Shipper to transport on the Gathering System by, for example, committing a certain volume of Crude Petroleum for transportation, production from designated wells and/or production from designated acreage for a specific term.

“Consignee” means a party, including a connecting pipeline system, to which Shipper has ordered delivery of Crude Petroleum.

“Crude Petroleum” means crude oil produced from lease production, including lower or higher API Gravity crude oil.

“Delivery Point” means the (i) the outlet flange of the Pipeline Operator’s tank batteries located within the CDP, or the outlet flange of the CDP tailgate meter, where Pipeline Operator redelivers Shipper’s Crude Petroleum downstream by pipeline from the CDP, (ii) the outlet flange of Pipeline Operator’s LACT/ACT unit within the CDP and (iii) any such other point(s) of interconnection as may be mutually agreed by Pipeline Operator and Shipper.

“°F” means degree Fahrenheit.

“Gathering System” means all lines, valves, fittings, tanks and appurtenant equipment required to transport Crude Petroleum from the Receipt Points to the Delivery Point and includes the CDP.

“Gross Standard Volume” means the volume corrected to a temperature of sixty degrees (60°) Fahrenheit, in accordance with the latest API/ASTM measurement standards, and at equilibrium vapor pressure.

“LACT” means Lease Automatic Custody Transfer.

“Non-Committed Capacity” means the total pipeline Capacity less the amount used by Committed Shippers.

“Pipeline Operator” means Nuevo Dos Gathering and Transportation, LLC.

“Ppm” means parts per million.

“Producer Price Index” or “PPI” means the PPI Commodity Data for Final Demand - Finished Goods, not seasonally adjusted, Series ID WPUFD49207.

“Psia” means pounds per square inch absolute.

“Psig” means pounds per square inch gauge.

“Receipt Point” means the transfer point from Shipper at the origin to the Gathering System for transportation.

“Shipper” means the party or parties who enter into an agreement with Pipeline Operator for the delivery and transportation of Crude Petroleum under the terms and conditions of this Tariff.

“Tariff” means this R.R.C.T. Tariff No. 144.1.01 and supplements thereto and successive issues thereof.

“Uncommitted Shipper” means a Shipper who has not entered into a Commitment Contract with Pipeline Operator.

“Vol. %” means percent by volume.

“Wt. %” means percent by weight.

2.24. Owner and Operator.

(A) The Gathering System covered by this Tariff is owned and operated by Nuevo Dos Gathering and Transportation, LLC.

(B) Notices shall be directed to Pipeline Operator at the address specified below:

Nuevo Dos Gathering and Transportation, LLC
 ATTN: Regulatory
 1221 Lamar, Suite 1100
 Houston, TX 77010

(C) Payments shall be directed to Pipeline Operator at the address specified in the invoices.

2.25. Product Specifications (Supplements Sections 1.1 and 1.2).

(A) Crude Petroleum refers to product which is the direct virgin liquid hydrocarbon production from oil or gas wells, or a blend of such with indirect liquid production in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as a whole crude petroleum or for acceptability to be commingled with other crude petroleum, excluding any and all effects of normal separating, gathering and stabilization operations.

(B) Crude Petroleum shall meet ASTM methods, substantially distilled below 900°F.

(C) Crude Petroleum shall meet the most stringent of (1) the detailed specifications set forth in the table below; or (2) the downstream delivery point requirements in effect at the time of transportation. Pipeline operator, at its sole discretion, may deem Crude Petroleum not meeting the specifications set forth in the table below to be within specifications.

Quality	Units	Minimum	Maximum	Test Methods
Viscosity	cSt		18.0	ASTM D445
Sulfur	wt%		0.5	ASTM D5453, D4294
Reid Vapor Pressure	psi		11	ASTM 323, D6377
Base Sediment and H2O	vol%		1.5	ASTM D95, D4006
Organic Chlorides	ppm		<3.0	ASTM 4929
Olefins	wt%		<1.0	ASTM 6729, D1319
Mercaptans	wt%		<0.050	ASTM 5623
H2S	ppm		20	ASTM 5623
Distillation End Point	°F		900	ASTM D86, D2887
Gravity (API) at 60°F	API°	36	55	ASTM D287, D5002

- (D) Shipper shall maintain a suitable amount of chemical injection to ensure that Crude Petroleum delivered to the Gathering System meets a minimum of a 65°F paraffin pour point. Pour point shall mean the temperature where the paraffin remains in a liquid state so as not to interfere with the Pipeline Operator’s operation of the Gathering System.
- (E) Pipeline Operator reserves the right to reject any and all Crude Petroleum shipments where Shipper or Consignee has failed to comply with all applicable laws, rules and regulations made by any governmental authorities regarding shipment of Crude Petroleum.
- (F) If Pipeline Operator determines that a Shipper has delivered to the Gathering System Crude Petroleum that has been contaminated by the existence of and or excess amounts of impure substances, including but not limited to chlorinated and/or oxygenated hydrocarbons, arsenic, lead and/or other metals which results in harm to other shippers, carriers, users of the contaminated Crude Petroleum or the Gathering System, such Shipper will be excluded from further entry into applicable segments of the Gathering System until such time as the quality specification of the Crude Petroleum are met to the satisfaction of Pipeline Operator. Pipeline Operator is not responsible for monitoring receipts or deliveries for contaminants. Further, Pipeline Operator reserves the right to dispose of any contaminated Crude Petroleum blocking the Gathering System. Disposal thereof may be made in any commercially reasonable manner, including but not limited to commercial sales, and any liability associated with the contamination or disposal of any Crude Petroleum shall be borne by the Shipper introducing the contaminated Crude Petroleum into the Gathering System.

2.26. Transportation Covered (Supplements Section 1.14).

- (A) Pipeline Operator makes available pipeline transportation between the Receipt Points and the Delivery Point, subject to the rules and regulations of the Commission and the terms and conditions of this Tariff.
- (B) Any other origin or destination requested by Shipper shall be subject to Sections 2.36, 2.37, 2.38 and 2.39 herein.
- (C) For Crude Petroleum accepted for transportation to the Delivery Point on Pipeline Operator’s Gathering System as of the effective date of this tariff not named in the individual tariffs, which is intermediate to any published destination and/or origin for which rates are published, Pipeline Operator will apply to such unnamed point the rate published to the next more distant point specified. If branch or diverging lines create two or more “next most distant points”, Pipeline Operator will apply the rate which will result in the lowest charge.

2.27. Nominations.

- (A) All Shippers and Consignees desiring to ship or receive Crude Petroleum through the Gathering System shall submit monthly nomination quantities stated in Barrels for each month not later than the 15th day of the prior month. All nominations shall be made to Pipeline Operator's electronic bulletin board, unless otherwise mutually agreed. Nominations must designate the Receipt Points to be used, the estimated monthly quantities to be received at each Receipt Point and delivered at the Delivery Point and the estimated API Gravity and sulfur content for such volumes. All nominations must state the expected market for such quantities.
- (B) Once nominated by Shipper for the month, Shipper may change the nomination quantity at any Receipt Point or the Delivery Point by submitting a revised nomination quantity no later than 11:30 a.m., Central Time, on the business day prior to the day such revised quantity is to be effective.
- (C) All nominations must contain a final Delivery Point to be accepted.
- (D) In the event the total non-committed nominations submitted for shipment in a pipeline segment exceed the Capacity of that segment, the Non-Committed Capacity will be prorated equitably among the Uncommitted Shippers according to Section 2.32.

2.28. Duty of Pipeline.

Pipeline will receive and/or transport and deliver Crude Petroleum with reasonable diligence and dispatch.

2.29. Facilities Required (Supplements Sections 1.1, 1.5, 1.17 and 1.18).

- (A) Crude Petroleum will be accepted for gathering hereunder only when Shipper or Consignee has provided facilities satisfactory to Pipeline Operator capable of receiving the Crude Petroleum at the Receipt Point specified by Shipper at pressures and pumping rates required by Pipeline Operator.
- (B) Pipeline Operator shall not be obligated to provide connections or facilities for the exchange of Crude Petroleum unless the Shipper or producer requesting such connection can demonstrate compliance with Pipeline Operator's connection and delivery specifications.
- (C) Pipeline Operator will advise Shipper of the size and capacity of pipelines, tanks and/or metering facilities to be provided by Shipper at each Receipt Point to meet the operating conditions of Pipeline Operator's facilities at such Receipt Point. Pipeline Operator will not accept Crude Petroleum for gathering unless such facilities have been provided to meet industry standards.
- (D) Pipeline Operator may refuse to accept Crude Petroleum for gathering unless satisfactory written evidence is furnished that the Shipper or Consignee has provided the necessary facilities for the prompt receiving of such Crude Petroleum at the Delivery Point. Shipper will provide tankage capacity at the Delivery Point to store at least three days' average volume at the Shipper's Receipt Points.
- (E) Pipeline Operator does not furnish storage facilities at any Receipt Point or at the Delivery Point. Pipeline Operator's storage is only that necessary for the operation of the Gathering System.
- (F) Pipeline Operator shall use reasonable commercial efforts so as to not commingle receipts of Crude Petroleum from different shippers. Pipeline Operator will, using reasonable commercial efforts, make delivery of Crude Petroleum at the Delivery Point which is substantially the same Crude Petroleum as that received by Pipeline Operator at the applicable Receipt Point.
- (G) Pipeline Operator will have the right to institute a Crude Petroleum quality bank.

2.30. Additives.

Pipeline Operator reserves the right to require, approve or reject the injection of corrosion inhibitors, viscosity or pour point depressants, drag reducing agent or other such additives into Crude Petroleum to be transported.

2.31. Measurement and Adjustments (Supplements Sections 1.2, 1.9 and 1.10).

- (A) Crude Petroleum gathered hereunder shall be measured and tested by representatives of Pipeline Operator or by automatic equipment approved by Pipeline Operator. Quantities shall be determined by dynamic or static measurement methods in accordance with applicable API standards, latest revision, and adjusted to base (reference or standard) conditions.
- (B) Pipeline Operator will deduct the full amount of sediment, water and other impurities as the centrifugal or other test may show and actual quantities lost or evaporated .
- (C) Pipeline Operator shall deduct on a monthly basis from volumes received at the Receipt Points Shipper's proportionate share of Crude Petroleum which is lost and unaccounted for in the Gathering System. Shipper's proportionate share of such lost Crude Petroleum shall be stated in Barrels and shall be determined in accordance with Pipeline Operator's standard allocation procedures on a proportional basis.
- (D) After consideration of all of the factors set forth in this Section 2.31, a net volume will be determined as the quantity deliverable by Pipeline Operator, and gathering charges will be assessed on this net volume.

2.32. Proration (Supplements Section 1.16).

- (A) When, pursuant to Section 2.27, there shall be offered to the Gathering System more Crude Petroleum than can be immediately transported, the transportation shall be apportioned by Pipeline Operator among all Uncommitted Shippers on an equitable basis as required by law and Commission regulations.
- (B) Committed Shipper volumes shall be excluded from proration only to the extent their volumes are committed under a services agreement with Pipeline Operator. Committed Shipper volumes in excess of the committed amount will be subject to proration along with Uncommitted Shipper volumes.
- (C) Committed Shipper may be prorated after Uncommitted Shippers volumes are taken off the Gathering System if, following the removal of Uncommitted Shippers, sufficient Capacity does not exist to transport all of the volumes of the Committed Shippers.

2.33. Payment of Gathering and Other Charges.

- (A) Gathering charges will be assessed and collected by Pipeline at the rates in effect as provided on the LIST OF RATES FOR GATHERING FROM RECEIPT POINT TO DESTINATION/DELIVERY POINT on the basis of Gross Standard Volume committed to be delivered, volumes delivered in excess of committed volumes, or if no volumes are committed, those volumes actually delivered at the Delivery Point after making adjustments provided in Section 2.31.
- (B) Shipper or Consignee shall pay the gathering fees and all other charges applicable to the shipment. If charges are not paid by the due date, which is ten (10) days after receipt of the gathering statement, the amount unpaid as set forth in the invoice shall bear interest from and after the date payment was due at an annual rate equal to the lesser of the following: (a) two percent (2%) per annum greater than the Prime Rate, until the date of payment; or (b) the maximum lawful amount of interest, until the date of payment, except amounts disputed in good faith.

2.34. Rates Applicable: Receipt Based Systems (Supplements Section 1.10).

- (A) The rate which shall apply to the transportation of Crude Petroleum shall be the rate in effect on the date and time Crude Petroleum is received by the Gathering System for transportation. Likewise, the rules and regulations which shall govern the gathering of Crude Petroleum shall be the rules and regulations in effect on the date and time Crude Petroleum is received by the Gathering System for transportation.
- (B) Rates will be adjusted periodically pursuant to rate adjustment requirements set forth in this tariff, the service agreements, and Railroad Commission regulations.

2.35. Liability for Charges.

Shipper is liable for the payment of gathering and transportation charges, fees and other lawful charges accruing to or due Pipeline Operator by Shipper or Consignee, including but not limited to, penalties, interest and late payment charges on Crude Petroleum received by Pipeline Operator.

2.36. Demurrage Charges (Supplements Section 1.10).

- (A) Shipper shall notify Pipeline Operator of Shipper's inability to deliver Crude Petroleum out of the CDP.
- (B) Four hours after the notification in Section 2.36(A), Pipeline Operator reserves the right to make whatever arrangements for disposition of the Crude Petroleum it deems appropriate in order to clear its pipeline, including sale or transfer of product to a third party. Any additional expenses incurred by Pipeline Operator in making such arrangements shall be borne by Shipper, which charges are in addition to transportation charges accruing to Shipper.

2.37. Connection Policy (Supplements Sections 1.1, 1.17 and 1.18).

- (A) Connections to the Gathering System will only be considered if made by formal written notification to Pipeline Operator. A separate connection agreement, in accordance with the provisions of this Tariff, shall be required with any proposed Shipper seeking a connection with the Gathering System before any duty of transportation for said proposed Shipper shall arise.
- (B) Cost and responsibility will be negotiated between Pipeline and Shipper prior to construction.
- (C) All connections will be subject to design requirements necessary to protect the safety, security, integrity and efficient operation of the Gathering System in accordance with generally accepted industry standards and this Tariff.
- (D) Pipeline Operator shall have sole discretion to specify the design requirements of any new connection.

2.38. Force Majeure.

- (A) Upon occurrence of an event of Force Majeure, Shipper's or Pipeline Operator's obligation to perform, wholly or in part, any commitment or undertaking set forth in this Tariff, other than the obligation to make payments of amounts due hereunder, shall be suspended to the extent and for the period of such Force Majeure condition; *provided, however*, that the party whose obligations are so affected shall promptly give written notice to the other party describing the event of Force Majeure in reasonable detail.
- (B) Definition. "Force Majeure" means any means any circumstance beyond the reasonable control of the person experiencing such inability to perform, whether of the kind enumerated herein or not, including any such circumstances caused by the non-performance of, or breach of, the other party of its obligations under this Tariff or acts of God, strikes, lockouts or other industrial disturbances, curtailments or shutdowns, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, power failures, storms, floods, washouts, arrests and restraints of governments and people, civil

disturbances, fires, explosions, breakage or accidents to machinery or lines of pipe, modification or maintenance of machinery or lines of pipe, freezing of lines of pipe, inability to obtain at reasonable cost any land use rights such as easements, servitudes, right-of-way grants, permits, governmental approvals or licenses and inability to obtain at reasonable cost materials or supplies for constructing or maintaining facilities, actions or failures to act of governmental authorities, including changes in applicable laws and regulations, and which by the exercise of due diligence such person is unable to prevent or overcome; *provided, however*, that "Force Majeure" shall not include any circumstance beyond the reasonable control of such person where the circumstance is a direct result of the gross negligence or willful misconduct of such person.

- (C) Should there be an event of Force Majeure affecting performance hereunder, such events shall be remedied with all reasonable dispatch to ensure resumption of normal performance.
- (D) Notwithstanding subparagraph (B) of this Section, settlement of strikes and lockouts shall be entirely within the discretion of the Party affected, and the requirement in subparagraph (B) that any event of Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the third parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty.

2.39. Pipeage or Other Contracts Required (Supplements Section 1.14).

Separate pipeage and other contracts in accordance with this Tariff covering further details may be required by Pipeline Operator before any duty for transportation shall arise.